

Finance Committee Minutes

September 20, 2023

Chair Wayne Kelley called the meeting to order at 3:00 p.m. in the Pointe Conference Room. Twenty-five residents were present, plus Chief Strategy and Marketing Officer Lindsay Hutter, Director of Sales Sue Dolton, Executive Director Justin Carwile, Executive Assistant Catie Ramos and Steffan Barahona, Volunteer and Communications Coordinator. Hutter and Dolton were present in response to the Committee's invitation to address Goodwin Living's fiscal year 2024 marketing and sales budget.

Kelley opened the meeting with a presentation of the organization's fiscal situation from the recession years 2008-2009 to the present. Net assets rose from a negative \$11 million to a positive \$40 million by 2015. In 2011 the Pointe opened, adding 106 independent living apartments that generated high entry and high monthly fees, so GHBC became profitable. With a focus on growth and diversity, the organization expanded its leadership team. In 2017 Hutter was hired, followed by CEO Rob Liebreich, with the mandate "Grow!" CFO Xan Smith followed in 2022, and COO Chandra Kumar in 2023, and Goodwin Living added in-house rehabilitation, community-based services, land for expansion in Loudoun County, and The View Alexandria. But this growth has made current residents nervous, said Kelley.

The fiscal year 2024 Goodwin Living marketing budget is over \$4 million, nearly 12 percent more than 2023, said Kelley, turning the floor to Hutter and Dolton.

Noting that both her and Dolton's mothers were or are GHA residents, Hutter described GL's marketing and sales departments. The marketing budget, she explained, includes three separate budgets: corporate marketing, GHA marketing and GHBC marketing. These budgets reflect GL's marketing goals and guiding principles.

The driving goal, Hutter continued, is to achieve or exceed the budgeted occupancy for independent living and memory services. The five principles are 1) to know their market and their customers; 2) to be present in the market; 3) to be data driven – for example, GL uses different phone numbers in its ads to track ad responses; 4) to be highly accessible, especially across digital channels – for example, by using a "chat operator" at the GL website; and 5) to be agile with costs and investments – for example, by using outside experts for functions such as coding expertise, keeping staffing requirements low.

A total of 1,365 new senior living apartments have or will come into GL's market from 2021 to 2024; the competing facilities include Mather, Woodleigh Chase, Brightview Fairfax, The Landing, The Providence, Elance at Old Town and Benchmark. All are for-profit or essentially so, said Hutter.

Dolton identified GL's lead sources: the GL website, which generates the vast majority of leads; resident referrals, which have the highest closing rate (20 percent of this year's move-ins were

resident referrals); and other referrals, from professionals such as financial advisors. Priority Club members, Dolton noted in response to a question, on average say “no” to apartments four times before accepting an offer to move in.

Marketing today, said Hutter, is a digital world. It is content driven – for example, GL now offers virtual tours of apartments at its website. Searches are a key part of digital marketing, including paid searches. GL uses pay-per-click on Google, where it relies on call-tracking phone numbers in its Google ads. Finally, GL uses programmatic display ads, banner ads in relevant content. The ads are not GL-community-specific, allowing responders to be directed to the appropriate GL facility or service.

Priority Club membership has grown significantly in recent years, while the sales and marketing teams have added no new positions from 2023 to 2024, Hutter said. The addition of a design relocation consultant position in 2022 has enabled GL to significantly shorten the time it takes to turn apartments at GHBC from an average of 90 days to 54 days. This means revenue is significantly increased as apartments don’t stand empty as long.

The biggest GL budget increase of over \$200,000 from 2023 to 2024, said Hutter, is for the website. Digital marketing is a major investment. The evidence of GL’s marketing effectiveness is that it exceeds industry benchmarks for occupancy. She compared GHBC 2023 occupancy to NIC data on median occupancy by CCRCs: Independent living, 97.6 percent at GHBC vs. 90 percent per NIC; assisted living, 95.2 percent GHBC vs. 86.9 percent NIC; memory services, 93.8 percent GHBC vs. 86.4 percent NIC; and nursing care, 94 percent GHBC vs. 83.1 percent NIC.

Kelley expressed his disappointment that Hutter had not included more financial data on budgeted expenses, including salary changes. Hutter, who had bristled earlier at Kelley’s request for salary information, acknowledged that he was not requesting individual salaries, but rather departmental totals.

A general discussion followed, during which numerous Committee members vented their unhappiness with GL’s continuing investment in the money-losing Goodwin Living At Home. Hutter noted that Home and Community-based Services, Hospice and other GL entities pay management fees to GL for marketing support.

Washington, D.C. is a new market for GL, Hutter confirmed, where GL believes GLAH may find new members in “villages” like Capitol Hill and Foggy Bottom, where residents want to age in their homes. GL will focus on “influencers” in D.C., said Hutter.

With thanks to Hutter and Dolton, Kelley adjourned the meeting at 4:25 p.m.

Submitted by Nancy DeMarco