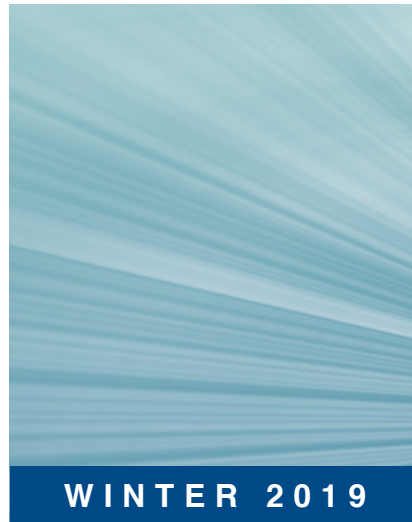


SPECIAL ISSUE

# brief



## New Sales Performance Metrics that Drive More Senior Living Sales — It's About Time!

By David A. Smith, Founder & CEO, Sherpa

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### ***Upcoming Research on Senior Living Sales***

The American Seniors Housing Association, working in conjunction with Sherpa and ProMatura Group, is preparing a study titled *The Art and Science of Sales in Age-Qualified Housing* that will be published in 2019. This groundbreaking new research project will explore sales efforts and results using a comprehensive set of recorded data of sales activities, prospect information, sales metrics, and outcomes. This data will be combined with information collected from prospects, residents and their families, sales counselors, community representatives, and other data sources to identify and quantify parameters that impact sales results. This new study will incorporate extensive data made available through Sherpa, a technology solution for sales counselors of independent living, assisted living, and memory care communities.



## New Sales Performance Metrics that Drive More Senior Living Sales — It's About Time!

After 30 years developing, owning, and managing senior living communities, myself and my Partner, Alex Fisher have taken an entirely different approach to senior living sales. We call it Prospect-centered Selling® and it's grounded in the psychology of change. It is supported by evidence-based theory, personal experiences and by a new set of sales performance metrics. Following is a summary of my presentation about this approach to the recent 2018 Advanced Senior Living Sales Summit.

What if you could enhance the lives of hundreds of thousands more senior adults with a sales approach that inspires them: Inspires them to leave homes that no longer fit their lifestyle needs and instead move into a senior housing community?

The answer is not more, but better. More, more, more is not working. More leads, more call outs, and more tours have produced senior living communities struggling with occupancy and low market penetration.

The problem with the traditional Product-centered approach is that it's focused on trying to convince and persuade a person to do something (take a tour, sign a lease) based on features and benefits.

The focus is on the product and it assumes that the person at the time of inquiry is ready to buy. Unfortunately, this approach is ineffective because 90% of our prospects at the time of inquiry are not ready to buy — indeed, they're “not ready yet”. Not ready to make a rational decision due to fear and to a powerful emotional resistance to change.

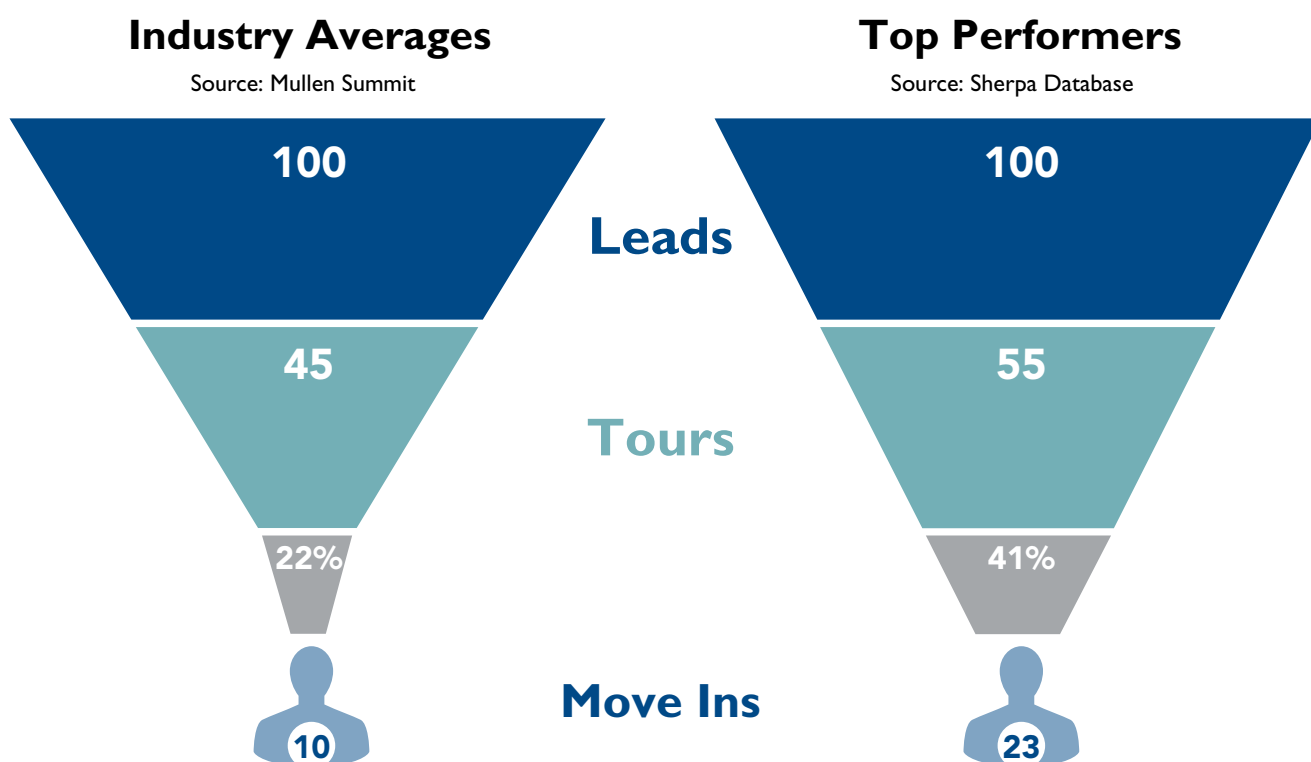
Only about 10% of the prospects in our lead base are ready to buy. These are usually the people that are forced to move or who are in a crisis. The remaining 90% of our lead base is resistant to moving, and resistant to change. On the other hand, within just a few weeks after moving in, nearly every resident that does move in will tell us that they “wish they had moved sooner”. We call this phenomenon a “readiness gap” and believe that the best sales conversion rates and occupancies are achieved when we pro-actively and intentionally invest the time needed to help prospects “get ready”.

The first step towards advancing a pre-crisis prospect from scared and resistant to ready, is to build trust and connect empathically before trying to offer solutions. Prospect trust in turn enables us to help untangle their fears and emotional resistance. We can do that with empathic questioning and listening skills that can be identified and learned. The approach is collaborative with prospects and their family members and it seeks to build awareness, motivation, and confidence in the prospect.

Before trying to “close” on a tour or a sale, ask yourself: Why are they stuck? How can I help build awareness of the problems, difficulties and challenges in their current living situation? How can I help motivate them to take steps to overcome these emotional barriers?

We know from our own experience as well as from theory and internal data analysis that senior living providers that adopt and invest in a Prospect-centered Sales Culture improve their sales performance. Within twelve months of adopting our approach, we saw 6-10% point gain in occupancy; 25% increase in net move ins; 30-50% increase in Tour/Move In conversion ratios all while seeing a substantial reduction in the numbers of leads worked in a sample of more than 400 communities with portfolios of 20 or more locations.

### SALES FUNNEL ANALYSIS





## THE SALES FUNNEL

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Human beings are exquisitely complex and nuanced and none of that complexity can be appreciated in the context of a sales funnel. The full flower of the person can only be appreciated in the context of a relationship and in conversation.

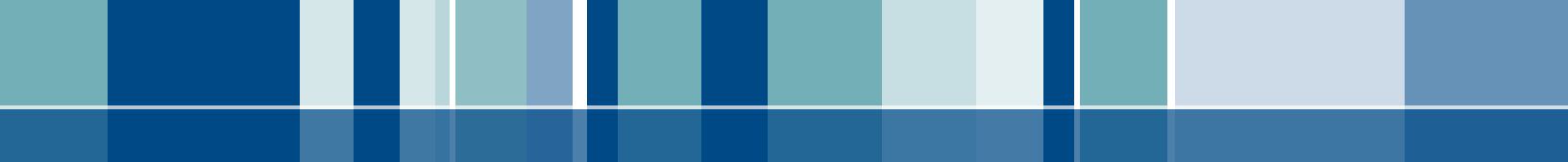
Consider this. For every 100 leads that the typical senior community generates today, 45 will come in for a tour and of those only 10 will move in. That represents a 10% Inquiry to Move In ratio and a 23% Visit or Tour to Move In ratio. Not very impressive. Among the top performers in the Sherpa data base, however, for every 100 leads, 55 will tour and 23 will move in which is a 41% Visit or Tour to Move In ratio and a 23% Inquiry to Move In rate. Note that while these top performers achieve a 10% greater effectiveness in getting visits/tours, they more than double the number of new Inquiries that will Move In.

And while more new leads and more call-outs and tours, in theory might lead to more sales, we know that these metrics are merely correlated to move-in results, they're not causing it. It's like shark bites and ice cream cone sales in Florida between April and August. Shark bites and ice cream sales always go up and then down in the same proportion because they're correlated. But obviously neither variable is causing the other.

Setting activity-based quotas for call-outs and tours actually discourage the sales counselor to build trust and get to know the prospect. The sheer number of new leads and initial tours currently being generated at most communities actually keep the counselor from having time to help prospects engage in sales behaviors that promote self-evaluation or self-persuasion — the very things that are needed for them to 'get ready'.

This refutation of a "more is better" approach is borne out in an initial study of sales performance metrics conducted by ProMatura Group. The research was based on over 300,000 sales interactions, 502 sales people and 23,480 leads from 25 companies across 21 states.

Dr. Margaret Wylde, CEO of ProMatura, reviewed and analyzed Sherpa sales data. Here is what we found. The volume and velocity or transactional approach to senior housing sales doesn't drive higher conversion ratios, especially with prospects that aren't urgently reacting to a crisis.



Compare two similar communities or the same community during different time frames. See whether more call-outs, more tours or more leads are what's driving more sales. The data show that in most of the IL/AL/CCRC and MC sectors, more attempts to contact and close before a prospect is ready to buy are ineffective or even counter-productive because most prospects simply aren't ready even to consider a move.

## FACTORS THAT DO DRIVE HIGHER CONVERSIONS: GET OUT OF THE SALES FUNNEL AND INTO A CONVERSATION

A common-sense conclusion from our study is that sales teams do increase sales conversion rates by investing more time in direct selling. Spending more time with each prospect allows for a more meaningful interaction. The Prospect is open to hearing our solutions after trust is gained. The approach itself differentiates our community from the competition and creates a compelling reason for the person to choose the community.

As with all aspects of our community level operations, it is critical to measure what matters. What our evidence-based theory, personal experiences, and the initial ProMatura Study all show is that the following activities and processes drive higher Senior Living Sales conversion rates (Visit/Tour to Move In):

1. More *Time in The Selling Zone*®
2. More *Time per Lead Worked*
3. More *Time Planning* & with personalized *Creative Follow Up*
4. More *Prospect photos* in sales journals
5. Direct involvement of ED in "Sales"

## TIME IN THE SELLING ZONE®

MARKETING	SALES	OPERATIONS
<ul style="list-style-type: none"> <li>• Events</li> <li>• Ad Placement</li> <li>• Bulk Mailings</li> <li>• Email Campaigns</li> <li>• PR</li> <li>• Outreach</li> <li>• Social Media</li> <li>• Etc.</li> </ul>		<ul style="list-style-type: none"> <li>• Move-in/Move-out</li> <li>• Unit Readiness</li> <li>• Ops Meetings</li> <li>• Resident Satisfaction</li> <li>• Paper Work</li> <li>• Etc.</li> </ul>

## TIME IN THE SELLING ZONE®

We define direct sales activity as Time in The Selling Zone® or TSZ. The Selling Zone includes 4 specific kinds of prospect engagement: face-to-face; voice-to-voice (any non-face to face) interaction; planning for what you're going to do before and after reaching out, and then creatively following up in a personalized way.

Most providers don't differentiate TSZ from other functions often required from the on-site leasing team, like: event planning, public relations, move in coordination, marketing, in house transfers, etc. These activities, while necessary, are not driving better Visit/Tour to Move In conversions. Also distorting sales performance metrics is the fact that many of the same providers should but usually don't include critical activities like time planning next steps or time doing personalized creative follow up as "selling". Yet our initial study now shows that planning and personalized creative follow up are two things you can do with the greatest impact in increasing conversions.

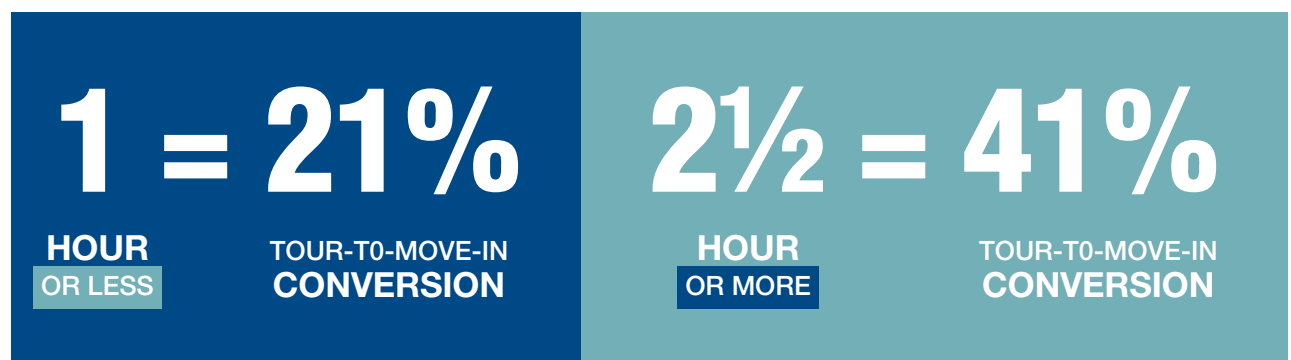
Note that time available to invest in TSZ is a limited resource. We have found that only about half the time spent at work can actually be spent in The Selling Zone®. That is because when done well, connecting and untangling prospect fears is work that's emotionally exhausting for the counselors.

Moreover, even in the most productive sales offices there are still stand ups or other inter-department meetings and certain non-sales activities that need tending to. So, the amount of total selling time available is a critical factor driving sales success.

How many selling hours did it take to convert prospects who did move in? Our initial study shows it took about 10 hours in TSZ for assisted living prospects and about 20 hours for independent rental prospects.

While contrary to typical industry practice, the study also concludes that *spending more time with fewer prospects* is fundamental to driving higher sales conversions. We were curious. Does increasing the average time spent with each prospect have a direct, quantifiable effect on Visit (Tour)/Move In conversions? An internal study looked at results across a broad section of the Sherpa customer base, for a total of 512 communities. Each of these customers had been using Sherpa for over 12 months. Here's what we found: Those communities that spent 1 hour or less per prospect worked averaged a 21% Visit (Tour) to Move In ratio. In contrast, those communities that spend an average of 2.5 hours or more with each prospect worked significantly improved this ratio: an astounding 90–100% improvement in sales results.

#### MICROMETRIC: TIME PER PROSPECT WORKED





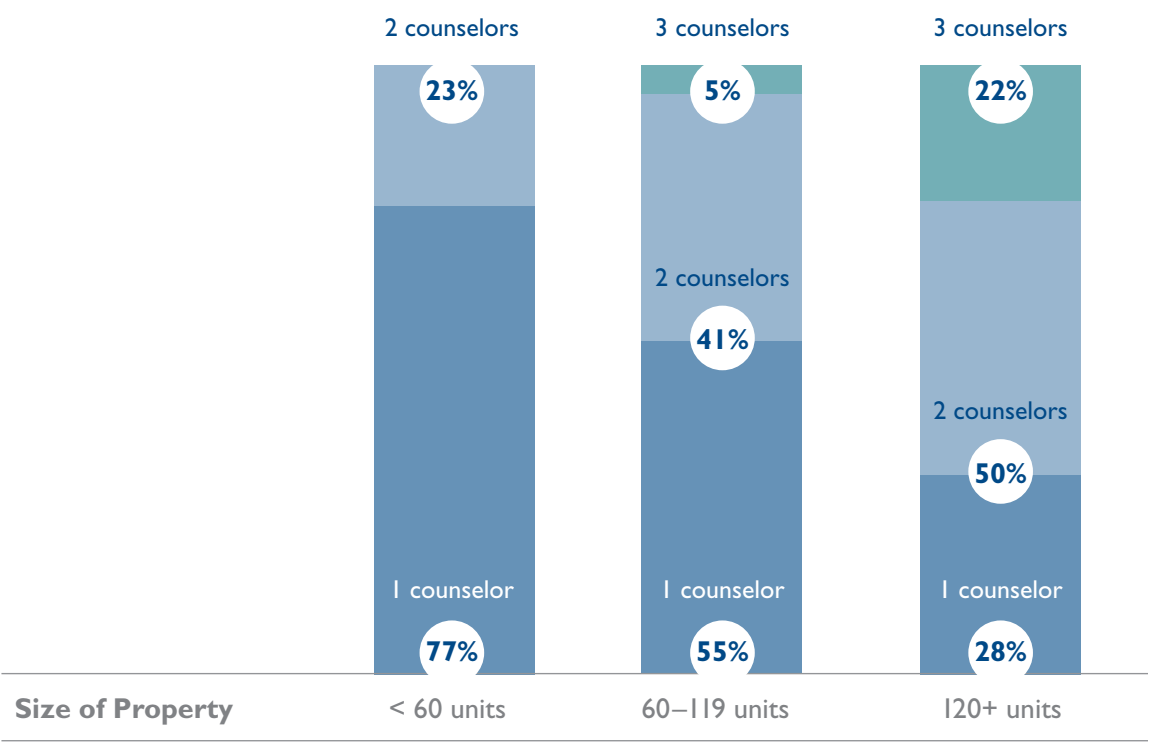
# OPTIONS TO INCREASE TIME IN THE SELLING ZONE® PER LEAD

Since time is a limiting factor, how can you increase time in The Selling Zone®? First, you can delegate non-sales activities: Anything that’s not directly related to selling and getting the prospect across the readiness gap, like move in coordination, event planning, etc. can easily be done by somebody else at much less expense.

One of the things we’re going to be looking at in future studies is the ROI of a sales dollar. What does it really cost you to have your sales professional doing a move-in coordination? The answer is: a lot.

While counter-intuitive, reducing the number of leads is a second way to get more time in The Selling Zone®. In a stabilized community, if you don’t need more than 10 to 15 leads for every vacant unit — even with average industry Visit/Tour to Move In conversion rates. If you have more leads than that, and most providers do, processing, qualifying and working on that many leads reduces the time you have left to spend in The Selling Zone®. Don’t bulk up on leads. It doesn’t help you or your prospects.

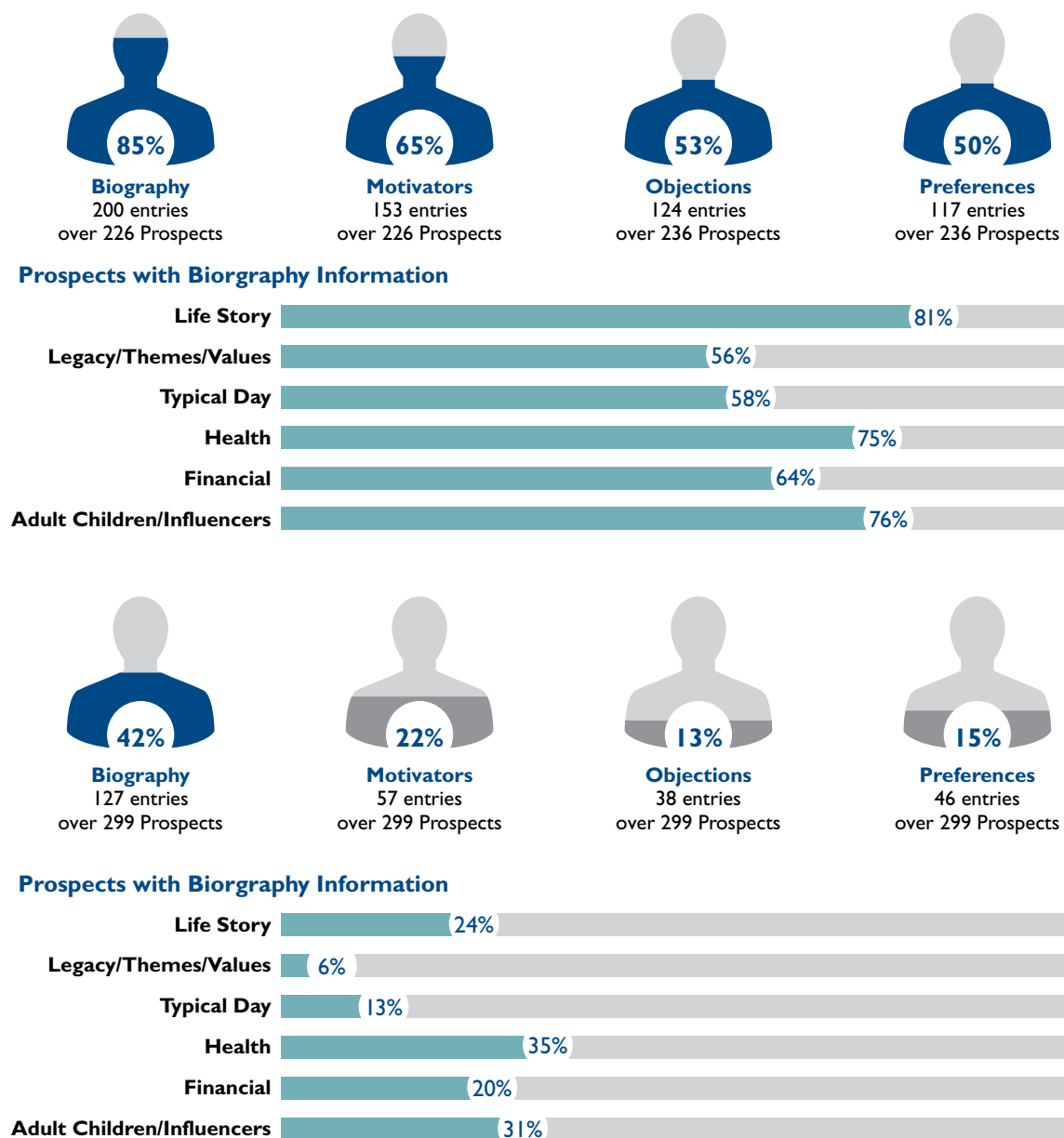
## OPTIONS TO INCREASE TIME IN THE SELLING ZONE® PER LEAD



Adding sales staff is a third way to spend more time in The Selling Zone®. Remember the days when there were no counselors and it was all on the Executive Director to both sell and operate the building? Thankfully that practice is changing. Our study showed for communities under 60 units, 77% now have one sales counselor.

For properties with 60 to 120 units, 55% have one leasing counselor in the building and about 45% have two or more. When you get over 120 units, 50% have two and about a 25% have three counselors. We've come a long way.

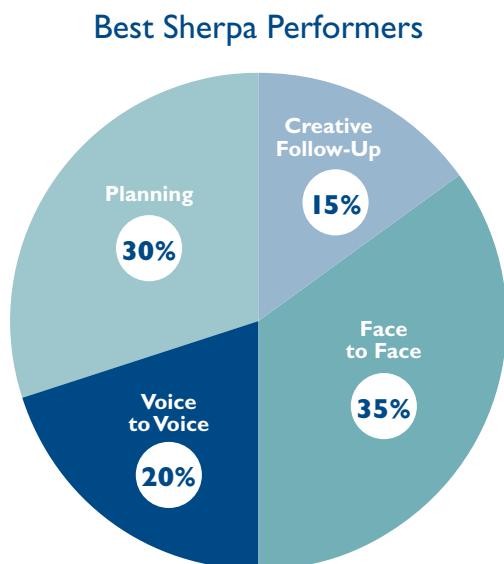
## EMPATHY AND CONNECTION AT WORK WHICH COMMUNITY HAS HIGHER CONVERSIONS?



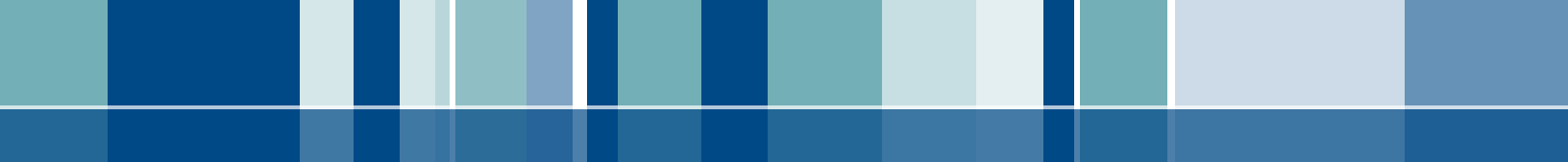
Our study also looked at the relative impact of certain activities and practices have on increasing conversion rates. Whatever amount of TSZ you have available, using it to hunt for urgency, can be counter-productive. The most urgent prospects aren't the ones who are going to stay very long, they require more time from our staff, and when higher functioning prospects see them sitting in the lobby, it doesn't help future sales. Our study shows that it's more effective to invest as much time as possible time cultivating prospect readiness instead. Not surprisingly, our study showed that the longer each prospect engagement is, whether it's on the phone or in person, the more likely it is that the person is going to wind up moving in.

## RELATIVE IMPACT OF ACTIVITIES THAT DRIVE MOVE INS

### ACTIVITIES THAT DRIVE MOVE INS



In terms of the relative impact that various sales activity drivers have on performance, top performers from the Sherpa data base invest 35% of their time in face-to-face interactions, 30% in planning, 20% in phone or email conversations, and 15% in creative follow up.



Note that about 45% of the best performer's time is spent just on planning next steps and personalized, creative follow-up. Many sales people, however, have been trained to offer product centered solutions and to try and "close" as often and as soon as possible. Unfortunately, this type of surface fishing doesn't involve much time planning or doing creative follow-up. Top Sherpa Performers average 120 minutes on Creative Follow-Ups for each IL prospect that moves in.

If you look at the decision-making journey from the prospect's point-of-view, there's a lot of emotional ups and downs. The idea is to use creative follow-up and planning to fill in those gaps of engagement and keep the getting-ready process moving forward.

An interesting thing we learned from the study is that the number of call-ins to top performers were a whopping 7.5 times greater than call-outs. Think about what has to happen to generate a call in from an existing prospect and try always to do more of that.

Another practice with a powerful impact is to keep a prospect's photo on their profile. The visual reference helps the sales person connect more meaningfully, and turn the "lead" into a real person. This is a practice that will significantly improve a sales person's level of engagement and success.

In a controlled study, a medical researcher gave some hospital radiologists a set of complex x-rays to look at and assess," he explained. "Then they gave another group the same set of images, only this time they included a picture of the patient. Accuracy results went up by 80%. Viewing the patient, or in our case the prospect, as a 'real' person has a positive impact on results.

Every prospect wants to be photographed, they want to be "seen.". You just have to first earn their trust and show them that their story, their life has made an impact on you. Pictures of prospects also provide visual memory. So if I've worked with say Henry, I'll remember a lot of the stories by seeing Henry's picture without having to remember and recite a lot of data. For the lowest performers in our study, only about seven percent of their leads had prospect pictures. For the highest performers, more than 18% had prospect photos.

## EXECUTIVE DIRECTOR INVOLVED IN SALES



Source: Promatura/Sherpa 2015

## EXECUTIVE DIRECTOR INVOLVED IN SALES

Finally, the Sherpa/ProMatura study showed that top performers enlist the Executive Director in an active role in the day-to-day sales process.

The more the ED is directly involved in the selling efforts, specifically in planning and in meeting prospects on tours, the higher the sales results. For the lowest performers, EDs are involved in sales only about 40% of the time while for the highest performers 90% of the time the ED is directly involved.

Among the highest performing EDs who participate in sales, about 57% of their personal TSZ is spent planning, 33% in face-to-face interactions such as touring, about seven percent in voice-to-voice conversation, and about two percent in follow up.



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## CONCLUSION

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The new ASHA, ProMatura, Sherpa study now underway will provide further evidence about the impact of these and other factors. In addition to the Sherpa data, ProMatura will also collect and analyze data from residents, lost leads, family members, sales counselors, and Executive Directors to aid in understanding many other attributes of prospect and family interaction and relationships, sales counselors, team efforts, community attributes, and community management practices that also may impact sales.

Sherpa is pleased and proud that our data and innovative metrics can be used to help better understand the elements and attributes that contribute to helping a lot more people get ready to choose and move into a community that fits best with who they are and what they want.

What we know already is that focusing our sales efforts and Time in The Selling Zone® on improving key success drivers will result in higher conversion and occupancy rates. It's about time. But perhaps even more important, a Prospect-Centered approach will help enhance the lives of the 90% of senior adults that fearfully cling to houses and to lifestyles that no longer fit their needs. That's heroic!



## ABOUT THE AUTHOR

David Smith has been a developer, co-owner and manager of seven senior living communities across four states, and continues to own and manage The Gatesworth Properties (a high-end rental CCRC) and Parc Provence (a resident-centered memory care community). Along with partner Alexandra Fisher, he is co-founder and CEO of Sherpa, a firm specializing in customer relationship management (CRM) technology. Its Prospect-Centered Sales® focus guides leasing counselors as they intuitively help prospects step-by-step through the emotional obstacles they face. Sherpa's CRM quantifies the correlation between emotional connection and increased occupancy.



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