

Worksheet for Calculating ROI

Is it worth paying a referral agency to fill the last 10% of your census?

Use this worksheet to figure it out.

Average monthly rent: _____

Average care charge: _____

Average length of stay: _____ months

Costs:

Variable costs as a percent of rent: _____ %

(note this is very low for your last 10% of census)

$100\% - (\text{Fixed cost \%} + \text{Variable cost \%}) = \text{Operating Margin Percent}$

(industry average for all units is 20% - 30%, but may be higher for your last few units)

Referral agency percent: _____ %

(industry average is 85%-100%)

ROI Calculation:

$(\text{Average monthly rent} + \text{average monthly care charge}) \times \text{average length of stay} = \text{Average Lifetime Revenue}$

$\text{Average lifetime revenue} \times \text{Operating margin percent}^* = \text{Average operating profit}$

$(\text{Average monthly rent} + \text{average monthly care charge}) \times \text{Referral agency percent}^* = \text{Marketing cost}$

$(\text{Average operating profit} - \text{Marketing cost}) / \text{Marketing cost} = \text{Return on Investment}$

* Remember when multiplying by percent you need to express that percent as a decimal, so instead of 85% you would multiply by 0.85

If your return on investment is positive, you owe it to yourself to consider doing that marketing program. If you'd like information on how Caring.com can help you fill up your community, please visit <http://www.Caring.com> and click on "Providers Get Listed" or call (866) 824-9209 or email Katie@caring.com