



## **Magnolia Terrace Case Study**

Alcore Senior was engaged by the owners of Magnolia Terrace to manage their Assisted Living Project in September 2019. The Owner was the original developer with a background in nursing and construction. They had operated the project for 20 years.

The operations had become stale and complacent, the local management was lagging behind industry standards and the Medicaid creep was eroding cash flow to near zero. The project lacked basic industry systems and processes, rendering normal due diligence ineffective and nearly impossible. Their occupancy had dropped to 70% and they had no pipeline of leads or new business. There was no plan to generate leads, no advertising, no customer relationship management system (CRM) and no set goals for sales or key performance indicators (KPI).

They were originally looking to sell the project. However, given the poor EBITDA the project was nearly unsalable. They had no accounting systems to prove financial performance and no timeclock or payroll systems.

They had become hostage to the employees and the current way of operating. They were fearful of change and how it would be perceived in the small town the project is located.

They needed help!

### **The Strategy**

Alcore spent the first 90 days observing and identifying opportunities while developing a strategy to improve the overall business.

We implemented accounting systems, followed by a timeclock and payroll platform. Then we added a sales CRM to ensure we were staying on top of prospect interaction and follow up.

Once these systems were in place, we began a layered marketing campaign to bring new awareness to Magnolia Terrace. This campaign included a direct mail survey, ads in 3 local newspapers, monthly onsite prospect events, press releases regarding special events and billboards.

We created a policy to get control of the Medicaid occupancy and offer a structured process for internal Medicaid approvals going forward.

It became clear the current leadership was not open to change or improvement. Therefore we swiftly found new capable, customer service and business driven leadership. This changed the negative moral almost immediately. The staff quit calling off, the residents were happier, Lead traffic grew and occupancy began to increase.

With the change in leadership Alcore began staff & management trainings to teach customer service, employee engagement, and how to have fun while remaining professional. They needed to be appreciated and given the ability to do their jobs as expected.

### **The Results**

Alcore was able to offer proven solutions to organize the business, drive occupancy, revenue and financial returns in under a year. Within the first 90 days the project net up 10 units giving the project a needed boost in cash flow.

We instituted basic budget, management, and accounting systems, we are able to prove performance and deliver true P&L statements to owners as part of our monthly reporting. This also gives the owners documented financial performance, which they did not previously have

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Adding payroll systems and a time clock helped us with labor efficiency, scheduling, Overtime management and staff accountability. Now that the project is no longer doing manual payroll. The leadership has more time to focus on sales and revenue generating activities, customer service, and employee engagement.

With Alcore's guidance, the project is now much healthier, the new local leadership is much more experienced and professional. The business is much more stable and the financial returns are growing month over month. Additionally, the data is now being produced over time to document the projects performance, KPIs', and valuation standard metrics that are necessary for any future sale or refinance transactions.

In under a year Alcore took this project from an unsalable, unorganized failing project, to a cash positive business with systems and process that lead to value creation, documented financial performance and a platform to capture leads nurture and follow up with the customer.

*I developed built and operated our assisted living facility for the last 20 years. With a background in nursing and construction.*

*Our operations had become complacent, our local management was lagging behind and our Medicaid creep had eroded our cash flow to near zero.*

*We originally looked at selling but given our poor EBITDA our facility was nearly unsalable.*

*We needed a fresh outlook and new infusion in order to turn the situation around. I had become almost hostage to the current employees and way of operating. I was fearful of the pain associated with change.*

*We were fortunate enough to meet Alcore who gave us a candid, at point's blunt analysis of our operations, pitfalls and opportunities. This was hard at times to hear as the devil I knew was better than the one I didn't know.*

*Alcore gave us a one-year plan with a detailed analysis of the first 90 days, then staffing with professional leadership onsite and implementation of management systems we simply never had.*

*Our facility now is much healthier, local leadership is much more experienced and professional and the support from Alcore systems and personnel allows me to be an owner, with an owner's perspective.*

*Our business is much more stable and our financial returns are growing back to normal every day.*

*In less than one-year Alcore has stabilized an turned the project around so that now, if we wanted to sell, we could, but things are working so well we don't want to. It's changed my life as an owner.*

*Mike Flick*

*Principal Owner*

*Magnolia Terrace*