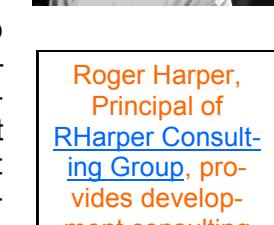


RHarper Consulting Update

Using The Collaborative Approach to Senior Housing Development



As the real estate market has collapsed over the past two years, many development companies which existed as fee-for-service or turnkey developers have downsized dramatically or ceased to exist entirely. Further, many not-for-profit sponsors who may have engaged a full service development company in the past now have significant operational, marketing, and financial planning services on staff, and find they may not wish to pay for these services from an outside party, regardless of how they may be bundled. In response to those changing conditions, many sponsors are now assembling teams of consultants with specific areas of expertise and drawing on that expertise to deliver their projects.

Roger Harper, Principal of RHarper Consulting Group, provides development consulting services to the senior housing industry.

This collaborative approach provides many benefits, particularly where the project may include re-positioning of an existing campus. Generally, sponsors and their staff have the institutional memory, sensitivity to the needs of the existing residents, understanding of the community's culture, and general intuitive understanding of the campus to effectively evaluate the alternatives and various implementation strategies that evolve during the process. The outside team members' role is to apply their expertise to achieve these goals, challenge assumptions based upon their experience in other projects, and ultimately forge a comprehensive business plan to achieve the goals of the project.

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Assembling the right development team is, of course, crucial for project success – as is selecting a group of experts who are willing to work together, compromise appropriately, and ultimately, collaborate with each other and the sponsor to achieve the project goals. A senior housing team should be comprised of members with several areas of expertise:

- Team Leader/Developer – This should be a direct report to the sponsor and the board of directors. The team leader is accountable for budget and schedule and, most importantly, facilitating implementation of the sponsor's vision for the project. Having a person who is focused on the new project without the distractions of other operational responsibilities is critical. Too often we see a community's executive director, who already has a 70 hour a week job, try to take the additional burden of implementing and overseeing a new addition or major rehabilitation project only to have both areas of responsibility suffer.
- Marketing and Sales – Often this talent is already in house. However, if a major new sales or leasing effort is required and the existing team has not experienced the demands of achieving a pre-sales target, or the higher traffic counts and follow-up required for a successful campaign, give strong consideration to bringing in either a dedicated team or at least someone to assist in strategy and training who has direct experience with new project marketing.
- Financial Advisory and Modeling – Generally the CFO of the organization has existing relationships with investment banking groups and can readily access advice on financing plans for the new project. However, the time and technical expertise to accurately model various alternatives and perform the necessary sensitivity analyses may not be within the skill sets of the staff and will require outside assistance.
- Design and Construction Management –Sponsors often mismanage and under-resource this area. They will engage architects and contractors before clearly establishing the program, phasing, and other critical project parameters, then expect the architects and contractors to somehow know what needs to be done, rather than providing a proactive manager with direct experience in managing the team to a successful conclusion. Knowledgeable experts in these areas of responsibility are crucial to maintain the project on schedule and on budget. In today's construction environment, the sponsor must be as well prepared and represented in the design and construction process as the architect and contractor in order to achieve a completed project on time, on budget and without major claims.

Bringing teams of specialists together, providing them with the environment to be creative, and integrating the knowledge and experience of your existing staff with theirs yields superior and consistently cost effective results. More importantly, you maintain control over the project to achieve a result unique to your community – and beneficial to everyone involved.

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RHarper Consulting Group provides development consulting, program management, and owner representation services focused on the senior living and mixed use sectors. In addition, Mr. Harper is a listed mediator and arbitrator and provides dispute resolution services for the construction and real estate industries.