



# Getting ready to play the long game

As the top executive at the second-largest senior living operator, **ALCS**, Joel Nelson oversees more than 135 senior living communities, which includes a mixture of rental and life plan communities and comprises nearly 35,000 beds or units (with more on the way). He's extremely bullish on the sector, especially for the long haul. He recently spoke with *McKnight's* Executive Editor James M. Berklan about the strategies that are driving his company.

**Q: What's the story behind LCS's shift toward acquiring more real estate?**

**A:** LCS exists to serve seniors so we've been very deliberate in working toward greater balance of being solely a third-party fee-for-service operator, which remains very core to our structure. But we're also taking a more deliberate position as an owner-operator investor.

Our rental division evolved and we found opportunities to partner with other investment groups. We also have our own fund — we raised \$300 million — and have deployed over half of it.

That's a positive shift for the organization, and it reflects where we think the future is. It plays very well with the growth in the senior living space.

We are still very bullish on the future of life plan or CCRC communities and have acquired a number

of them in 2019, and we'll be looking for more opportunities in the future. But they're not as plentiful.

**Q: What comes next?**

**A:** LCS has really defined where we want to play. Our target is life plan and larger full-continuum communities, including skilled nursing as a part of that continuum, as well as larger rental communities that have a minimum of two levels in the continuum, such as assisted living and memory care or assisted living and independent living. We look for communities 120 units and larger.

**Q: Where is LCS currently making a statement?**

**A:** Two areas: sales and technology. We're investing heavily in technology. We believe business



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intelligence and A.I. will be more and more important each day.

We have a platform that serves both single-site communities as well as regional or national platforms.

Big undertakings we're rolling out are HCM Cloud, a cloud-based human capital management system, and a new CRM, our leads and sales management system.

We have a fairly robust infrastructure today. We took all of our HR, payroll and human talent systems and put them on the cloud.

The investors today are more and more sophisticated. They want real-time data. They want the same data we're looking at.

Next is SalesFIRST. We are seeing great progress in performance. The rental division is up 12% in same-store year-over-year move-ins. We spent a lot of time in 2018 and continuing into 2019 rolling out a customized senior living Salesforce CRM system. The goal is to have the best real-time sales and analytics information in the market.

**Q: So this is a very technology-focused effort?**

**A:** We run the business through a resident perspective but look at how to better develop technology to improve the entire resident experience.

For example, telemedicine is great and we've tested a fair amount of it. Having a home health company, we know the future is highly driven by the telemedicine platforms used.

What we're talking about takes resources and a fair amount of capital so you have to have some scale to do that.

If you're a smaller company, you don't have to build this big infrastructure, because there will be opportunities for more consolidation. That allows the individual communities to stay core to their mission, vision and identity but also be able to partner with com-



Photo: Paige Peterson

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panies like LCS.

That's one of the things that really provides an advantage to those who are open to partnerships. Our platform gives that kind of flexibility to owners, for-profit or not-for-profit, to serve seniors in a high-quality manner.

**Q: How do you handle the labor challenges?**

**A:** Today, we're all fighting for the same employees. It's competitive no matter where you are. One of the keys is retaining great employees.

We want our employees to have full access in real time to all of their HR benefits — payroll, and everything they would need access to.

That's in addition to leveraging and using that tech for onboarding and hiring, training and development of employees.

So much of that can be done through online portal training and development programs.

Another part of this is how we

manage performance and goals, bringing consistency from the top down. We cascade the highest-level goals of the company ... they can be specific to each role in the company. This is working well with our SalesFIRST focus.

Those are some of the real advantages of investing in what the future's going to need to attract, retain and develop employees.

**Q: What does this mean for employees?**

**A:** We now have just under 25,000 who will be on this system, of which LCS or our affiliated employment company employs about 7,000.

We have the employee piece on the HCM cloud and have our continued investment on the sales side through the customized Salesforce CRM system.

All the infrastructure is Oracle-based for our financial and performance management. We have our clinical platform off the

NetSmart basis.

There's a lot of additional technology, but those are the four core systems we build off of to build across all spaces.

**Q: What's your skilled nursing stake?**

**A:** We manage over 5,500 skilled nursing beds and have a clinical team of 20-plus clinicians, navigators and wellness experts to support our communities. There's a real important piece of the continuum which is skilled.

We're a big believer in having a continuum of care in all our properties. We call it the LCS Navigator program. It's being able to set up a program to help residents navigate from day one in our communities for health, wellness and lifestyle amenities. They have concierge support and services that are brought in to the community. Therapy and pharmacy are two big ones.

We really think this has added an advantage and is helping residents and family members with what's become a very complex health system.

**Q: How do you gauge your outlook?**

**A:** We are bullish about the future. Are there tough times ahead? Yes, I don't want to diminish that at all. In the next two to three years, there will be some tough sledding out there.

But if you look to the long term, the next five or 10 years, there will be more seniors, and you need to be in position to serve them, and do it through a fairly sophisticated platform.

The bullishness maybe comes from just taking a much deeper, long-term perspective. Again, what calls us to do this is LCS is a company that's been around for 45-plus years, and we'll be around another 45 years plus — experience is everything. ■