Operations Focus & Tactics to Enhance Resident Experience and Organizational Bottom Line

In an era of rising financial pressures and intensifying competition, senior living providers like Friendship Village (St. Louis, MO) and John Knox Village (Pompano Beach, FL) demonstrate how strategic, resident-centric expansions, operational efficiencies, and innovative workforce solutions can drive exceptional financial performance and elevated resident satisfaction – even amid challenging market conditions and following COVID disruptions. Alongside these operational improvements and innovations shared by the two providers, a representative of 1532 Strategy shared his perspective, including underscoring the importance of disciplined labor management and admissions processes that create sustainable growth and profitability.



Doug Folsom
John Knox Village of Florida

Panelists Included:

- **Doug Folsom**, Senior Service CFO, John Knox Village of Florida
- **Terry Walsh**, President and CEO, Friendship Village
- **Matt Strange**, Founder and Principal, 1532 Strategy

Moderators:

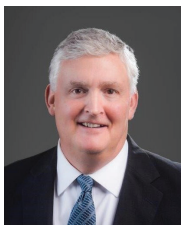
- **Jim Bodine,** Executive Vice President
- **Andrew Nesi,** Executive Vice President

Purpose:

This session examined strategies senior living communities can deploy to effectively balance implementation of ambitious expansion initiatives, evolving resident expectations, and operational challenges that were heightened by the COVID-19 pandemic and aftermath. Terry Walsh, Doug Folsom, and Matt Strange provided candid insights into large-scale capital initiatives, rigorous cost-management practices, and innovative workforce solutions, all underpinned by consistent, transparent communication. As Terry Walsh emphasized in discussing a large strategic expansion, "Everybody involved... agreed that it was an achievable project and that the risk was acceptable." The panelists demonstrated how proactive engagement with residents and staff could mitigate objections and align stakeholders around strategic initiatives. Above all, the session underscored that most pursue financial discipline and operational clarity alongside empathetic leadership.

Discussion Overview:

Terry Walsh opened by sharing Friendship Village's experience revitalizing its two-campus operation in St. Louis. Initially driven by a need to replace a 50-year-old skilled nursing facility, the project evolved into a $226 million strategic overhaul, which required consolidating separate campuses into an obligated group to strengthen its credit profile and secure cost-effective financing. Walsh recounted how resistance from residents, who were "very conservative" and skeptical about taking on new debt for facilities they "thought they were never going to need," was overcome through transparent communication and strategic concessions. These included expansion of a clubhouse and other amenity spaces, additional memory care units at both campuses, and the construction of a new independent living building and private-room skilled nursing facility, the latter of which became a critical advantage during COVID-19, allowing continuous resident admissions even amid outbreaks.



Terry Walsh
Friendship Village

Doug Folsom detailed how John Knox Village undertook an eight-year, $200 million transformation to reposition its large campus

This vision led to extensive upgrades to amenities, including state-of-the-art dining venues, an expansive aquatic center, and the construction of the Westlake building, a 150-unit tower which was completed early and under budget. Folsom noted challenges in balancing legacy resident preferences with the younger, increasingly active residents who sought, among other things, extended hours and enhanced services.



Matt Strange
1532 Strategy

Matt Strange, founder of 1532 Strategy, described a turn-around scenario involving the acquisition of 14 skilled nursing facilities. These communities were burdened with expensive agency labor and capped occupancy levels post-COVID. Strange emphasized how strategic interventions – establishing external recruitment teams, implementing on-demand orientation, and shifting to proactive admissions practices – quickly drove occupancy from 73% to over 84% while eliminating agency staff in just months. Strange shared that this success resulted from significant reliance on data analytics and clearly defined hiring practices, noting, "We decided to go after what we wanted [in the communities] instead of filtering out what we didn't."

Key Strategies and Lessons:

All three panelists highlighted the critical role workforce innovation played in their success. At Friendship Village, the sudden loss of CNAs during COVID-19 prompted the launch of internal CNA schools, attracting over 900 applicants – a "group of people we would have never tried to recruit before," as Terry Walsh noted. Friendship Village also established licensed culinary schools onsite, effectively addressing severe chef shortages. Walsh explained that these internal training programs provided immediate relief and long-term stability: "We were able to keep 100% of our beds open 100% of the time."



Jim Bodine
HJ Sims

Doug Folsom stressed the importance of operational discipline at John Knox Village, particularly in payroll management, which accounted for 52% of operating expenses. By instituting strict policies on pay increases and requiring his personal sign-off on payroll changes, Folsom discovered significant inefficiencies and overspending. "Many people were getting double stipends," he recalled, underscoring how direct intervention and increased accountability significantly reduced costs. Folsom also highlighted empowering residents in operational decision-making, citing how residents themselves recommended closing two dining venues after understanding the financial rationale, noting this approach "went over so well [and he has] never seen residents give a presentation about why we're cutting services and why."



Andrew Nesi
HJ Sims

Matt Strange detailed how proactive workforce management and data-driven analytics drove dramatic improvements in profitability. The implementation of "eat-what-you-kill" staff recruiting incentives combined with rigorous scheduling and work shift analysis significantly reduced agency dependency. "We took the most expensive, hardest-to-fill shifts and focused there first," Strange explained, emphasizing that "real-time analytics were critical to holding staff accountable" and achieving sustainable improvements.

Emergence from Operational Challenges:

Each organization emerged stronger by blending strategic growth initiatives with rigorous operational discipline. For Friendship Village, Terry Walsh highlighted their forward-looking diversification strategy, shifting revenue reliance away from monthly service fees toward innovative home-based services via their iLife Concierge program. Terry described this as "virtual occupancy," allowing seniors to benefit from community services while remaining at home, reflecting a critical pivot toward the preferences of future residents.

John Knox Village's success in repositioning itself to remain a premier senior living provider resulted in accelerated debt repayment, early project completions, and financial surpluses – outcomes previously unimaginable during its operational struggles. Yet, Doug Folsom emphasized ongoing challenges, particularly regarding evolving resident expectations, balancing the demands of newer and older residents, and market shifts in Florida, such as rapid regulatory changes in condo standards, highlighting that "we don't know how to solve that yet."

Matt Strange's operational discipline and rigorous labor strategies led to significantly improved occupancy and drastically reduced agency reliance across the SNF portfolio turn-around. He stressed the value of clearly defined, structured recruitment practices and efficient shift management, noting the importance of proactive rather than reactive payroll management. Strange concluded by emphasizing the scalability and sustainability of disciplined workforce management, arguing these principles could significantly enhance financial stability across senior living communities nationwide.

Conclusion:

This session provided powerful examples of how senior living communities can effectively navigate complex operational and financial challenges by combining visionary growth, disciplined execution, and innovative workforce solutions. Friendship Village and John Knox Village demonstrated that transparent communication and strategic resident engagement can transform community perception, enabling realization of successful outcomes in significant capital improvements and operational efficiencies. Matt Strange's recommended rigorous, data-driven approach further underscored the value of proactive management practices in workforce optimization, delivering measurable financial results.

Ultimately, the panelists affirmed that clear, transparent, and frequent communication with residents, staff, and governance boards is paramount. As Walsh succinctly summarized, success came from "engaging residents early and in a casual way," allowing them to "begin selling the idea before we make it a big deal." The key takeaway was that empathetic leadership, robust governance structures, and strategic clarity equip senior living providers not only to survive operational challenges but to thrive, positioning themselves as industry leaders amid a rapidly evolving senior care landscape.



