

FEATURESTORY

As the assisted living sector warms up to independent living, it's crucial not to let history repeat itself. A comprehensive sales and marketing program that stays in focus can help avoid pitfalls

Creating your own niche



Spending a few thousand dollars on "extraordinary" marketing efforts can pay off.

BY STEPHEN P. WRIGHT

Independent living is coming, independent living is coming! That's right, the hottest senior housing product, independent living, is now the golden haired child in everyone's mind.

It's easy to see why independent living is in every developer's dream. No care, fewer regulations, fewer frail people and fewer operational headaches. That is, until you start to see that the marketing and sales

process for independent living is just as tough, if not tougher, than selling assisted living.

As we look forward to filling those 150 apartments in a new independent living community, it is helpful to look at the things that went right or wrong with assisted living marketing in the past and right now. First, let's look at underlying factors that hurt the assisted living market. Fully 25% to 30% of all traffic disappeared at assisted living communities from just three years

ago, as home care and home health services gained significant market share. Communities didn't know what hit them when traffic slowed to a trickle after new home health companies popped up in the market.

Add to that communities that failed to hit 20% to 25% pre-sales goals, and as a result played catch-up in the first year. The problem is they never caught up because the turnover rate crept up on them and suddenly an 80 apartment assisted living community was noticing 50% turnover at month 18. So not only did they have to fill the remaining 10 to 12 empty units, they now also had to backfill another 40 apartments in a year to just stay even.

Is the independent market going to be so different? History tells us that these residents will be close to same age - 83 or so - as our assisted living residents, just in need of fewer services, at least initially. But if the need for care and oversight drives the assisted living resident and family in the door, what will drive the active senior in? Value and a solid marketing plan will for starters.

WHY MARKETING FAILS

Sales and marketing are not rocket science by any means. But it does take some careful thought, some logical steps and the ability to stick to the knitting in order to succeed. So let's break down the most important things to do or avoid when it comes to your sales and marketing program.

• **Hire right.** We are selling a \$50,000+ intangible product here. Don't put that job in the hands of a novice, who gets no training, no benchmarking on expectations and no tools with which to work. A recent

human resources study on the senior housing industry found that sales people at the property level have the highest turnover rate (57% a year) of any department head at a senior community. First we set them up for failure, and then we churn them at a rate of two a year.

Do some simple math: The cost of turning over a marketer should include 1) lost sales relationships, 2) lost referral source relationships, 3) orientation time for new marketer, and 4) relationship building with staff, residents and families. If you hire right the second time it may only cost you four or five sales (at \$50,000 per sale). So before you consider turning over that position again, think of it as a quarter million dollar adjustment.

• **Stick to benchmarks.** Tours are no good without returns, calls no good without face-to-face. Marketers need to know that daily, weekly and monthly quantitative benchmarks are critical in order for them to hit their goal. And marketers need to brainstorm solutions.

On one particular client's campus, we have built a war room. There, the top 150 leads are carefully laid out on the war board with each lead scrutinized and objectives set for each lead. We discuss the strategic next steps set for all contacts. If each of those leads is not moving closer to a deposit - from tours, to returns, to finding the hidden objective, to always strategizing the next step - we ask why and what "extraordinary things" do we need to do to get that prospect moving. Spending a few hundred or thousand dollars in extraordinary marketing efforts more than pays for that \$75,000 move in!

• **Referral sources are king.**

Successful assisted living communities will see that as much as 60% of qualified traffic comes via referral sources. That won't change for retirement communities – it will just look different. Referral source marketing is one of least understood strategies in senior housing today. Great lip service is paid to that segment of the marketing efforts, but few communities walk the talk in that area. First of all, it's not a duty that requires just a few hours. If up to 60% of your qualified leads come from referral sources, what percentage of your day/week/month should be spent generating that traffic? You know that your referral source marketing is working when, as the theme song to "Cheers" put it, "everyone knows your name."

• **Good activities equally good marketing.** A good activities/social director will be a marketer's best friend – especially in independent living. Chances are that one of the top reasons someone moves into an independent facility is for socialization and activities. You get what you pay for in marketing and in activities. Yoga, book clubs, topical speakers, continuing education programs and great outings require a resourceful and creative team to coordinate the diversity of programs and services. For marketers, good programs mean activity, activity connotes life and sells the community. Any marketer will tell you that that morgue feeling in the common spaces throughout the community could be the death of their own marketing career at that community! Today's senior is about alternative health, wellness and knowledge.

LOSING FOCUS A BIG MISTAKE

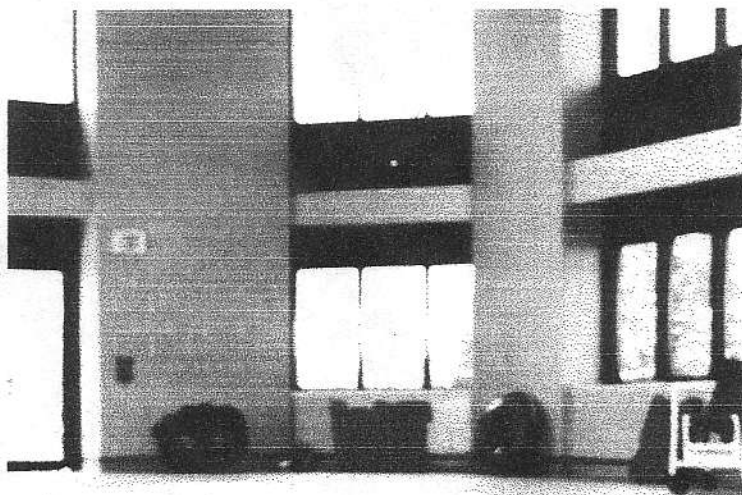
Unfocused or undisciplined marketers are often the result of communities strapping unrelated sales and marketing tasks on their backs. I always warn operators about this tactic by underscoring the loss of revenue that results. Yes, that's right, loss of revenue. A typical assisted living community today sits at 85% occupied. Now if those 15 apartments (assuming a 100-unit community) run at about \$2,700 a month on average, whatever that marketer is doing other than sales couldn't possibly make up for the

\$40,000 a month in lost revenue.

So whether you are about to tackle the development, turnaround or an underachieving senior or assisted living community, a recent fortune cookie message I received is for you: "Focus is essential to achieving your goal." ■

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Don't overlook marketing audit

A marketing audit analyzes three things: the sales process, the outreach program, and results management.

• **Sales**

Many companies lack a true grasp of their actual closing ratios. A true sales audit uncovers closing ratios, compares them to national benchmarks, and uncovers areas that affect low closing ratios. Breaking down the sales process from start to finish is critical. That's how you find out if the problem is in closing, getting re-tours, losing deposits, or any other number of reasons for the sales issues.

• **Outreach**

Who do we see and what do we get from those efforts with referral sources? Given that 50 to 60 percent of our lead traffic should come from the right referral sources, leaving that sales strategy to chance is a big mistake.

• **Results**

Daily, weekly, and monthly sales goals must be adhered to. How many leads do you need each month in order to get those six move-ins? How many calls, re-tours, referral contacts?

Time bandits abound for assisted living marketers. From family conversations, to helping the care staff, to planning the newsletter, marketers can find another job to do rather than to make those next 12 calls. Can you think of any better reason than that to redirect, refocus, and retrain your marketers?

— STEPHEN P. WRIGHT