



RHarper Consulting Update

Repositioning – It's Not All About the Buildings

Many senior living communities have undertaken repositioning projects over the past decade, and many more have incorporated repositioning in their strategic plans or are actively pursuing plans now. Repositioning can be defined as providing new or renovated facilities, programs, or pricing alternatives to improve a community's position in its market place. Historically, this has taken on many incarnations, but primarily focuses on adding new campus components or renovating existing buildings to better address market demands. Unfortunately, for many communities the repositioning is focused solely on the buildings and not on the overall product offering or culture.

Providing the same services, in the same manner, at higher pricing in new or renovated facilities while ignoring other aspects brings a common result – failure. Attempting to establish a new market position without sufficient commitment to the necessary cultural and program changes will not provide a truly competitive alternative to your competitors' products.

Repositioning, by definition, is change – and the cultures of many organizations do not readily embrace change. Often, this is a result of past success or deeply embedded beliefs regarding programs and service delivery. Unless the leadership of the community, including the Board of Directors and senior staff, are in agreement about the direction and degree of change required, embrace the plan for implementing the planned changes, and provide a strong voice of support, any attempts to reposition will be severely compromised.

Keep these recommendations in mind if your community is considering a repositioning project:

Identify “change agents” and make sure they are on board and will provide the necessary leadership. Every organization has naturally-occurring change agents – but they may act as agents for “no change” if they are not completely on board with the plan. Internal resistance to the changes which may be necessary for an effective repositioning can be very difficult to overcome.

Implement repositioning in small, manageable pieces.

Often, the sheer magnitude of the changes planned can overwhelm stakeholders and participants. Proceeding with a series of relatively small but significant phases, staged so the initial actions have the highest likelihood of success, creates a culture of successful change. This can more readily lead to greater participation and acceptance.

Be realistic about plans for change.

Repositioning a senior living community is a major capital commitment and should be evaluated from a very conservative perspective, particularly with respect to the assumptions regarding lease-up velocity and target pricing for new and renovated products. Further, stakeholders should measure the projected value of the repositioned community against the costs involved to achieve the repositioning. Consider other alternatives if your projected changes fall short of effectively increasing the property's value.

Senior housing and the continuing care retirement community model have proven viable for decades, and all indications are that they will continue to be a viable alternative for a significant segment of our senior population. The value of an existing brand and community reputation is difficult to measure, but it is a valuable asset. That value can erode quickly, though, without proper attention and appropriate ongoing investment. Make sure that your planning and implementation are focused on reasonable and attainable targets. More importantly, make sure that your people and processes are ready for the changes necessary to reposition the entire organization – not just the buildings.

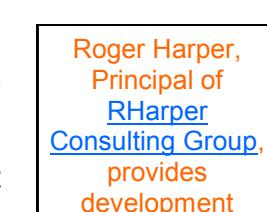
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