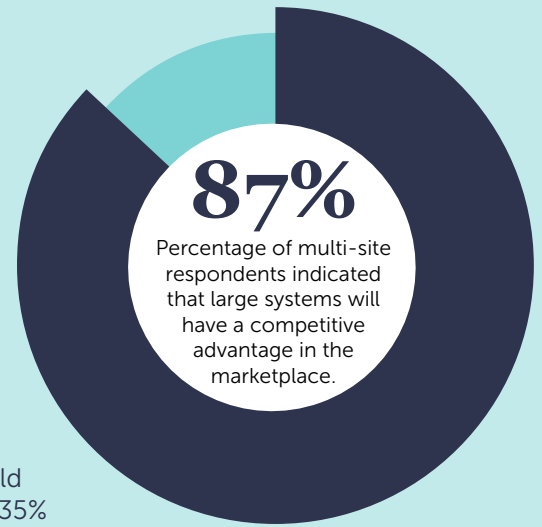




# Affiliations

## Large systems are going to have a competitive advantage in the marketplace.

The past decade has seen a number of sizeable affiliations, and the LPC arena is divided in opinion as to whether being part of a system is crucial or whether good strategy and execution allows single sites to thrive in their own markets. Responses were split, with no consensus on the “right” answer to this question. Although most single-site providers agreed that multi-site systems would have a competitive advantage, 59% noted they could thrive as a standalone, with 35% offering no opinion. Finally, a plurality of respondents indicated that they were considering joint ventures as a means to capture market growth.



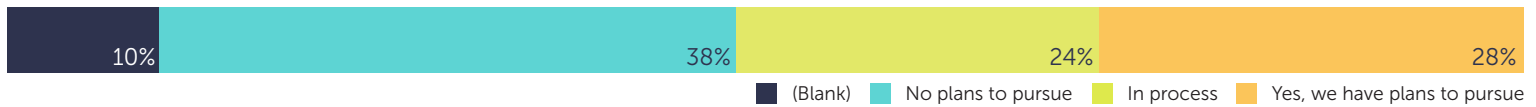
Respondents believe they can thrive and be viable as a stand-alone provider.



Single-site provider plans to affiliate.



Organization is exploring joint ventures to capture market growth.



Note: Data on graphs may not total 100% due to rounding of numbers.

“ *I think the rule of thumb is, if you cannot afford to diversify or advance strategically for sustainability, then your survival is bleak.* ”  
Participant comments

### Is it often said that single site providers will not survive long term. What is your reaction to that statement?

The responses fell into two camps:

- Those focused on being larger or part of a system focused on the increased need for capital and economies of scale that systems could drive.
- Those focused on remaining single highlighted the importance of local markets, strategy, and nimbleness — in particular noting the importance of being relevant in the marketplace.

In common, then, is the importance of a strategy that can be implemented as a key criterion of success.

### CLA recommended action steps:

Comprehensive strategic plans that attempt to position organizations to be viable in their market are key, and financial viability is usually an outcome of staying ahead of the curve from a market or consumer perspective. With that said, we recommend you:

- Heed your strategic planning process and follow through on your plan. Consider being part of a system if you can't accomplish your strategic plan on your own.
- Build your economic pathway. Utilize capital and resources to their fullest. There should be a competition for the use of capital, and a key use should be constant market repositioning of your community. All facilities need an actionable financial plan that funds key strategies.
- Think of how to leverage resources — both human and financial. Joint ventures or other ways to share in risk and reward can help accomplish what may not get accomplished on your own.
- Build strong succession plans and programs, especially if you're running a single site. Leadership is always at a premium.
- Don't forget that boards need to be working. Develop a strong functioning team, from the board and management to the staff and residents.

“ *I think without larger corporate support, single sites will not have the expertise, money and personnel to deal with the changes needed to be successful.* ”  
Participant comments

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