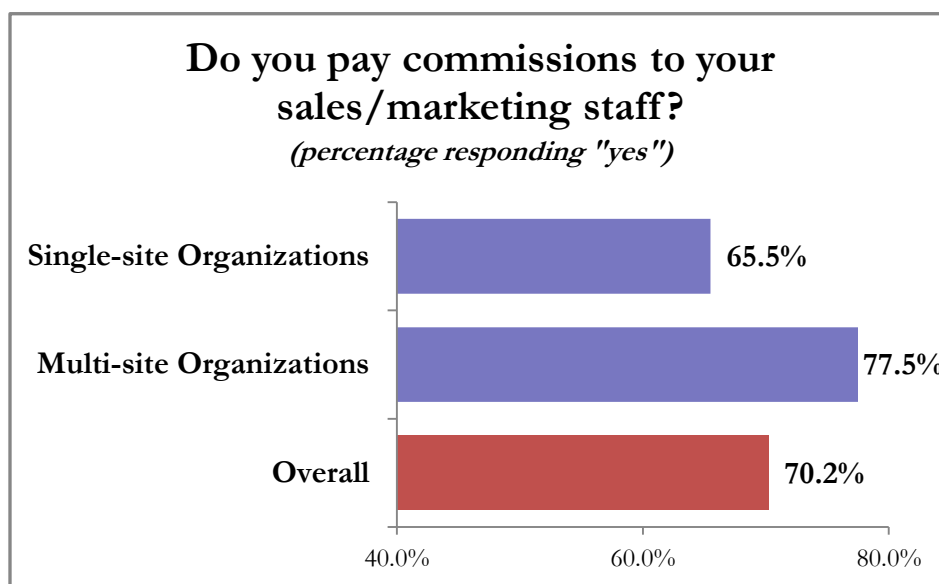


The latest Ziegler *CFO Hotline*<sup>SM</sup> poll was conducted between December of 2014 and January of 2015. The survey included questions on sales and marketing staffing, and budgeting and compensation, specifically the topic of commissions. A total of 182 organizations participated. Among the 182, roughly 60% were from single-site organizations and the remaining 40% represented a multi-site provider.

The initial survey question gathered input on whether or not the organization pays commissions to their marketing/sales staff. The vast majority, 70.2% indicated that they do pay commissions to this group of employees. As detailed below, the multi-site organizations are more likely to pay commissions than single-site providers.

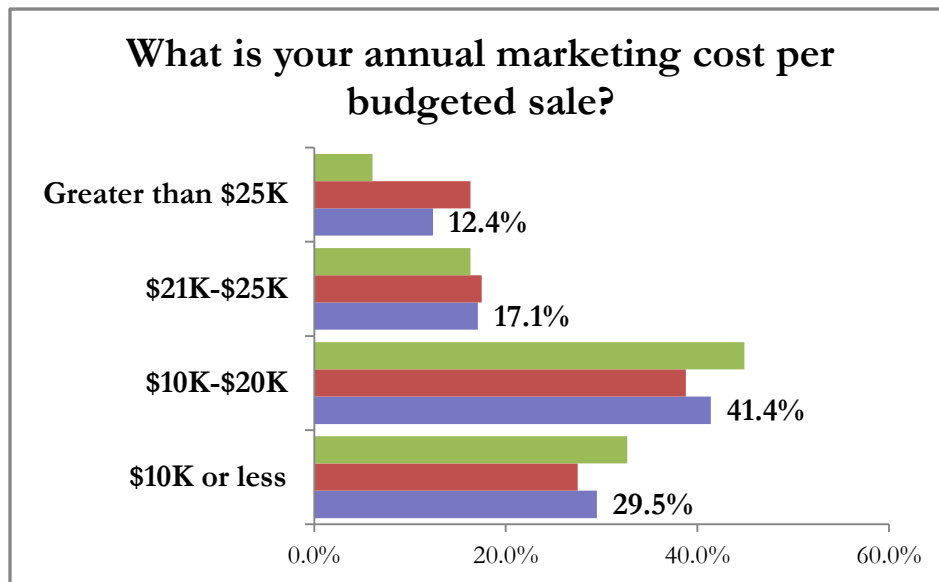


For those who indicated that they do pay commissions, they were asked about the timing of the payment of those commissions. The majority, 75.5%, pay commissions on a monthly basis while the remainder pay on a quarterly basis. A number of respondents did share that they have some other form of schedule besides monthly and quarterly. Several reported that they pay commissions each pay period and a number have annual goals whereby commissions are then paid out. Others shared that it is a combination of monthly, quarterly and some other time period, which may vary depending on the staff position. Given that many commissions are often paid in installments, a question was asked about how providers split the payment of the commissions. Roughly 7 out of 10 stated that they weigh the payment heavier on the settlement side. An additional 20% stated it is split evenly between deposit and settlement and 10% are heavier on the deposit side.

A series of questions were included regarding budget and expenses. The table below shows the percentage of the overall budget that is devoted to marketing. On average, organizations devote roughly 3.9% of the overall budget to marketing, with single-sites budgeting 3.4% and multi-sites 4.7%.

| <b><i>What is the average community marketing budget as a percentage of the total operating budget?</i></b> | <b>Overall</b> | <b>Multi-Sites</b> | <b>Single-Sites</b> |
|---|----------------|--------------------|---------------------|
| Average   | 3.9%           | 4.7%               | 3.4%                |
| Median  | 3.0%           | 3.0%               | 3.0%                |

The annual marketing costs per budgeted sale varied across survey respondents. The largest proportion, roughly 41%, reported that it is \$10K-\$20K per budgeted sale. For 3 out of 10 of the respondents, \$10K or less is budgeted per sale. The graph below shows the results from this question for single-sites compared to multi-site organizations. It should be noted that a smaller number of respondents answered this particular question (N=129).



Questions about staffing were included as well. Specifically, respondents were asked about the ratio of all sales staff to residents (all and just Independent Living). The table below details the findings. There were no significant differences between single-site and multi-site organizations.

| <b><i>Ratio of Sales Staff to Residents</i></b> | <b>Overall</b> |
|---|----------------|
| Average (all sales staff to all residents)      | 1:149          |
| Range (all sales staff to all residents)        | 55-400         |
| Average (IL sales staff to IL residents)        | 1:133          |
| Range (IL sales staff to IL residents)          | 45-600         |

A comment field was also included at the end of the survey. A variety of comments were made, a number of which are included below.

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### **Select Comments**

*“We keep the commission structure the same regardless of the size of the entry fee or how much or how little is given as a discount. I wish we could have a system that could reflect total cost of sales or as a percent of net proceeds.”*

*“Leases and Assisted living commissions are a flat \$500. Lifecare contracts' commission is 2% of the entrance fee.”*

*“We have a percentage based incentive for our Marketing Director, paid quarterly. We also have a per-contract incentive paid to the Marketing Representative at the time of sale.”*

*“We use a team approach, all sales commissions are shared with sales team for better customer service.”*

*“Have tried various incentive (bonus) plans. None seemed to work to everyone's benefit.”*

*“We do not pay any commissions. We keep our base salaries very attractive and offer outstanding benefits. Attracting people from the commission based facilities has not been a problem.”*

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For additional questions about this poll or other Ziegler CFO Hotline<sup>SM</sup> polls, please contact the banker in your region.

*The senior living organizations' responses included in this report have been collated without verification of the accuracy of the data/comments therein. The results provided do not express an opinion of, nor can they be guaranteed by Ziegler.*

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