A Tough Budget Season

Topics

A Time for Bold Action

As the long dark nights of winter approach, experienced hands know that it is budget season. This year budgeting is particularly difficult. This was the context for a stimulating discussion on September 29th put together by LeadingAge's Dee Pekruhn.

The panelists were Mario McKenzie of Clifton Larson Allen, Dan Hermann of Ziegler Investment Banking, Stuart Jackson, of Greystone Developers, and Chet Chandler of LeadingAge's Value First. Hearing these industry stalwarts discuss the current economic outlook naturally gave rise to imagining what lies ahead and how best to cope.

Unwelcome Inflation.

Here are some quick takeaways from the panel and other sources. Inflation is persisting and a consensus view seems to be that prospective inflation will be in the 6% to 7% range with some pessimists predicting 8% or higher. Of course, some sectors like food and utilities may be impacted more than others.

Since senior living is labor intensive, the rising cost of workers is also a concern. Aside from throwing money at the problem, though, worker-friendly culture was cited as an approach that can help retain staff with more moderate wages. As employers search for that magic culture, some strange statistical claims can come to light. For instance, Jaclyn Chen of

Benepass reports that "over 70% of millennials say they would be willing to move jobs for better fertility benefits." Really?

Complicating the confrontation between rising costs and resident resistance to rate increases is the ongoing supply chain challenge. It can take months to get needed appliances and other essential equipment. This makes a devil's stew, especially when residents are watching as dropping stock values erode their resources. No one wants to have to cope with irate residents and unwelcome campus unrest.

Think Boldly.

Obviously, the times call for increasing revenues and containing costs. This is not an exercise for the fainthearted. First to mind comes the determination of the annual rate increase rollout. Some few communities are now looking to raise rates more than once a year. If inflation becomes embedded and continues indefinitely, it may be less painful for residents and their families to have more frequent smaller increases than once a year "shock" increases.

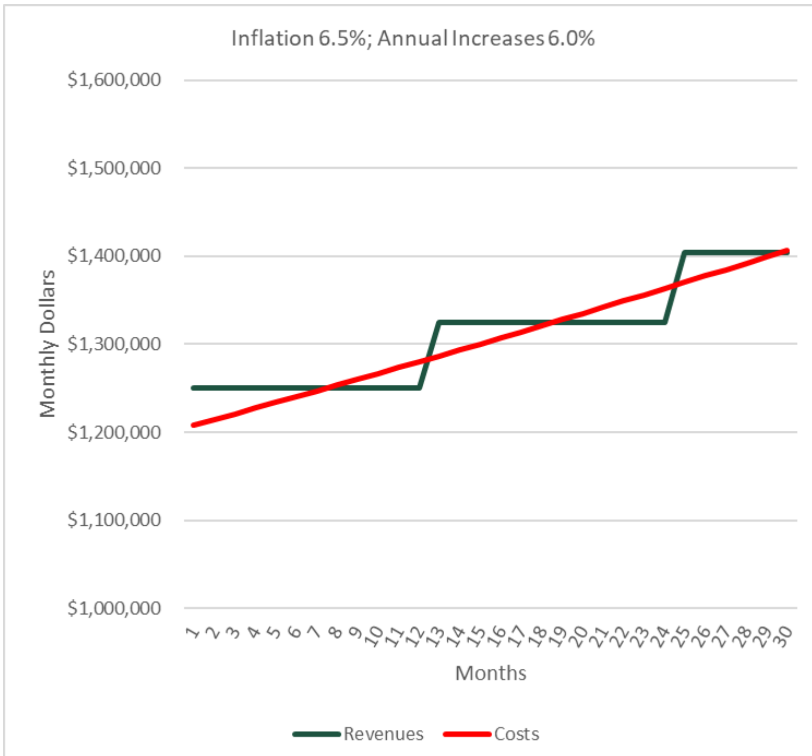
When confronting unpredictability, as we are now, it's best to be bold. Take the rate increase conundrum as an example. Most communities are still thinking in annual terms not only for budgeting but for rate adjustments as well. That's an outgrowth of a stable currency mindset. As we've learned in recent months, cost increases don't wait till next year.

It's important to keep revenues growing ahead of cost increases. If you wait until after the cost increases hit the bottom line, it may be too late to increase revenues enough to catch up. Instead watch your margins and, if inflation tightens margins, act immediately.

Exponential Math.

Thomas Friedman may have asserted that "the world is flat" but the world of business is exponential. We know from investing that compounding can make a saver wealthy while the same force can impoverish a debtor. It's the same for enterprises. Those with positive earnings build their resources while a negative net asset position can sap a business toward a slow death. Now we have the added exponential of inflation, which unchecked builds on itself to drain the vitality of a nation.

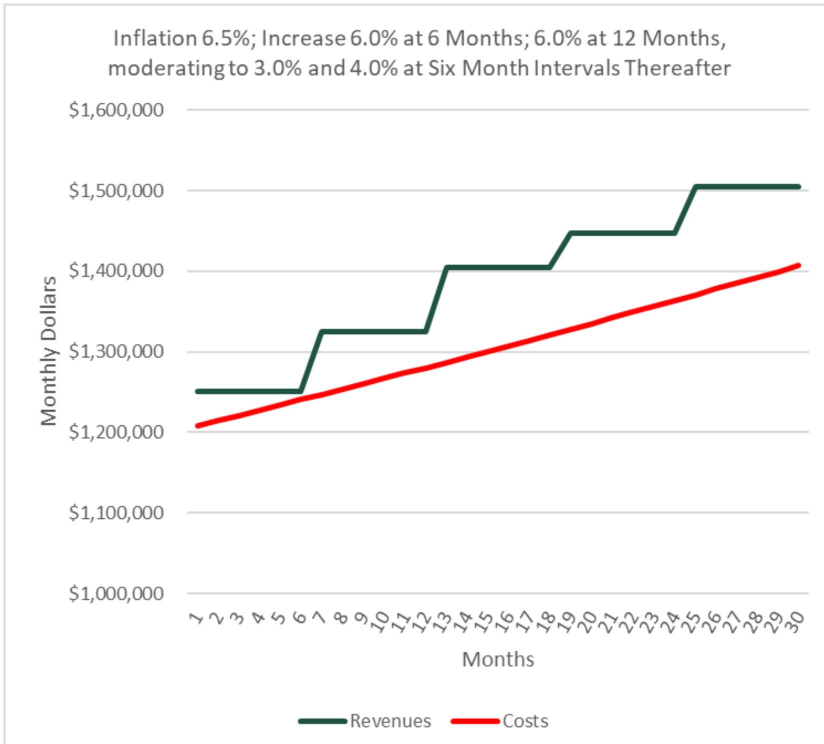
The Cautious CFO. Consider two financial scenarios. In one, the CFO counsels a cautious approach to rerating as inflation relentlessly continues. That might look like this.



Gains alternate with losses, and the business never has much of a chance to dig its way out of a hole. Moreover, those hefty annual increases can challenge the residents. It may seem to make sense if budgeting is an annual undertaking, but with today's economic conditions, budgeting and re-budgeting should be a continuous process. It's important that the executives consider everyday the welfare of the business they lead.

The Bold CFO. Another CFO, in her advisory role, is more assertive. "We dare not let this inflation get ahead of us," she tells the CEO and later the Board, "These are extraordinary times, and we owe it to our residents to keep this organization financially strong." She then implements more frequent rate increases, beginning by advancing the "annual" increase by six months to get ahead of the looming challenge.

Her judgment is that smaller, more frequent increases can be more acceptable to residents than large "shock" increases annually. Frequent communication alerts the residents as to what to expect, and individual cases of hardship are dealt with imaginatively and sympathetically. Her financial results might look like this.



There are a couple of takeaways from this analysis. First and foremost, be bold and ask for enough to be sure you keep the enterprise financially sound and strong. Sure, residents may complain, but they will complain just as loudly if the increase is 5% as if it is 8%. Second, don't dilly dally hoping that things may get better. If conditions do improve, you can always offer a "rent holiday" at a later date.

A Time for Imagination.

Lastly, of course, is to look for cost savings by doing more for less and by finding imaginative ways to raise revenues without pain. We'll turn to that next, starting with skilled nursing.

A Time to Rethink Skilled Nursing

More than any recent year, even the year of pandemic, budgeting this year is challenging. This is because of the triple threat of inflation, labor shortages, and supply chain lags. Wise managements will have to consider imaginative ways to increase revenues and simultaneously, with equal imagination, to maintain resident loyalty while cutting costs. This is not a time for the fainthearted. These times call for bold, competent leaders.

Artificial Care Silos.

Since our theme is that challenging times call for bold actions, we'll start with the traditional siloes of independent living, assisted living, memory care, and skilled nursing. Skilled nursing is the outlier among these siloes. To begin with, skilled nursing often has to be organized in a separate corporation because it is Federally regulated while other operations are state regulated for the most part.

That separation can bring with it anomalies. For instance, there may be a registered nurse (RN) on duty in the skilled nursing center (SNF), but he may be prohibited from responding to nocturnal emergencies outside of the SNF. Almost no residents know of that barrier to care when they move into independent living. They may even be attracted by the expectation that there will be a care response with the high acuity capability of SNF staff.

Dehumanizing Confinement.

Financially, SNFs have not been the senior living operator's friend. What may not be realized, though it's increasingly a part of industry conversation, is that it's not the resident's friend either. Central in the floor layout is often a 24/7 brightly lit nurses' station. Residents are relegated to the periphery down similarly brightly lit hallways.

A SNF is primarily a nurses' and caregivers' workplace. It's not a nice place to live. That's especially true if the resident has to share a room with a rotating series of strangers, some of whom may be insensitive and downright annoying. No one should be condemned to such a life merely because of regulation or money.

Good and Bad Options.

Some communities have shut down their unprofitable SNFs and outsourced those services. That can defeat one of the major attractions of CCRCs for couples. If one spouse is, say, confined to a nursing-intensive setting, the other spouse can easily visit as long as they are on the same campus. When, however, one spouse is outsourced to a setting beyond walking distance, recurrent spousal visits are much more problematic. Such an insensitive approach can start a resident rebellion and may lead to litigation.

Other communities have replaced their SNFS with high acuity assisted living where residents can live in more homelike settings with highly qualified staff, round-the-clock RNs, and advanced equipment on site. The second approach is reason for residents to celebrate.

In bringing costs into line with revenues for the benefit of residents, it's important to be sure that they understand what you are planning, when you will do it, and why it will be better for them. An open, transparent organization showcases competent management. Less capable leaders hide behind the curtains, a veil of secrecy, like the wizard of Oz.

Thinking Outside the Box.

An even more creative approach, especially if the onsite SNF is small, is to lease out the space now occupied by the SNF to nurses (perhaps nurses, or other qualified medical practitioners, you now employ) to form a Board and Care facility, or even more than one.

Board and Care can be more humane for those residents who have reached a stage of advanced helplessness. If there are no prohibitive restrictions in your jurisdiction, you can even contract with those nurses – now living on campus – to be on call for emergencies elsewhere in the community.

Where does this leave us? First, it is increasingly difficult to deliver high quality nursing care within a licensed SNF within the constraints of Medicaid reimbursement rates. It's no secret that the cost of American healthcare is so high that it handicaps American competitiveness in the global economy. Perhaps, the Centers for Medicare and Medicaid Services is pressing down on reimbursement rates in the expectation that will force delivery changes to bring costs more in line with other nations.

Most likely, the political process is just too cumbersome to allow intelligent responses to geriatric conditions. Moreover, the social insurance laws are cockamamy in limiting reimbursement for more homelike care outside of "medical facilities" with that term narrowly defined.

Beyond SNFs.

Those low reimbursements are forcing providers to reconsider whether SNFs are needed. It can be nearly impossible to provide quality care, acceptable meals etc., without being forced to subsidize the SNF. Sure, there are some mega-SNFs that may be able to generate the patient volumes to allow economies of scale. They are said to still be able to make a go of it.

That, though, does not apply to the small SNFs which historically have been part of the continuum of care in CCRCs. Moreover, the effects of SNF regulation, including that separation of SNFs from participating fully in the larger independent and assisted living campus, call into question whether a traditional SNF is consistent with the defining vision of continuous care in a homelike setting.

These thoughts mean that as we consider how to respond to this challenging budget year, one place to begin is to transition the SNF away from its silo and reseat it within the larger community context. If you haven't already delicensed those SNF "beds," now may be the time. That can remove one thorny cost challenge from the income statement.

As a rule of thumb, if you have fewer than, say, 100 "beds" in your SNF, or if you still have those dehumanizing A-B rooms, or if the nurses' station is the center of your SNF, then now is likely a good time to implement a change even if it takes a short-term investment to achieve.

It's Time for Action.

In challenging times, there's no longer room for a suboptimal entity like a traditional SNF. It's time for something that has lower cost and is more humane. We can meet the needs of high acuity elderly people at much lower cost than is required by today's legislated SNF and reimbursement constraints. It's time now to make the continuum of care a smooth continuum without the artificial siloes that government licensure and politics have given us.

If the industry makes the right move toward better care for the frailest and neediest, then the tortoise-like government payers – Medicare and Medicaid – will have to follow. Getting them to do so is for the industry trade associations to accomplish. Social reimbursements should follow patient needs not facility licensure.

Communication.

These benefits are often difficult for residents to understand. They are not versed in the technicalities of licensure, regulation, and reimbursement. They think that closing a SNF is taking something away. It can be a taking for short-sighted CCRC executives. But, residents benefit if responses to their needs are met more effectively in a different setting on campus.

Many providers fail in their messaging to explain to residents why their transitioning a SNF to a less costly, better equipped acuity center is best for the residents. Without that communication, it's only natural for residents to conclude that greed is more compelling than need. Transparency, frequent messaging, and open communication are central to making CCRCs to be what the industry believes they should be.

A Time for Imagination

Earlier we probed the delicate topics of rate increases and cost-saving reorganization. One big suggestion was to consider whether an onsite Skilled Nursing Facility (SNF) is still best for residents and corporate mission.

This discussion digs into lesser potentialities for improving the value proposition for residents. The goal is to give residents more for less. That "more" may be in services etc., or just in a sense of empowerment and value that resonates with residents. In one of his daily nuggets of wisdom, Seth Godin recently wrote: "One way to serve a community is to see it as a market and solve one of its problems."

Community Service.

To repeat: "One way to serve a community is to see it as a market and solve one of its problems." Now that deserves some thought. My experience is that most nonprofit leaders believe that they are serving their communities. They may be, but the line between community serving "for-profit" businesses and tax-exempt nonprofits is not the bright line that common wisdom believes it to be. Maintaining nonprofit status may not be worth the financial price it costs.

In my experience, the best for-profit enterprises (early Amazon comes quickly to mind) look outward for new service opportunities. The worst for-profits are those countinghouse-minded folks who trumpet that the mission of business is to maximize profit. Rightly or wrongly, my impression of Brookdale comes to mind. Countinghouse businesses run by the numbers with customer and employee experience lagging.

For our purpose here, though, let's keep our focus on the best. In contrast to for-profits, many nonprofits are mission handicapped. They believe so passionately in their mission that they overlook the larger picture. They tend to look inward with self-congratulation for their altruistic service.

Nonprofits also tend to invest heavily in keeping their tax exemption. Whether that "social accountability" is more beneficial to the community than the taxes avoided is a question to be evaluated. A tax-paying structure with a culture of service values (think of what "the nonprofit advantage" imagines) may be better, and it can open the equity capital markets to the enterprise.

The conclusion is that a simple change in outlook and mindset can help uncover new opportunities for revenue growth and public service to help overcome the challenges of this budget year. That calls for imagination and far-out thinking. Here goes.

Countinghouse Thinking.

The traditional nonprofit countinghouse mentality might conclude that once a community is built, and absent expansion, the number of residents is relatively fixed. Therefore, the only way to maximize profit (profit being the countinghouse vision of success) is to increase revenues per resident. That can lead to tier pricing for care levels and other inward-looking pricing measures.

There's an historical precedent on the world stage that illustrates the futility of that approach toward finance. After World War I, British Prime Minister David Lloyd George is said to have proclaimed, "We shall squeeze the German lemon till the pips squeak." That became the policy at Versailles, and the payments imposed on Germany so handicapped its economy that it failed. We know what ensued.

Squeezing the resident lemon till the pips squeak is not good policy. Ethically, it is questionable whether it amounts to exploitation of older people. It also is not good policy because it can hurt the reputation of the community, impeding marketing. Paradoxically, in business, it's a truism that putting customer value first is almost always the best path toward profit growth.

Creative Imagination.

As the paradox proclaims, the better approach is to give more people more of what they want at the lowest feasible cost. We can start with the premise that residents are the only source of revenue. That need not be the case.

Fellowship Village in New Jersey opened its fitness center and its Tapas Bar and Lounge to nonresidents. I'm not sure of the details but ensuring that only select people have access to facilities that are shared with residents can be accomplished by incorporating the shared services as social clubs under 501(c)(7) of the Internal Revenue Code. Those outside members are an added revenue source, a rejuvenating element for residents who may be aging, and a source of prospects for eventual residence.

Speaking of connecting prospective residents with the established community as a potential revenue and profit source brings us to an even more radical idea. It would be radical to eliminate the age requirement for admission to your community. Radical or not, that shift would be unlikely to change the character of the community, but it would increase the market.

It could also make the idea of communal living more acceptable since it would lessen the popular association of senior communities with old age and decline. The connotation of "age-restricted communities" as "old age homes" lingers. That implication of people doing nothing beyond rocking on a porch is no longer appropriate or accurate. In our time, the meaning of the word "retirement" has shifted from perpetual vacation and a life of dependency to embrace new activities, new business creation, and a life of freedom.

Commonsense.

Other opportunities are less radical and are limited only by the imaginations of the community and corporate leaders. Cruise ships offer "specialty restaurants" for an up-charge. Why not senior living communities? And why not open them to outsiders as just mentioned? A variety of venues around a common kitchen can be an incentive for dining managers to excel as they strive to match the experience found at nearby restaurants.

Another idea is consistent with the new meaning for retirement. A select group of residents may be able to provide more relevant life enrichment at far lower cost than that of a staff position. Let the resident activities' committee run independent living "enrichment" (and, perhaps assisted living as well).

Just giving residents that opportunity not only saves money but is itself more enriching than having to kowtow to a staff position. With appropriate direction, trained volunteers, residents or select outsiders, can also bring more love to the activities for the frailest, cognitively challenged residents in the high acuity neighborhood. Retaining a life enrichment consultant to train volunteers and to make everything run smoothly is far less costly than paid full-time positions.

Creating multiple bundling packages, as the cruise lines, notably Princess, are increasingly doing, can promote occupancy. Some residents might prefer a package bundled with care instead of bundling housekeeping and dining together. Many people might prefer to do their own cooking. The Estates at Carpenters has long offered free breakfast to residents who opt for less frequent housekeeping.

Looking beyond the walls, implementing a PACE program (Program of All Inclusive Care for the Elderly), can enhance profits by delivering needed care services at lower cost than that incurred by state Medicaid programs. For those who are too affluent to qualify for Medicaid, PACE concepts can create an attractive, and profitable, Medicare Advantage type program not only for residents, but also for the larger community beyond the walls, while also improving the resident experience.

Embrace the Village Movement.

The "Village" movement is a growing among younger people of "retirement age." The movement is a reaction to today's senior living. Many fear that nonprofit or for-profit corporate sponsored communities involve institutionalization with a consequent loss of autonomy and self-determination. It's not surprising that senior communities have been reluctant to acknowledge "villages" even when one or more spring up near them.

Rather than seeing the emerging villages as a threat, the wiser course is for senior living to help bring services to the village members and volunteers. By embracing local villages, senior communities can be there as the village members age and need more services. In the meantime, communities can charge for the services they extend to the village members. This can also help the senior living community to become more grassroots friendly and less top-down.

Embracing the Village movement also allows senior living to meet the prospective middle-income clientele where they now live. If, for instance, they live in a mobile home park near your luxury community, you can establish a community and service center in the park. That then can convert a naturally occurring retirement community into a revenue opportunity.

You've Got the Ball; Run With It.

Thus, a creatively imaginative management team, led perhaps by the CFO, can come up with many opportunities for growth, short of capital-intensive building projects. Without that need for an initial capital investment, or with minimal capital investment, a little imagination with a will toward action can grow revenues and help the enterprise to field the money challenges of 2023-2024.

The challenge is to improve the residential experience even in the eyes of the long-termers who are the toughest critics. Ironically, many improvements empower residents and make them feel good about themselves by eliminating staff positions that disempower residents. A little imagination and bold action can result in lower operating costs with better outcomes for the residents. It can be done.

A Time for Hard Realities

The impetus for this series is the combination of certainties and uncertainties for the year ahead. For enterprises with a calendar fiscal year, 2023 is almost here. The certainties are inflation, labor shortages, and supply chain lags. Uncertain is whether we are heading toward a recession like that of 2008 or not. In 2008, the sluggish market for home sales, and more, inhibited many eligible prospects from moving to senior living and occupancy languished.

In either case, it's not a pretty picture. The result is that budgeting now calls for hardheaded decision making by those who are responsible for the financial stability and performance of any business enterprise, but especially for senior living because of its dependence on labor and home prices. The lost revenue from a vacant residence can never be recovered.

Prepared for Tough Times.

The bright side of the pandemic, if it can be said to have a bright side, is that senior living operators adapted quickly to the continuously changing challenges of the disease. Particularly impressive to my mind was the operator who chartered a plane to fly to Mexico to get ahead of the shortage of personal protective equipment. He went to the source, and his staff and residents were the beneficiaries of his quick-thinking action.

Other operators persuaded staff to live onsite for the duration to create a disease-free sanitary bubble. As we're seeing in the Ukraine, in times of crisis ordinary people are willing to sacrifice to perform extraordinary service. Those employees who hunkered down onsite for the duration were true heroes who kept safe those in their care. Kudos to these noble souls.

Ready for Transformation.

COVID brought out the best in many industry leaders. It also accustomed people to rapid change. There's a new independence of thought and action across the nation. People have adapted. They are still adapting. Senior living has been exemplary.

Looking forward to the economic challenges of 2023, the industry will need all of that adaptability and more. Still, it can be done. As always, the race will go to the swift. That's the first hard reality. The time to prepare is now.

Most Difficult of All.

Preparing for a year or years of tough times requires a firm approach to cost cutting. That includes the painful process of eliminating deadwood. We're speaking here of layoffs. It's best not to wait, nor to draw the process out. Successful layoffs require quick surgical action that goes deeper than comfort so that once only can suffice.

Repeated layoffs create a culture of fear that hampers performance and degrades the resident experience. Thus, executives need to make sure that a layoff will be one and done. This is not a task for the fainthearted, but even more important, it's not a task for the hardhearted. There's a right way and a wrong way to handle a layoff. Frequent, open communication and quick, decisive action are key.

No executive ever likes to have lay people off, even though they can be helped by generous severance and outplacement counseling. 2023, however, and perhaps 2024 and 2025, promise(s) to be a difficult year(s). Difficult years call for executive courage. Courage and imagination. Perhaps those should be the watchwords for our post-pandemic world.

My own experience, having been on both sides of cost cutting, is that the resilient land on their feet. Sure, there are one or two who descend into a funk and feel victimized. They are harder to place in new opportunities. But, most prospective employers view laid off employees as a source for new strength with experienced people for their organizations.

And then, there are those who use the bridge of severance pay to start their own businesses either as freelance workers in the gig economy or working for themselves in the dream business that they previously lacked the courage to undertake. I was one of them.

When my time came to involuntarily look for a new opportunity, I was able to attract both consulting clients and desirable job offers in short order. I chose consulting because I quickly came to love the freedom of working for myself. A layoff is not the end. It's only the beginning.

Start At The Top.

Layoffs should begin with the corporate office. How many positions does the corporate office really require? Does the nonprofit board tolerate more "well-intended but unnecessary" staffing that they would never tolerate in the lean staffing culture of a for-profit enterprise?

Are there overlapping positions with community functions duplicated at the head office? That's a good place to look for savings. There are better ways to coordinate corporate policies across the organization. It's common business wisdom that a small central office generally produces better results. Warren Buffett's Berkshire Hathaway has 25 people at its headquarters in Omaha, Nebraska.

If you can limit your headquarters staff to 25 people, the Oracle of Omaha would applaud. Everyone else should be working in the communities in close proximity with residents. Best, of course, is to have the small central office adjoin a community. Customers, residents, should always be top of mind.

Technology and More.

It goes without saying that emphasizing technology has great potential. The digital age is advancing business as much as did the industrial age. Vendors and executives love to say that the aim of technology isn't to eliminate staff but to free them to do what they do best, i.e., loving the residents.

The truth of the matter, though, is that when the chips are down, as they are for 2023, we want technology to cut costs by reducing staff. We have to persuade the legislatures to get rid of rigid staffing ratios in those cases in which the provider is able to demonstrate better care through technological innovation.

Right now, given the economic challenges ahead, we need cost-cutting technology more than we need comfort automatons. Cost cutting means staff reductions. The greater the ratio of residents to staff the greater the consumer value can be. Someone has to say that. Senior living has to be affordable and profitable. It can be.

We can hope that creative, meaningful technology is on the way. We can further hope that the trade associations can advocate successfully to remove that legislative ratio barrier to realizing the full benefits of a comprehensive technology strategy.

Realities.

The year ahead, 2023, now looks challenging, and there may well be ongoing challenges beyond next year. Getting past these challenges will take difficult measures combined with creative and imaginative leadership. If, as some fear, we are facing a recession or more, it will be those enterprises that are forward-leaning and resilient that survive. They will be positioned to thrive in the era of opportunity to come.

A Time for Vision

Whether the coming year will be a return to 2008, or no more than a passing political storm, the next stage for senior services is promising. The years of pandemic followed by the challenges of the current budget year have made us stronger, more resilient, and more open to opportunities for transformational thinking.

Preparing for that future goes beyond the mechanics of one year's budget. Budgeting is short term planning. Or, at least, it should be. The budget defines and constrains the mission. But planning isn't only short term. Wise organizations have a long term budget plan as well as just this year's budget. The wisest organizations have an adaptive and integrated continuous budgeting and planning process.

Beyond Turmoil.

Meeting the needs and wishes of older people has a bright future. And, yes, that time of opportunity will come. Opportunity may not look exactly like yesterday's CCRC, or even like a Life Plan Community. But opportunity is coming for those who see it and seize it.

The big questions calling for vision are easier to ask than to answer. Will the three or four silos of today's CCRC persist? If a different, better-integrated continuum care model is to thrive, what will it look like? How central will technology be in allowing senior services to be affordable? Will government programs become more dominant, or will private enterprise upend social insurance concepts? What will the labor force look like for the future?

Labor Force.

That last question, "What will the labor force look like for the future?", may be the most telling. The demand for caregivers will sharply outpace the supply for the foreseeable future. That means that the flexibility of gig economy concepts, facilitated by smartphone apps, is likely to expand and become the norm..

It’s a wise employer who is giving creative energy to imagining how best to give those in the workforce what they want. As the baby boomers move out of the labor force and become more intense users of services, it’s clear that controlling executives will either have to change or they will be superseded by motivating leaders.

Consumers.

Similar changes are coming for consumers. The senior living prospect is becoming more individualistic. Of course, like all generalities, that’s not true of everyone. Still, I hear the voices of the van of the baby boomer wave, who are now moving into senior living communities. Many, not all, but many, are assertive. They also take it for granted that management wants their advice about everything. Moreover, when there’s a mini-crisis – power outage; false alarm; small kitchen fire; you name it – they want to know what’s happening before responders even arrive on the scene.

Just as workers will expect to be pampered and catered to, so will the consumers of the coming wave. The times are going to demand everything that management is able to come up with to be sure that senior living, or senior services, however it may evolve, is able to meet expectations.

Technology.

For now, there are almost no vendors who look comprehensively at the whole picture and provide products to address issues like those which CFOs are facing as they budget for next year. That’s understandable. Nonprofits have not been as sensitive to costs as are businesses which are more accountable. Hence, the cost saving capabilities of automation have not sold well. But, hard times can change the conversation. The opportunities are beckoning.

Imagine, for instance, a redesigned care room with an automatic toileting feature. As it is now, a resident with an urgent need presses a call button and hopes that an aide can come to help in time. Otherwise, that unfortunate resident may be soiled with the humiliation that means for the resident and the mess that it means for the staff. We can do better. It could be as easy as pressing that call button for the resident to press the toileting button for immediate relief and cleansing. Wouldn't that be wonderful?

Sadly, technology isn't there now to meet the pressing needs of the 2023 budget. Senior living has lagged badly in implementing technology to help deliver services with greater accuracy and reliability and with less staff. If and when the recovery comes, cost-saving technology, and the talent to implement it, should be top of mind.

Embracing Change.

The conclusion from all this is that it behooves top level executives to keep their vision firmly on that future. As they courageously and wisely lead their organizations through these years of turmoil, Sturm und Drang (Storm and Stress), as the Germans have called it. The German reference is to an 18th century time of explosive change as the enlightenment upended everything.

Now, more than 20 years into the 21st century, one has the feeling that a time of comparably rapid change is upon us even as we grapple with pandemic and economic uncertainties. The earlier period was characterized by romantic, irrational feelings exalting nature and individualism in tension with the cold reasoning of the enlightenment, science and the efficiencies of industrialization.

Does that sound somewhat like our current age – environmentalism, individualism, and popular sensitivities in tension with orderly business processes and efficiency? Rapid change and social challenges are common to both eras.

With the enlightenment, those who embraced the age of change fared better than those who romantically pined for the old days of bucolic wonders and pastoral landscapes. Now, too, is the time to accept the rapid changes that lie ahead.

A German psychiatrist, Klaus Lieb, whose research interest is resilience, was asked recently how he, personally, copes with today's stresses and crises. He answered in sympathy with those who are challenged by our times. He said, "I believe that these continuous crises are a huge challenge for all of us. I, myself, take care to ensure that stress never gets the upper hand. I make time to exercise, to get sufficient sleep, and to do things that trigger positive emotions. In addition, I take care about my exposure to the media."

That sounds like good advice. Some people only want to hear positive thoughts. They reject anyone who asks questions that they may interpret as critical or fomenting change. That's too extreme. It's important, though, to avoid getting caught up in the negative passions of the day. It calls for clear heads to unlock the benefits of the coming era. Those who are wise see the future as a friend, not a threat.

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Mr. Cumming's career was in the life and health insurance industry. He is an actuary by training. Since moving to a CCRC in 2006, he has become active in senior housing, including qualifying by examination as a Certified Aging Services Professional.