



Always Thinking

Is A Satellite Campus The Key To Your Senior Living Organization's Growth?

Times change. Markets change. What we design and offer likewise needs to evolve and advance. We've known that for a long time. And the panel in Love & Company's recent webinar, "The Reasons for Growth" gave sound insights not only to reasons but also some directions for growth.

Life Plan Communities have been a dominant option for elder markets in some form or another, some might say, for half a century or more, depending on where you place their roots. Certainly, non-profit providers have been meeting the needs of older people with supportive residential environments since the days when philanthropic organizations and individuals began turning estates into homes for widows and others without families or the means to address their needs. What evolved into continuing care retirement communities (CCRCs) exploded during the 1990s and 2000s.

But we have long known that not everyone can afford, nor does everyone want the security offered by having multiple levels of "care" within a single community. As views of "aging" change, so too do the ways that we want to address the needs that arise from that process. Today the dreaded "time to downsize" appears to be turning into a perceived opportunity to shed what is starting to be seen as too many belongings (the sense that we are lugging a lot of stuff around when we move); demonstrating success through the accumulation of "things" is being replaced with a desire for experiences (few can find a home for all of that lovey and precious silver and china that were so much a part of our traditions); and having indoor pools and fitness centers (and everything else) all in one place is, for some, viewed as isolating from engagement with the broader community.

Perhaps these things are not new. Perhaps there have always been segments of the markets who have felt this way, but rapid growth in elder populations make each sector larger and therefore more noticeable in size and presence. In short, more people result in more diversified markets and larger submarkets that warrant consideration and attention.

An opportunity for growth, therefore, increasingly lies in offering smaller communities that are better integrated with their host neighborhoods but that can still take advantage of the

services of larger, more comprehensive continuum campuses when they are needed.

It is becoming increasingly common in our consumer research for participants to raise the question: “why provide a fitness center? There is a state-of-the-art YMCA or Jewish Community Center being built nearby,” or “I do not want a performing arts center that will take away from my small local theater, to which I’ve donated for years. And I want to get out for the evening quite often.” Participants are asking for bikes and kayaks to be taken to the best trails and lakes and rivers over building internal paths or building on lakes. And a new form of “I’m not ready yet” is the concern of “moving someplace that offers everything means I’ll be paying for it so I will be much less likely to go out or go elsewhere, and ‘I’m not ready’ to do that yet.”

Furthermore, developing large campuses requires large amounts of land, which usually means building “further out” and away from villages or town hubs. They are harder, take longer, and are more expensive to zone, and they require significantly more construction and fill risk. We cannot respond quickly to need or opportunity with this model.

Add to that the fact that all of that land and capital investment necessitates financial structures that are best served by entrance fee models and we have severely limited the portion of the population that we are serving as well as our own opportunities to grow and enhance the underlying strength of our organizations. Above all, the markets are telling us they want some new approaches to their next phase of life.

“Satellite campus” is a term that is widely used when a successful, fully developed community establishes an additional nearby “colony.” This strategy not only diversifies the organizations’ offerings but provides the opportunity to strengthen its brand and expand its reach and revenue.

Satellite campuses are smaller than the full continuum community so they can take advantage of compact, infill sites that are closer to neighborhood commercial and retail resources, supporting residents’ desire for continued intergenerational experiences, autonomy with regard to the services and programs they utilize (and pay for), and greatly reducing the costs of larger developments. The satellite campus often has the opportunity to share some of the original community’s amenities and services, providing the residents with a back-up plan for the future when they “are ready.” These may also provide a perfect platform for delivering care and service through emerging technology tools.

Overall lower development costs and less investment in building non-revenue producing spaces provides a greater ROI on sellable inventory that doesn’t have to support amenities and/or healthcare facilities. Furthermore, operational efficiencies gained from shared back office functions contribute further benefit. Expanding in your market area allows the organization to benefit from its existing brand equity and knowing the market intimately should further lower risk to the sponsor.

Who, Why, How?

One of the primary opportunities may be to serve those with moderate incomes, long the holy grail in the search for new models. But the potential benefits go well beyond the development cost savings. As Katie Smith Sloan pointed out in the webinar, things that we are sure of in the future include:

- The middle market is grossly underserved
- Informal caregiving is a big deal
- Loneliness and isolation can be mitigated through human connection

The potential of satellite communities to provide supportive environments at lower costs will expand the income segments that we can address. Neighbors and families have long come together to support one another, including and especially their elders; this is not new! In fact, it is likely to grow with the availability of on-line tools to coordinate informal support networks. And bringing people together in a community that also respects their autonomy and independence enhances access to spontaneous social opportunities. People will generally take care of themselves and each other given the tools and resources. Most people prefer this model. And lest it gets forgotten, when “care” or support services do need to be delivered, this too can be more cost effective if a number of people can be served at one location.

In short, perhaps staff shortages will be mitigated to some degree by facilitating informal support and caregiving. It **IS** a big deal.

Research, research, research

The Roles of Research

Like all things new, developing the early models requires vision, creativity, risk, and the resources to fund them. This may include a track-record of successful operations that generates confidence in an organization’s skills to both structure and implement something new. In fact, a track-record of sound development and management combined with growing and underserved markets should be a powerful combination for accessing capital and other resources. Data that document the potential need and demand are also essential for both sound planning and proof of concept.

Data that measure depth of market (households by age, income, and geographic distribution) is an obvious starting point. Home values and sales trends also help to document market capacity. Internal data to consider are the existing/parent community’s

occupancy and strength of waiting list. Resident origin (where they moved from), the location of prospects in the lead base, and mapping these relative to the satellite campus' location can support the development of a sound market area.

Consumer research (through direct consumer engagement) should be used to quantify (and document) the degree to which people in a market would consider a satellite campus. It is also used to identify the most desirable mix of residence types and sizes, services, amenities, design elements, and measure the likelihood that people will consider moving to the proposed location (or measuring interest in various areas if a site has not yet been selected). It also invariably results in an early interest list for the project.

This is particularly important when a concept is fairly new in a marketplace.

Harkening back to the webinar again, it was pointed out that we "must ask what's most important to older adults...and ask again." Let me add one point of clarity: we must ask them (not ourselves) this question.

Love & Company utilizes consumer research events (CRE), which are large-group (up to 50 households per event) informational and research sessions. Like focus groups on steroids they support engagement, discussion and understanding participant's reactions (qualitative insights). As important, they allow participants to ask questions, express their ideas, and enhance how we think of models. They are also designed to collect survey-like, quantitative data through the use of electronic devices.

In short, consumers are our source of new thinking, approaches, and concepts. They tell us where to head by informing on what they like and want, and what they don't like and don't want.

There are two key "tricks" to using this tool: the first is designing the right set of questions in the right order to truly ask and explore (as opposed to biasing and leading). The second is to listen well...really listen...and hear.

This process allows us to tabulate participants' quantitative responses, blend them with the qualitative feedback, and provide the development team with a detailed picture of the market's interests and desires. Members often participate in identifying the lines of inquiry. The planning team can then create a detailed program for the community that responds pretty accurately to the market.

Consumers are becoming our foretellers of the future, our crystal balls, and designers of our road-maps.

In Conclusion:

Emerging markets are more connected and have access to more information more rapidly than ever before. Combined with an array of technology and service delivery tools, they are more able to make their expectations and desires known, and to seek, or create alternatives if they are not met.

Consumers may well solve many, although not all of the seeming dilemmas facing us with regard to aging. The “old” idea of informal support and caregiving is likely to be strengthened, not lost, especially in the presence of the tools to facilitate this (on-line coordination of caregivers, proximate living as in a satellite community). Along with access to services through non-traditional channels (on-demand transportation, home delivered groceries and pre-prepared menus, telemedicine, etc.) housing models may best serve by enhancing, supporting and navigating over providing and delivering.

Separating housing and its maintenance from services provides a model to increase autonomy and allow individuals to access only those services that they desire, from the best sources. State-of-the-art fitness, local restaurants, theaters, Uber and Lyft might all best be sourced in the community. Navigating service networks, accessing support, arranging intermittent health care may well be the domain of the parent campus.

For more information about how Love & Company can help your community,
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