

Hi, this is Traci Bild, CEO of Bild and Company. I'm so excited to be casting another sales and marketing session for Bridge the Gap. So today, as I was going through my various papers that are delivered to my house, probably as you are doing. The headlines: I don't think in our lifetime, we ever thought we would see the things we're seeing today. Wall Street Journal: cases jump hit a record in Florida, which is where I live Clearwater, Florida, and interesting enough, Disney World has opened, which is quite interesting. And at the same time, we're trying to decide whether to send our kids to school despite businesses, not even taking employees back into their workplaces. Interesting times.

Here testing labs, USA Today struggle as search pushes demands. On the same note, smaller crowd, flux to Disney. Let's see, what do we have here, USA today? One in three Americans know someone with COVID-19.

I just turned 50 this year, actually just a few weeks ago. And if you would've told me in my 50th year that we would be quarantined and unable to engage and go to, you know, the things that we, we thrive off as Americans, whether it's a baseball game or a concert I don't think any of us would have ever believed it, but here we are, we're in this very unique time of uncertainty and no matter what your role is and seniors housing, maybe it's multifamily alternative real estate investments. The reality is we're all in the same boat and the sense that we don't know what tomorrow holds.

On a good note, my sister-in-law is a cancer research scientist who is very active in science. And it's certain there's going to be a vaccine by the end of 2020, which no matter what you think about this COVID situation will be good news for our country, because I know everyone wants to get things back on track and back to work.

So senior housing, what is going on and why am I talking about COVID? Well, because it's having a pretty detrimental impact on our industry and really in real estate in general. And senior housing really just reported the worst census since recording began. So it dropped on average in the second quarter of 2020, from 87.7% to 84.5%, according to NIC. That's pretty substantial. And I know being a seniors housing advisor and consultant for the past 20 years, this is what we would consider a typical turnaround.

And to think that it's not just a unique situation, it's just not one single community, right, in a rural market in the middle of Utah. This is our industry, which means our margin is pretty much gone. So what do we do about this? And as we look at those stats being the lowest level ever since NIC started reporting about 14 years ago, I want to break that down a little bit more.

So assisted living communities declined from 85.3% to 82.1% during the quarter. Independent living fell to 87.4%. And I know that many of you listening that are in the seniors housing space probably have a good mix of independent and assisted living, probably some memory care in your portfolio. So you're probably more around that average, but I want to bring you hope. And I want to get you to really pay close attention to this podcast today, because this does not have to be your reality.

There is a lot that you can do that your competitors simply aren't willing to do to fight back and to really keep your occupancy above 90% and truly beyond to generate a strong margin. Now realize there's still going to be increased expenses for labor, for the hero's pay that so many great operators are paying out, for the PPE that is just really killing margins as well.

But again, if we can drive that top line revenue and continue to figure out how to tighten the bottom line expenses we're, we're going to be able to ride this storm out and see it through the other side and come out shining as truly an industry that is vital to protecting seniors during this catastrophe with COVID. So what do we do?

So let's say that you are an operator or an investor of a single 100 unit assisted living community. That would mean based on these averages, you're at 82 units occupied. So that means you have 18 vacant units. And that means with an average rent of about 5,000 a month, you're losing about 90,000 a month in lost revenue. A. Month.

On top of that, as we just mentioned, you have the increases in labor expense, the PPE to include all of the things like the packaging to deliver meals to the room the increased expense of creating the visitor bubbles and all the other innovative things people are doing to try to get life somewhat back to normal for residents and their families. And those very important visitations.

If you have five locations, that's 450,000 a month or 5.4 million a year in lost revenue. And what I want to really focus you on here, because it tends to create more motivation to bring change is that this is lost revenue. And what that means is when something's lost, it can be found. And that's the good news, but like anything else, it's not going to be easy, but if you are willing to roll up your sleeves and do the work, you can recapture this revenue, really try to offset those losses that you're experiencing, build morale and momentum and get your company back on track. You've got this.

Because right now in the scenarios that I just laid out, in most cases, that's your margin that is gone. And if you're an investor that's really painful because you know, you've poured in expecting that return. If you're an operator, I know you're just trying to keep your head above water, keep your residents from getting COVID and your employees. And you probably don't need to have time to think about margin because you're so overwhelmed just trying to save lives. And that is the incredibly complex dynamic within the seniors housing industry is we have this very delicate mix of healthcare and investment. And what I'm seeing that's really interesting is more and more people just like after the great recession, migrating over to our space.

So we've been working with real estate investors who are looking to convert hotels into senior living, who are looking to develop leaving the hotel space behind because they're just being crushed and looking to something more stable for the long haul, which is an easier transition or so they think for a hotel operation to shift into the seniors housing.

But let me tell you, as you know, if you're in this industry, there is a lot of complexity that looks simple, but it is not. So our goal in those scenarios is to really help to cut the learning curve that time in half, which means the risk, the mistakes, the expense, the cost.

We're also seeing a lot of seniors housing new development, really struggle to open and making those decisions: do we delay opening until we have a vaccine? Do we go ahead and open and have people come in under quarantine and start their new resident experience off in that awkward circumstance with us? These are really tough questions. And I'm going to try to dive into a lot of those today.

But what you have to remember, and I really want to go here with you for a moment is that mindset is everything. So no matter what your role in this space of real estate, seniors housing, investment- you must protect your thought process. You want to read your news from a valid credible source. And then you want to get it over with and move on to what you can control in that day, that week, that month. What is it that you can do to improve your operation, to help your operators? What innovation are you seeing you when I have a quote and I love it. It's when you, when, when you're worried and you don't know what to do, take action. It's the best way to combat anxiety, stress-do something.

It doesn't mean it's going to be the exact answer, but take action and really try to think out of the box, be willing to take a few more risks. If that results in a win for your organization, we need those great leaders to continue to rise up and remember you are what you think you are. So think about who you want to be right now. What kind of assisted living, independent living community. How do you want to communicate and show up with your residents, your staff, your investors, your adult children, the local media, referral sources? How are you going to play this out? Maybe you don't know because you're just so deep and operations, but take some time to think about it, to work on the business, not just in the business and figure out how to come out on top.

So what is next? What is next? So the unique bird's eye view that I have here as the CEO of Bild and Co is that we work across the country and in the UK and Canada across all product types. So we're working with independent assisted memory care, hospice, home health, we've done PACE. You name it. We go there typically if it's healthcare related, active adult, and we're working in all markets. So both rural markets and Metro markets. We have high end product that can be 20,000 a month to subsidize, you know, HUD complex qualification requirements to move in. So we get to see here, unlike most operators who only see in their own windows, so to speak, we get to look into a lot of windows.

We get to see what's happening across a lot of organizations in different investment platforms. We know who's expanding into an active adult and what their barriers are, and who's thinking about it right now, right? We don't disclose a lot of that due to client confidentiality. But what I like to do in these podcasts is really share with you what we're seeing big picture.

And COVID is very real. And you know that because you're on the frontlines with this every day, and what we see from one state in the country compares to another is drastically different. It is unbelievable to us how one operator can still have communal dining with all of their residents still engaging with one another and have no COVID cases while another has done everything possible, isolating their residents

and keeping them in their rooms, despite almost mass riots from their independent living residents and even assisted and still getting COVID cases.

So there's a lot of challenges. But what I want to do in this podcast today is focus you on what you can control. So being an entrepreneur for 25 years, there's one thing I've learned is it's not what happens that matters, it's how you respond to what happens. It's what are you doing? How are you mobilizing your staff? How are you helping your customers? What are you doing to hunker down and really protect your business so that it is viable. And it survived this very, very difficult time. And the reality is, if you're in business, there is no, you know, card that just gives you a pass that prevents and protects you from various catastrophe and disasters. If you've been in business for over a decade, you have had many, at least two ups and downs that were transforming, difficult, that maybe almost broke you, but it's that which makes you stronger.

We actually learn the most from our mistakes, from our failures, from our difficulties than we do from our wins. So remember that in the tough times. And here's what I want to say: It's going to get worse probably before it gets better. We are in July at the time of this recording of 2020, we have an election coming up, it's going to get nasty and COVID could get worse. Some people say we're in the second wave. Some people say we're still in the first wave. Health officials are on one side, politicians on the other side. Again, you can't control that. Focus on your residents, staff, investors, all of your stakeholders being the best you, you can be.

Now, what are some other things we're seeing? So with occupancy being at this historic low, what is going to happen once COVID passes? So one of the things we're seeing from our independent living operators is a real sense of a mass Exodus. So are these independent living residents going to leave once they're able?

They've been in lockdown three, four, five months while you're trying to save their lives. Many of them feel their rights are being violated. That they are being kept under lock and key and unable to see their families, their friends. Do the things that they typically have done in the past. And again, I understand what you're doing, but emotion is taking over. And emotion is very real, which is why communication is so important and sharing the why behind what you're doing with everyone involved so that they do not leave. And we see a further decline in occupancy.

With assisted living, we're seeing some interesting things as well. So they are probably going to experience growth during this coronavirus pandemic because a number of people are afraid to put their loved ones in a congregated living environment. And what we just got a call about last week, was an operator who was literally in panic mode because in Florida, home health removed their minimum. And I think it was a four hour don't quote me a minimum of a four hour charge to come in and provide services to where now there's no minimum. So an individual who might need help with their parent to get a shower, get dressed, ready for the day can pay \$20, \$25 now to get that done. So why would they send them to what they consider to be a high risk assisted living environment?

Now I disagree, but this is the consumer we're talking about. And education and knowledge is the single most important thing that you could be doing as an operator right now, I'm communicating everything you can about why assisted living, independent living, your memory care services are so important and what you're doing, your stats, everything you can deliver and communicating via video, the written word audio. So everyone can digest and know what you are doing.

Memory care in most cases should be fine because it is so niche driven. Most people cannot take those residents back home and I would see less of a negative impact there.

So if you're IL/AL, it's going to be a rough ride. And if you're in the active adult 55 plus, because there's so much of a misunderstanding and operators are unwilling to take a stand and plant their flag pole on either side, meaning what we typically see is they don't know who they want to be. They're kind of trying to spread and be both sides like I'm 55 plus, but I'm also independent because they don't want to be the first one to have to define the space and make that call. But you're going to have to. Otherwise, you're going to confuse the consumer and you're going to have to really decide who you are, why you're picking that side and what that means. And then if you are 55 plus active adult, you're going to have to deliver on the promises that you're making. And the differentiation a piece needs to really be clear and experienced by those residents, living in your communities.

So what does this all mean? I have a limited time here. I can only hold your attention span so long, but I felt like it was really important just to sort of set the stage for today because there is so much chaos. There's so much confusion. And really right now, everyone is doing the best they can.

But now I'm going to say something very candid about the sales and marketing side: You've got to do better. We are doing such a poor job on delivering a customer experience to those individuals who need you now more than ever, not only are we failing to answer our phones, we are not listening.

We're not doing discovery, asking great open ended questions. We're not even talking about COVID on sales calls when people are inquiring about the communities and we're verbal vomiting, still dumping information, and rather than doing the work and offering to right then and there on the spot, walk someone through a community with the FaceTime virtual tour so you can speak to them and ask questions and tailor the tour as you go. We have salespeople who are still trying to take the easy road and send a canned video tour that's been prerecorded and is very impersonal to people who are terrified during this time, scared to even make this call. And when they do, are basically brushed to the side with a done for you in personal sales presentation. Guys, we can do better. I am so tired of talking about this because it's not that hard.

And then we have operators who actually think their people are doing this right, but fail to inspect what the true experience is that's happening on the buyer side. And I will tell you right now, if you want to know, shoot me an email and I will on the house at no cost show three of your communities in any market and we will deliver the evidence on a silver platter, free of charge to show you how bad the buying experience is right now. And my email is tbild, spelled like my name, @buildandcode.com. We

can usually turn those around to you within seven days. And if it's in a state where you're allowed to record, you will hear firsthand how awful the buyer experience still is. It's really sad.

And I want to also state, I just got off the phone with Jennifer Saxman, who is the building co COO. And she's doing some investigative work in a market in Pennsylvania. And as much as people are saying that referral sources are not taking appointments, we just did our daily huddle and she was like, guys, I'm going to be out all day tomorrow. I just reached out today to three to four referral sources for a client to get in front of them, to help build their referral traffic and I thought they were going to be just quick phone calls. Wasn't sure they were going to take the calls that quickly. They all want me there in person tomorrow. And it was just further evidence of what we consistently say here at Bild and Co, your referral sources need you more than ever, but you actually have to pick up the phone and call them and ask what they need and how you can help support them in this critical time and what your strategy is and get in front of them so that you can differentiate from your competitors and began to get those qualified referrals who are calling you with trust already built, who moved two times faster than those ads paid for by newspaper or digital, and really be a resource for your community.

So what I'm saying here is stop coasting on the sales and marketing side. Get in the driver's seat, hire someone to shape your sales and marketing strategy and drive it. And if you don't want to hire someone and you can't deal with that right now, let us put a strategy in place for you that works and let us drive it with your sales and marketing teams to get your revenue back on track and solid systems and processes in place that work. So your results that you're getting right now are a direct consequence of your action.

What actions are you taking right now on the sales and marketing side? Have you taken a good, honest, unbiased, look at your website. Have you adapted it to meet the need of the way the market has shifted with people going to the website, looking for pricing information, looking to schedule an immediate tour right now? Is there a chat feature or is it still the same website that you've had for the last two to three years? How has your collateral and content changed? How has your whether it's your blogs, your newsletters, your communication changed?

So if you're still doing what you did and you're simply trying to survive, your numbers are going to show it. You must pivot because this is right now the new normal. We don't know when the change is going to happen. So you have to decide what kind of business you want to be. What kind of business you want to run. Is it a reactive business? It's going to continue to ping pong and bounce off the walls, adapt with the news of the day. Is it going to be a proactive, strategically driven business, where someone is taking the time to work on the business strategy and execute it with the leadership team and communicate the why behind it to every stakeholder every day, that is a part of that business? Are you going to wait for things to get better or are you going to make it better?

And are you going to have to continue to spend more money to make your business better? Yes. It's unfortunate. I'm in the same boat as you, right? I'm a business owner. I've been here before. We've had the great recession we've had other times just like you, where you've got to plow in and invest in your business to make it better so that it can thrive and grow and change.

And new development is a perfect example. There's a lot of changes that need to take place in new development right now. So what do you need to do? You need to rethink everything. And I believe really, as, as we talk today, when I say rethink everything, this is a sales and marketing podcast. So my goal today is really to reach you, to get your juices flowing, to remind you that you have more power than you realize, and to stop looking for others for answers and to generate them yourselves.

And will the answers that you come up with be perfect. Will they be the right answers? I don't know. You don't know, but no one knows. And I think we're seeing that in the mass chaos of the day. So why not trust your own gut instinct? Why not allow yourself to rise? And what about your team members? What brilliance is lying in the field, a missed your communities of ideas that people have that they're not sharing because they don't think that anyone wants to hear their ideas. Are you reaching out to your team? Are you having a submission process where they can share their ideas and what they're seeing. Are you testing different strategies? Are you inspecting what you expect? Are you looking for perfection? Are you looking to get better? And if you get better 1% every day, that's better than what we're seeing with many operators.

So let's first take a look briefly at marketing. So as I mentioned, rethink everything. What is the buyer experience like? What is the buyer journey like right now? What is, and how has that first point of contact changed? So, whereas customers used to just walk in the door and do a drop by- they can't do that anymore. Most cases they're not even allowed in. So how are we communicating to prospective buyers how to buy from you? Have you even thought about that? What are the various options? So yes, they can still call. So what is that experience like? Have you inspected it? Have you rethought the telephone process for prospective buyers? And what that experience is like, who takes the call? When are people available? What if the sales person on a tour? What if the ED is out immersed in operations? What if a business manager gets that call?

How are they going to handle it? Because the reality is your customer doesn't care that it's a business manager or maybe a nurse. It's not up to them to call when the right person's available. All they know is experience they're getting when they call your community and right now it is horrific. I will tell you, in the last three months and all of the random mystery shops, we've done only one operator with three communities scored above a 90% on their shops. And this is actually someone we worked with five months ago. So they'd been on their own for five months and their leadership. It was strong and they were still driving change. They invested in and you could see it. And we were so bad on a way, because at times we feel by what we're seeing and how poor that buyer experiences.

Now, what about web leads? What is the experience? So if I'm a consumer and I go to my search bar in Google and typically remember Google is there to answer questions and I search assisted living or independent living. Are you even coming up in those top three? Are you, do you have your business listings filled out is the Google map, right? To find an identify where your location is? What is the process? So when you click on your link, are you 10th on the list when they do a search 20th, are you in the top one, two or three? Have you even looked? And then when I click and it goes to your website, what is the visitor experience like the user experience on your website? Can I quickly find how you're

handling COVID? Can I easily book an immediate virtual tour with someone or can I come onsite? Is it even clear to me or is it really just all about you? Okay?

So it needs to be about the consumer, what they are looking to accomplish and how easily it can be found when engaging with you, whether in person over the phone online. What about your social marketing? Now's the best time to be really looking at communicating what you're doing to improve your resident's quality of life in your community during COVID compared to them sitting at home alone, isolated really, maybe unable to get to the grocery store, eating stale food, feeling like they, they are just hopeless.

So my challenge to you is to make a list of the different mediums on the marketing side and divide and conquer. We know you're limited on time and assess each and every one and make a list of where improvements need to be made.

If you don't have time to do that, reach out to us, we could do that very affordably for you, and you can execute it, or we can help you to get it executed. Now, what about sales? So once someone finds you through their marketing, the lead gen, the grassroots marketing that you're doing, what is that sales experience like? And remember less is more. You want to work smart, not hard. Rome wasn't built in a day. You don't have to do everything tomorrow, but take two to three very important elements of your sales process and recommit to improving them.

If you're not yet following my executive book club we are getting ready to launch our next book this month and it's on the importance of listening skills. It is going to be a critical book, just go to bildandco.com under resources and you can sign up for our executive book club. It has an incredible following. There is so much innovation thought provoking conversation that will help you. And we tackle a different book just about every quarter, and you can go back and review the last three to four books series. And basically I just take a book and I break it down and I applied to seniors, housing real estate and healthcare and allow you just to execute. So a great support to this Bridge the Gap podcast.

But what you want to do on your sales side is once someone has identified that you are someone they might possibly want to consider for their loved one or themselves, what is the sales experience like? So if I call what is the sales experience, can I get to someone within three rings? Are they speaking legibly that I understand them? Can they transfer me immediately to a sales person or an ed, nyone I don't care from a consumer, just someone who can answer my questions and give me information? What is that information I'm getting? How's it package? Are you still emailing five, six attachments? Or do you have a hyperlink that's in the body of the email that they can click on? That takes them to an incredible package, a video message from the CEO, two beautiful collaterals that talk about moving in during a time of COVID.

These are the things that you need to be thinking about. You cannot still operate like COVID does not exist on the sales and marketing side. And that's what we're seeing. We're all over the operational piece with our residents and staff, we have failed to pivot on the sales and marketing side. It is so important that you dedicate time because what's happening is we have few move-ins. We still have attrition due to

death and higher levels of care. And then we are going to have residents that choose to move out and go back home, live with an adult child, or go back into their own home environment and receive home health care. And if we do not pivot, if we do not get in the driver's seat and start to strategically build into our annual plan for 2021 starting now and getting a jumpstart on it, cause it takes about three to six months to really change staff behavior around sales and marketing, and to get true plans that are effective in place to include very aggressive community outreach with your local healthcare partners. If you do not do this now, you are going to see your occupancy possibly reach catastrophic levels. And yes, yes, yes. Yes, we've slowed down at basis point decline, which thank goodness makes sense, but we really don't know what the fall is going to hold when the typical flu season comes and we are seeing people get sick.

We all pray that this is going to get better, but we don't know. And I think my big message to you today is stop waiting, stop, wondering, stop being afraid. Take action. That is what leaders do I always think. And I'm sorry, I just think about, you know Neil Armstrong having the courage to step out of his space capsule and step on the moon, right? Like how did he know what that was really going to be? Like? I can't imagine the emotions playing through his mind as he did that, right? This unknown, not just the unknown of flying through space in a small little capsule, but stepping out of it into this unknown environment where he could possibly die. But he did it. He was courageous and all the various, you know, astronauts, brave people who have done so many things in the face of uncertainty in the face of risk, including the risk of losing their own lives like many of our heroes and frontline workers are doing today.

We as leaders need to get out of our glass tower offices and get on the phones and get in with our stats and do everything to understand what is needed right now. And I know we're doing that on the op side, but we need to get in front of our buyer, our customers, we need to relieve their fears. We need to figure out how they are buying what they need. What's working. What's not working. We need to be bold. We need to be brave. We need to bring change. And we need to remember these changes that you're going to invest in the changes you're going to make. They will make you better and they will improve your operation for the long haul.

In most cases, this is not just going to be a temporary fix or change. This will be a permanent change. And if I know us as Americans, we are going to come out better on the other side of this. We are going to thrive. So please have hope in this time of hopelessness, of fear, of uncertainty, of anxiety and stress. I want to remind you to be a beacon of light and remind you that it's not what happens, it's how you respond to what happens that makes companies and people great. You've got this. Keep up the great work.

Stay in touch with me. I'm going to continue to support you and be here and be hopefully that beacon of light for you to speak candidly through my blogs, my Mission and Margin monthly newsletter that goes out, sharing our findings, speaking to virtually via video, the written word, any way I can reach you to remind you that you've got this.

Alright, this is Traci Bild on behalf of the amazing Bridge the Gap team. I hope you found today's podcast helpful. And keep up the amazing, phenomenal work.