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We'll get you there.

Operational Solutions to Reignite Strong Financial Results

April 4, 2023

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How to join

Web

1. Go to **PollEv.com**
2. Enter **SEANMORRISON837**

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Icebreaker - Do you have any fun / interesting plans for tonight?

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Session Objectives

Gain an understanding of the current and projected state of the industry

Explore key metrics and benchmarks to pinpoint strengths and growth opportunities within each organization

Connect financial measures to operational performance and outcomes

Discuss strategies to respond to growth opportunities within departments

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Setting the Stage

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What do you currently see as your largest (non-staffing related) challenge impacting your financial performance?

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What piece of information do you hope to leave this session with?

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Status of the Industry

Macro Impacts to Senior Living and Care

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Market Demographics - National

Senior population growth and household income by age cohort are important factors in identifying future demand for senior housing in a market, along with the price point they can afford. A May 2019 article from Senior Housing News indicated, the average move-in age of a resident entering senior housing has increased from 78 to 83 over the last decade. Nationally, there will be about 68 million people moving through that age range between 2023 & 2028 and household incomes will decline as they age.

Source: Data: Environics Analytics, NIC, and Senior Housing News

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The 2030s are Projected to be a Transformative Decade

- By 2030, all baby boomers will be older than age 65
- 1 in every 5 US residents will be retirement age
- Seniors will outnumber children for the first time in U.S. History
- Net international migration is projected to overtake natural increase as the primary driver of population growth
- The population is projected to grow at a slower pace, age considerably and become more diverse

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Market Demographics – Maine – Working Population

Source: Environics Analytics

Maine's working-age population will continue to decline by 7.8% from 2018-2028, including the aging-out of Baby Boomers, who will be 64-82 years old in 2028.

Source: Environics Analytics

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Slide 13

Market Demographics – NH – Working Population

Source: Environics Analytics

New Hampshire's working-age population will continue to decline by 7.4% from 2018-2028, including the aging-out of Baby Boomers, who will be 64-82 years old in 2028.

Source: Environics Analytics

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Slide 14

Market Demographics – Maine – Senior Population

Nationally, as people age their ability to afford different homes decreases and Maine's population reflects the same trend. Housing prices/costs have been rising about 5% year over year since 2018, with a 14%+ increase in 2021/2022.

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Slide 15

Market Demographics – NH – Senior Population

Nationally, as people age their ability to afford different homes decreases and New Hampshire's population reflects the same trend. Housing prices/costs have been rising about 5% year over year since 2018, with a 14%+ increase in 2021/2022.

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Market Demographics – Maine - Housing

Nationally, as people age their ability to afford different homes decreases and Maine's population reflects the same trend. Housing prices/costs have been rising about 5-15% year over year since 2018.

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Market Demographics – NH - Housing

Nationally, as people age their ability to afford different homes decreases and New Hampshire's population reflects the same trend. Housing prices/costs have been rising about 5-15% year over year since 2018.

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Market Demographics – New England – The Economy

- Current economy is smoothing out, but costs continue to rise like the first hill of a roller coaster, YoY change 4.4%.
- U.S. Unemployment rate 3.6% in February 2023 with Maine at 2.8% and New Hampshire at 2.7%.
- Overall compensation costs for civilian service workers is up 8.2% for 12 months ending December 2022.

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Connecting Data with Performance

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When poll is active, respond at **pollev.com/seanmorrison837**
Text **SEANMORRISON837** to **22333** once to join

Does your organization have a data strategy?

Yes, we have a defined strategy and have dedicated
individuals (such as data analysis) implementing it

Yes, we have a defined strategy that is being
implemented, but do not have dedicated staff to do so

Yes, we have a defined strategy but have not yet
implemented it

No, we are working on a strategy but have not yet
finalized it

No, we have not yet started our digital journey

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Staying the course in unfamiliar waters

Avoid Vanity Metrics:
- Our days cash on hand is over 300 and our debt service coverage ratio is 3.00x. *We are doing great!?*

Support goals with data:
- You can't improve it if you are not measuring it!

Improve the capability and productivity of your employees:
- Get a better ROI from your most expensive asset.
- Educate, empower, and support their accountability.

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Digital Pillars

Data
- Analytics & Reporting
- Loss Prevention
- Predictive Modeling
- Artificial Intelligence
- Assessments

Automation
- System Integration
- Process Automation
- Platform Optimization
- Custom App Development
- Strategy and Innovation

Software
- Software Implementation
- Sage Intacct
- Acumatica
- Microsoft & Azure

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Data

- BI Dashboards & Reports
- Apps
- Data Warehousing
- Machine Learning

- Does management have the information to support timely, data-driven decisions?
- Does governance have sufficient information to share with members of the community to drive strong relationships?

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Automation

- Communication and Collaboration
- Process Improvement
- Electronic Forms and Workflow
- Robotic Process Automation

- Have the right systems been implemented to support the programs and their administration?
- Are systems integrated for next-level insights related to program service statistics and related financial performance?
- Are processes standardized and developed as automated workflows?

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Software

Microsoft

Acumatica

Power On

Nintex

Intacct

Profisee

Alteryx

- What systems are we using to capture data and answer questions?
- Have we captured relevant data to facilitate reporting and support decision making?
- Are systems and processes sustainable for growth?
- Do we have leaders, culture, and strategy to progress along our digital journey?

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Digital Assessment

- Discovery session to explore
  - o Existing data sources
  - o Infrastructure
  - o Strategic vision
  - o Reported needed and existing processes
- Deliverables
  - o Current state and future state illustrations
  - o Use Case Prioritization
  - o Roadmap
  - o Dashboard Wireframe

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Mission-Driven Metrics

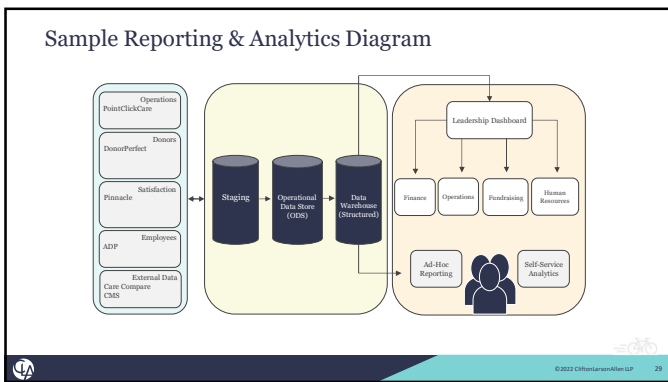| Number of residents | Number of employees | Cash & Investments | Community partnerships |
Average occupancy	Employee retention	Debt-to-Assets	Scholarship funds
Resident board members & volunteers	Meals served per month	Income from Operations	
Resident activities held annually	Fitness classes held annually		
Resident committees / groups	Wellness Center visits	*"What gets measured gets done"*	
Resident satisfaction	Employee satisfaction		

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What type of metrics would you like to have real-time access to that you do not currently have?

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Sample Reporting & Analytics Diagram

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Sample Dashboard - Leadership

"What gets measured gets done"

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Do you have a concise, consistent, unbiased approach to assessing your Organization

Are you spending more time gathering and organizing data vs. identifying opportunities?

What are your opportunities?

Which opportunities are most actionable?

What decisions/actions will capture the opportunity?

What help is needed to execute on the opportunity?

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How does your organization report financial data and other KPIs?

Web-based dashboards

Built-in reporting tools in financial reporting and EMR systems

Excel-based reporting

Other?

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Know Your:

Financial Goal:
Budget

Navigational Tools:
Customer Service
Internal Processes
Innovation
Financial Adjustments

Current Position:
KPIs
(Key Performance Indicators)

Every employee (crew member) can use Navigation Tools to keep your ship on course.

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Connect the Navigation Tools to KPIs:

All staff need to understand how their performance/behavior can affect the organization and their job.

- PPDs– Per Patient Day metrics

- Net Operating Margin

All staff need to understand how the PPDs are affected by the tools (levers) they control through the scope of their job.

- **Customer Service**

- **Internal Processes**

- **Innovation**

- **Financial Adjustments**

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Quick KPI Review

While all KPIs are important, some are more relevant to line staff than others –

- **PPDs**– Per Patient Day metrics = Employee time and other expenses (food, laundry, plant ops, etc.) for every person served.

  o These are Operating Expenses.

  o Every person contributes or influences PPD.

- **Net Operating Margin** = Income – Operating Expenses.

  o Every department has a net operating margin.

  o This is the money available to use to pay off loans, make improvements, give raises, etc.

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Things that affect KPIs

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An Operational Solution

- Identify your organizations KPIs
- Identify which KPIs can be used at the departmental level with line staff
- Create a workforce that understands the formulas used to calculate those KPI
- Connect job descriptions to the KPI using accountabilities AND data-based competencies
- Supervisors incorporate the KPIs in weekly 1:1 and group meetings
  - Show performance trends and metrics (Dashboard)
- **ASK YOUR WORKFORCE WHY THINGS ARE HAPPENING (Root Cause Analysis)**
- Identify the tool that can be used to adjust course:
  - **Customer Service**
  - **Internal Processes**
  - **Innovation**
  - **Financial Adjustments (increase Revenue or Decrease Expense)**
- Plan, Do, Check, Act

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An Example or Three, From the "Front Line"

- Exponential dietary/dining project
- Home & Community Based Customer Service
- Employee commitment

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The To Do List

- Educate and support your crew
  - Strategic KPI mastery is achievable – Help a team member achieve KPI Navigator status
  - Commitment of your KPI Navigators is essential
  - Communication between KPI masters and decision makers keep the organization on course to the Financial Goal
- Run Scenarios and be prepared to chart a variety of courses to your Financial Goal, a.k.a.,
  - More than one way up the mountain
  - More than one way to catch a fish
  - More than one trick up my sleeve
  - More than one way to shine a penny…etc.

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Discuss!

Is your organization focused on ?

What KPIs are you responsible for? Does your organization have a process for tracking these across departments?

What piece of data or information do you need to make your work life better?

Are you a KPI Navigator? Is that clearly defined in your job description's accountabilities? How can you create competencies (check lists) to ensure it is?

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create opportunities —
for our clients, our people,
and our communities.

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