



5 Ways Franchising Will Disrupt The Residential Assisted Living Industry

*By Chuck Bongiovanni, MSW, MBA, CSA, CFE, CPRS
Founder of CarePatrol Franchise Systems, LLC
Co-Founder & CEO, Majestic Residences Franchise Systems, LLC*

Introduction

As the founder of CarePatrol Franchise Systems, I've been immersed in the world of franchising for over 11 years. I've been blessed by working side-by-side with franchisees, who are the senior placement industry's sharpest entrepreneurs. What made these entrepreneurs great was their ability to recognize the environment and adapt accordingly to it.

For example, it's estimated that there are over 1,500 placement agencies in the nation and 150 individuals saw the benefit of working together to form one large organization. They redefined their perception of an entrepreneur, as well as mine. For the true entrepreneur, it's not about the pride of doing it alone; it's the synergy of teaming up with other like-minded individuals to dominate a market.

The entrepreneurs I worked with at CarePatrol understood that concept, and now make three times more revenue than the average individual placement agent. Because of my experience with CarePatrol, I hold the Residential Care Home industry close to my heart as I have been involved directly or indirectly in placing well over 100,000 seniors in residential care homes across this country.

One of the skills I've learned from being a Certified Franchise Executive is the art of determining exactly *when* and *why* an individual industry is ripe for the disruption. There are five key indicators that dictate when an industry is ready to franchise. For the Residential Care Home industry, all those key indicators have been met.

The Changing Environment

COVID-19 has opened the eyes of the public to many new ways of "doing business". We are working remotely, we are ordering curbside, and we're cutting down the capacity in almost every single space of commerce. This general shift in how we do business has highlighted the advantages of the smaller senior living options that residential senior care homes provide. In fact, this increase in demand for smaller care home options has gained the attention of large, nationally recognized assisted living providers, some of whom have begun seriously examining adding the model to their portfolios or are already dipping their toes into the residential care home space.

The co-founder of Capital Senior Living, a large, national, independent-living provider, headquartered in Dallas, Texas, left the company several years ago to create a seven home community model in Carrollton, Texas and plans on expanding in many other areas.

Another Dallas, Texas-based company, Pegasus Senior Living is looking into evaluating the addition of smaller homes to their offerings, according to its co-founder Chris Hollister in a recent interview with a leading senior housing media outlet. He stated that Pegasus has started "to reevaluate the industry's value proposition and the appeal of small-house senior living setting." He believes that innovations like that will flourish over the next 3 years.

Even with this shift towards smaller residential options, there remains a major advantage that these larger national providers have over independent residential care homes - the power of name recognition and branding. While residential care homes can provide a more intimate and higher

quality of care, they lack the ability to create a cohesive brand strategy to build national name recognition and reputation. The introduction of a strategically-built franchise system can change all of that – putting the whole industry in the dead center of a perfect storm for disruption.

The Five Reasons Why The Residential Care Home Industry Will Be Disrupted By Franchising;

- There Is A Growing Market With Built-In Demand
- The Industry Is Extremely Fragmented, "Mom And Pop" Existing Businesses That Prove The Demand
- The Industry Has Unorganized And Substandard Marketing
- The Industry Has A Low Acceptance Rate For Technology
- Individual Homes Lack Branding Power

REASON #1:

There Is A Growing Market With Built-In Demand

The stats speak for themselves; there are a large number of seniors turning 65 and 80 years old every day. However, what is rarely ever discussed is how that increasing number creates a built-in demand for quality, residential care home options.

The truth is people age every day, which means that the potential client base is ALSO growing daily. Nothing stops aging - the economy can't stop it, global warming can't stop it, national healthcare can't stop it, and neither can whoever wins the next election. Aging happens, and no person or thing can put the brakes on it! The need for the Residential Care Home industry is only going to grow for the next few decades, which creates **Built-In Demand**.

REASON #2:

The Industry Is Extremely Fragmented; Existing "Mom And Pop" Businesses Prove The Demand

The overall assisted living industry considers residential care homes a "Mom and Pop" industry. Argentum, the national, for-profit assisted living association, doesn't even recognize residential care homes as competition in any way, shape, or form.

However, without the demand for services from the public, tens of thousands of residential care homes across the country would be out of business, proving an untapped potential in this space. Residential Care Homes exponentially outnumber all the larger national independent, assisted, and memory care communities in the country.

The franchising model thrives when there is built-in demand for services, just look at in-home care franchised companies like Home Instead, Right At Home, ComForCare, and Senior Helpers. Those franchised companies dominate the market in their cities compared to smaller "Mom and Pop" shops, because through strong franchise systems, they've been able to collectively create brand recognition across the country.

Fragmentation of services stifles growth and leaves room for competition to gradually take the majority of the marketplace. Franchise systems take advantage of fragmented industries by creating standardizations for processes, services and systems, creating more industry organization and efficiency for the consumer, and profitability for the provider.

REASON #3

The Industry Has Unorganized And Substandard Marketing

As much as many have tried, the independent Residential Care Home industry, as a whole, lacks the marketing and name recognition needed to be considered a threat to the larger national assisted living providers in their markets. Knowing that the residential care home model is on the radar of nationally recognized facilities, some single or multiple residential care home operators will see stiffer competition from these national providers due to their branding power.

The Residential Care Home industry doesn't have one recognized brand name that can compete with the larger facilities as a whole...*YET*. Many residential care home providers don't realize that in reality, in a potential family's mind, they aren't competing with the other residential care home down the street; they're really competing with the larger, nationally recognized communities.

Majestic Residences marketing under a recognized brand will create an entirely different category in the assisted living industry. The result of this new category will rise a new, more fierce competitor - one that merges national name recognition, branding, the power of marketing, and intimate, high-quality care, that smaller residential care homes provide. This new competition will be a Franchise System that will disrupt the marketplace for both the current residential care home provider and the large conglomerates of assisted living facilities.

REASON #4

The Industry Has A Low Acceptance Rate For Technology

The in-home care industry has evolved and adapted to a changing marketplace by accepting and updating its technology. Technology is a tool that keeps seniors living in their own homes longer while using their services. Refusing to adapt to technology would have hurt the in-home care industry with not having the ability to drive it in their favor.

If technology can keep a senior in their home longer, what does that mean for the Residential Care Home industry? It implies that residential care homes should see residents who need more care from the moment they move in. The overall care needs of seniors have increased during the past ten years in residential care home settings. With seniors able to stay in their homes longer, the future residential care home resident will likely be less independent and /or come with more cognitive issues than what homes have seen historically.

A franchise system that enthusiastically embraces technology will be a serious disruptor in the industry. Technology such as Electronic Healthcare Records, or technology that can better monitor residents' care will be not just needed, it will be a necessity. With higher acuity residents, the residential care home provider would also need technology with general office and back-end

management of the home to provide more time to care for their residents. Having access to the most current, cutting-edge technology is one of the best advantages a strong franchise system can offer.

REASON #5

Individual Homes Lack Branding Power

Individual Care Home Owners typically do not have the financial strength and backing to generate a national brand experience and ability to get the same exposure as a Majestic Residences will.

These aspects include:

- Brand Name Recognition.
- Brand Values
- Brand Promise
- Brand Identity
- Brand Differentiation
- Brand Market Position
- Brand Messaging, and;
- Brand Experience

The vast majority of residential care home operators give great care, but cannot identify with any of the elements mentioned above. However, franchise systems eat branding for breakfast. That turns into substantial benefits for franchisees, such as;

- The ability to charge higher fees and get them
- Having an extensive waiting list
- The support needed for strategy models to open three, five, or ten more homes
- Technology that rivals no other residential care providers near them, and;
- Working smarter, NOT harder

Conclusion

All the signs are there for a successful disruption of the residential care home industry by partnering with great homes, leveraging technology, know-how, and a team of experienced franchising professionals. The power of a national brand has begun in the residential care home industry. We have the systems, the experience, the finances, the passion, and the drive to create a marketing force to contend with the larger assisted living companies.

That is the power of Franchising.

Are you ready to disrupt the industry with us?

If so, take the next step and [**REGISTER NOW**](#) to schedule a group webinar about Majestic Residences!

