



Operational Excellence in Assisted Living: Financial Strategy & Execution Guide

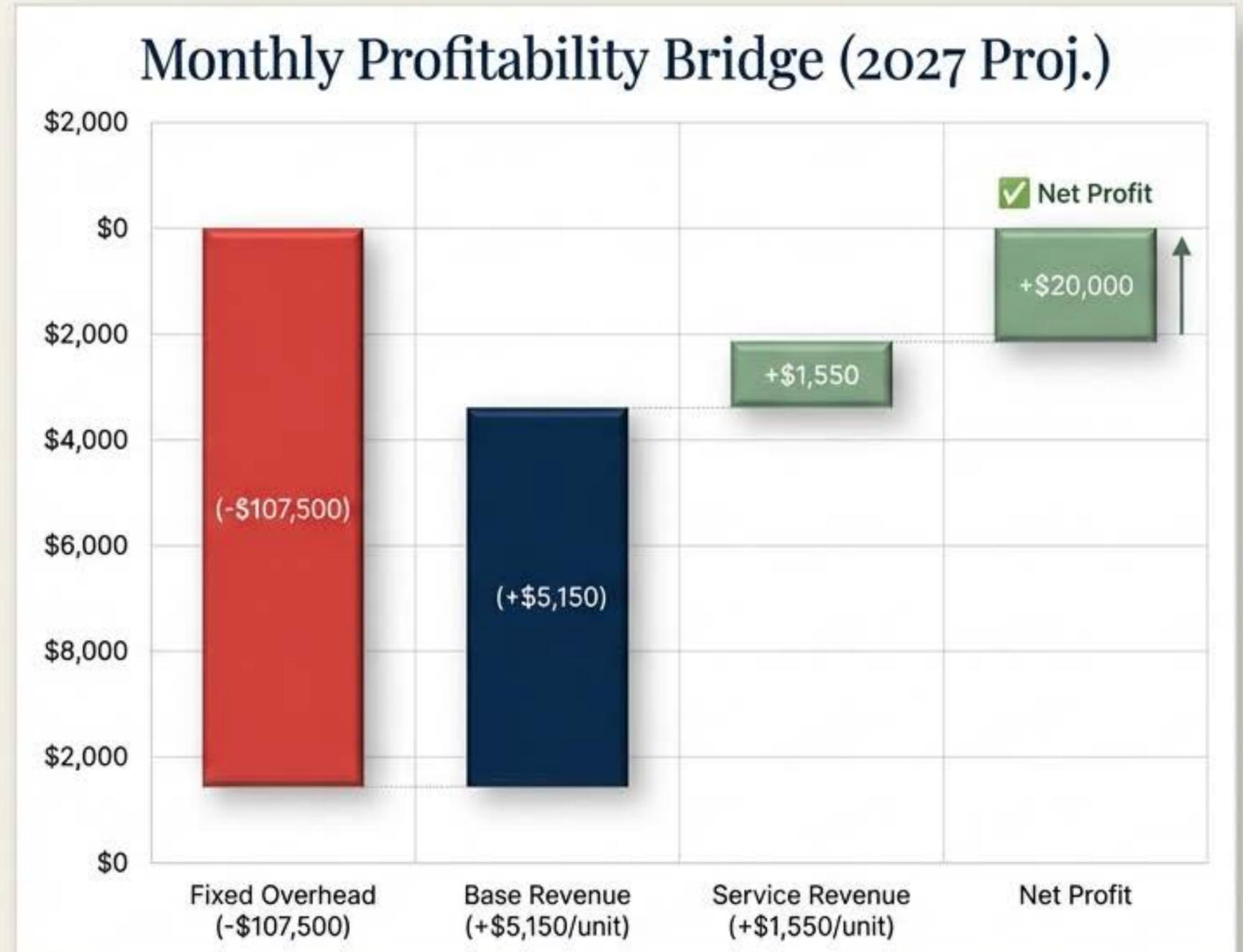
A strategic roadmap to achieving 50% EBITDA margins and sustainable growth through 2030.

The 2030 Vision requires navigating high fixed costs to unlock massive gross margin potential

Key Insight: The facility projects a Gross Margin on Residency Units of **907%** by 2027. However, realizing this profit requires overcoming a monthly fixed overhead hurdle of **\$107,500**.

Strategic Targets:

-  **Profitability Goal:** 50% EBITDA Margin by 2030
-  **Milestone:** Cash flow break-even projected for **January 2027**
-  **The Engine:** Balancing the **\$5,150 Base Fee** (The Anchor) with the **\$1,550 Care Package** (The Margin)



The Base Residency Unit is the financial anchor designed to neutralize fixed overhead.

The Economics



The Mandate

Operational Imperatives

1. **Speed to Lead:** Onboarding taking 14+ days increases churn risk and hurts utilization.
2. **90% Occupancy Rule:** At 90% (540 billable units), the facility is healthy. Below this, lost revenue compounds daily.

Takeaway: The Base Unit covers the bills; it does not drive the profit.

Profitability accelerates by aggressively increasing the attach rate of Care Service Packages.



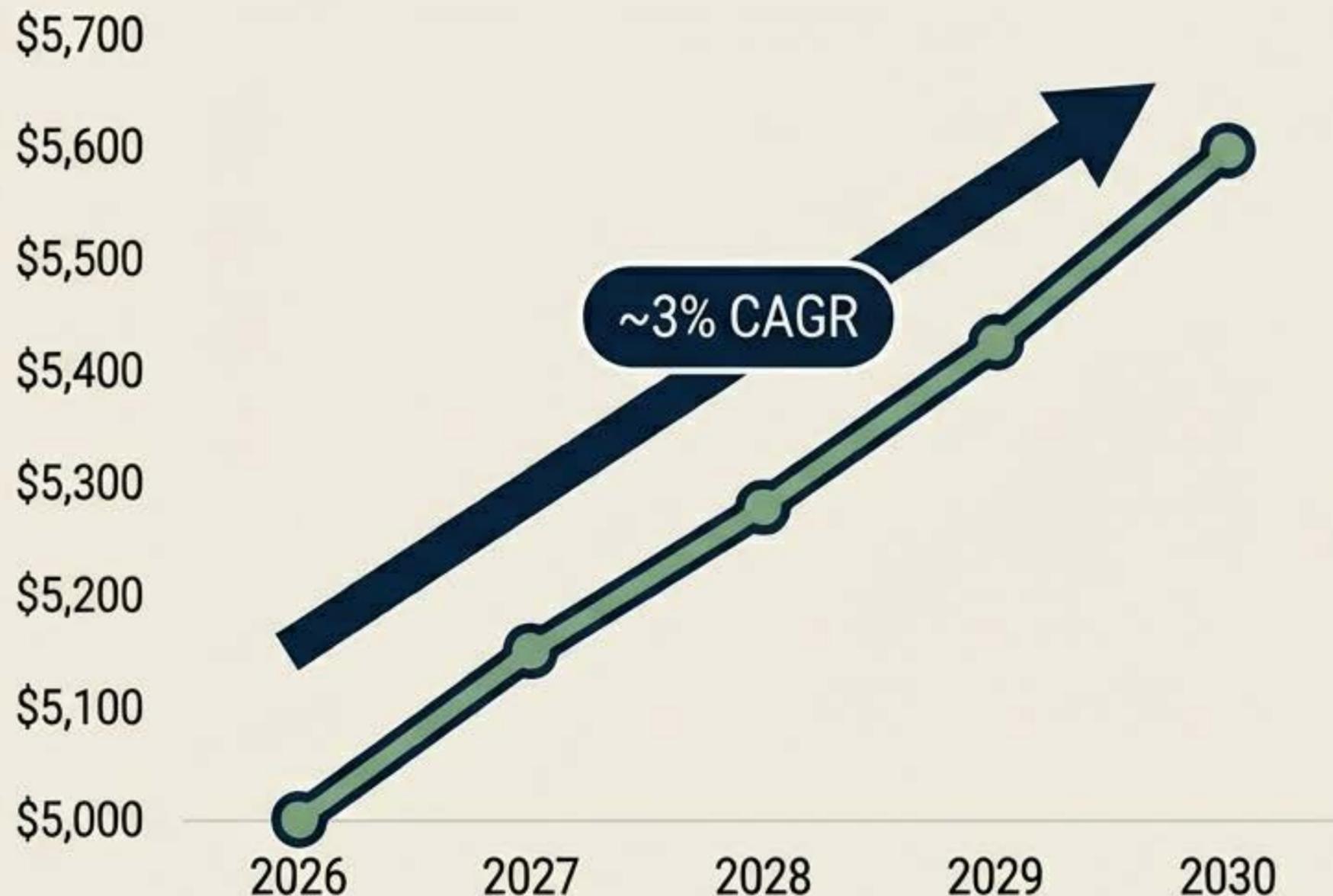
The Lever: Moving the attach rate from **80% to 90%** drives disproportionate profit growth.

Margin Analysis: Care Packages carry a higher incremental contribution margin, provided variable labor is managed.

Warning: If the \$1,550 package requires 1:1 staffing, the margin is too thin.

Justifying a 3% compounded annual rate increase requires visible investment in safety technology.

Average Monthly Fee Trajectory (2026-2030)



The Investment (CAPEX)



\$100,000 allocated to Smart Home Tech.

Justification: Adult children (45-65) perceive clear benefits in safety and communication.

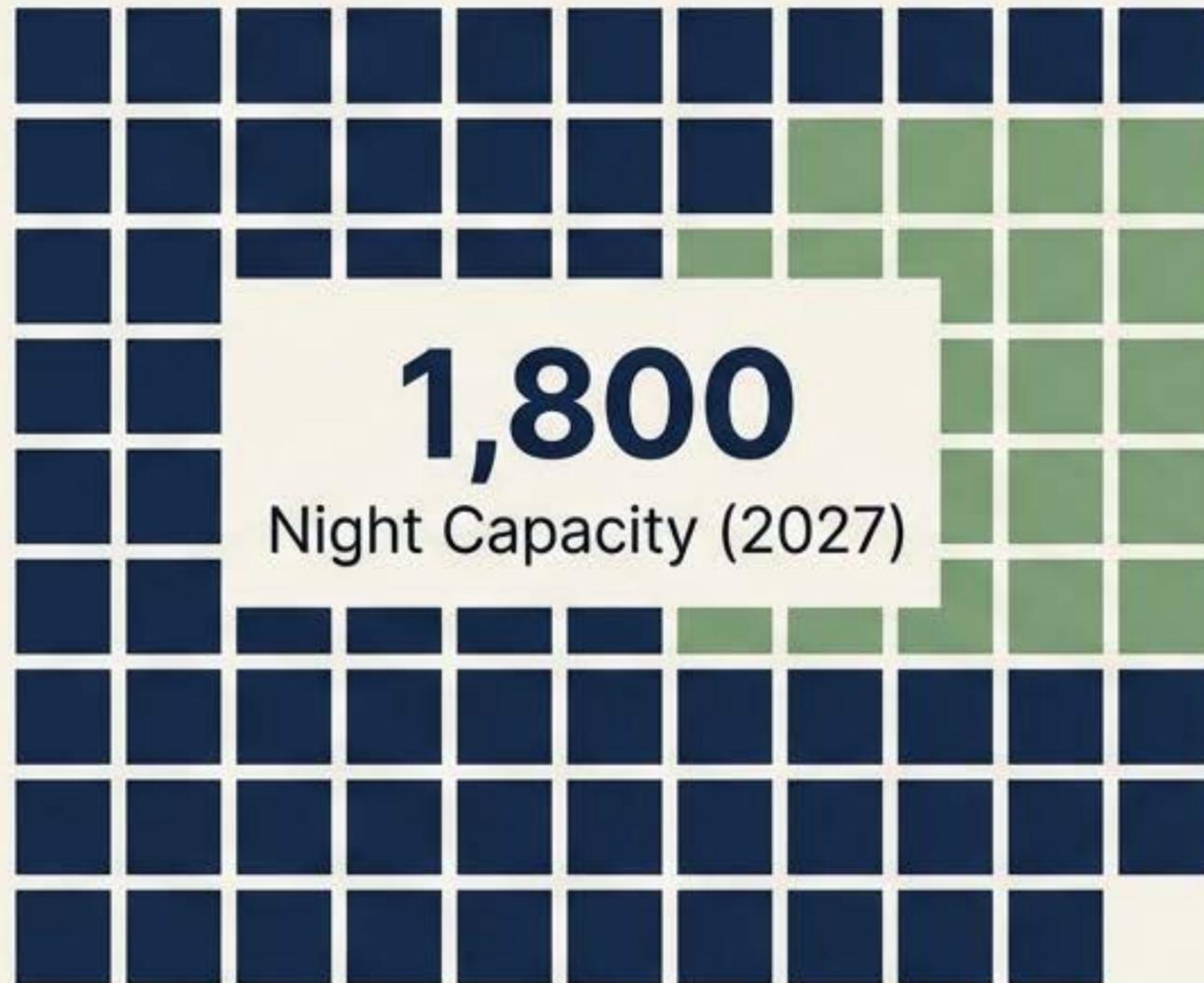
Market Check

Local Competitor Price Point: **\$5,700.**

Status: Plan is Safe.

If occupancy <85%, price hikes void gains.

Ancillary services utilize existing capacity to generate high-margin, pure-profit revenue.



The Opportunity: Guest Nights & Ancillary Services

Revenue Boost: Target **\$280,000** annually by 2027

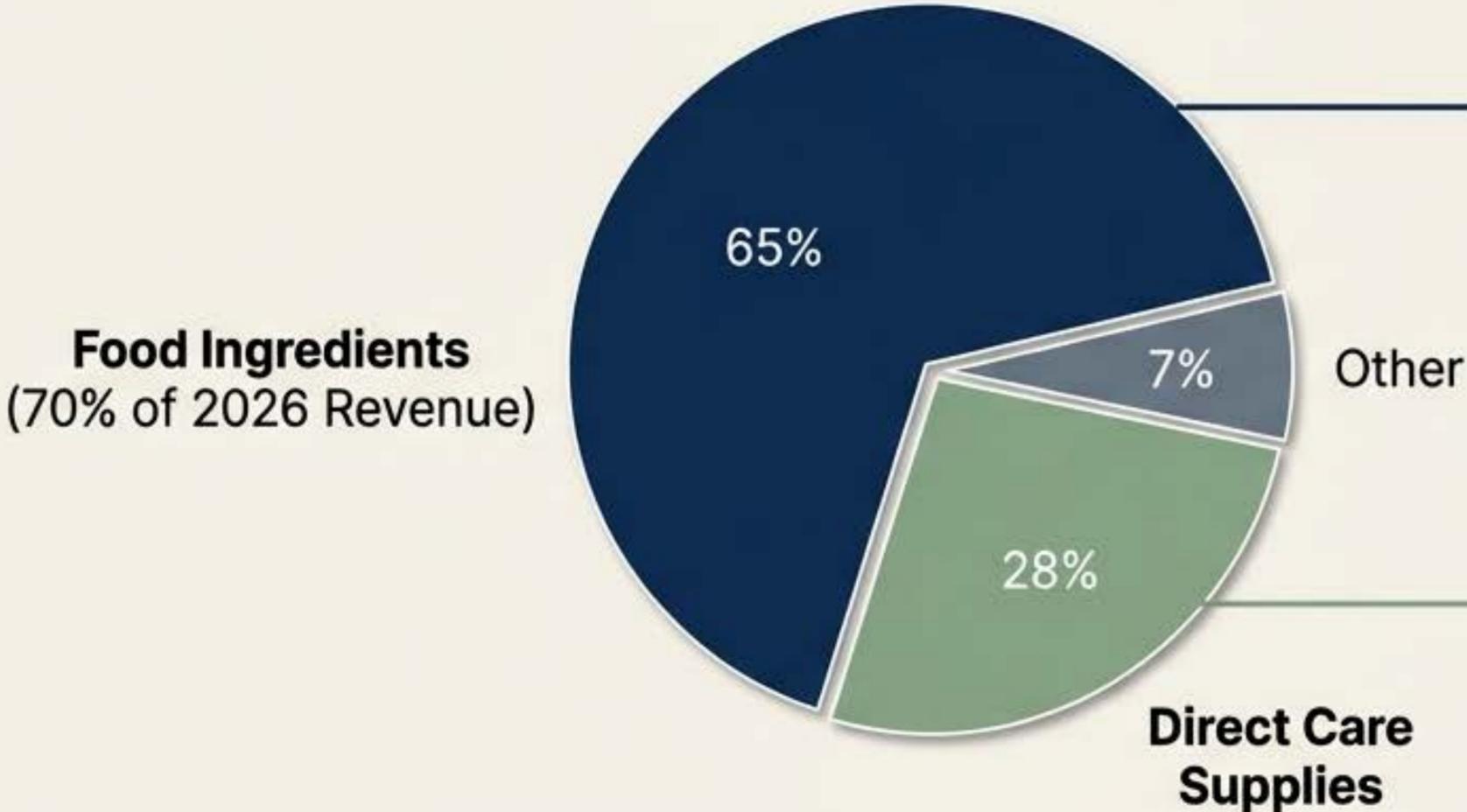
Unit Economics: **\$155/night**

Fixed Cost Impact: Near Zero. No new overhead required.

Execution: Implement surge pricing for holidays. Keep as add-ons, do not bundle.

Variable cost discipline must target the 93% of spend tied to Food and Care Supplies.

Variable Spend Breakdown

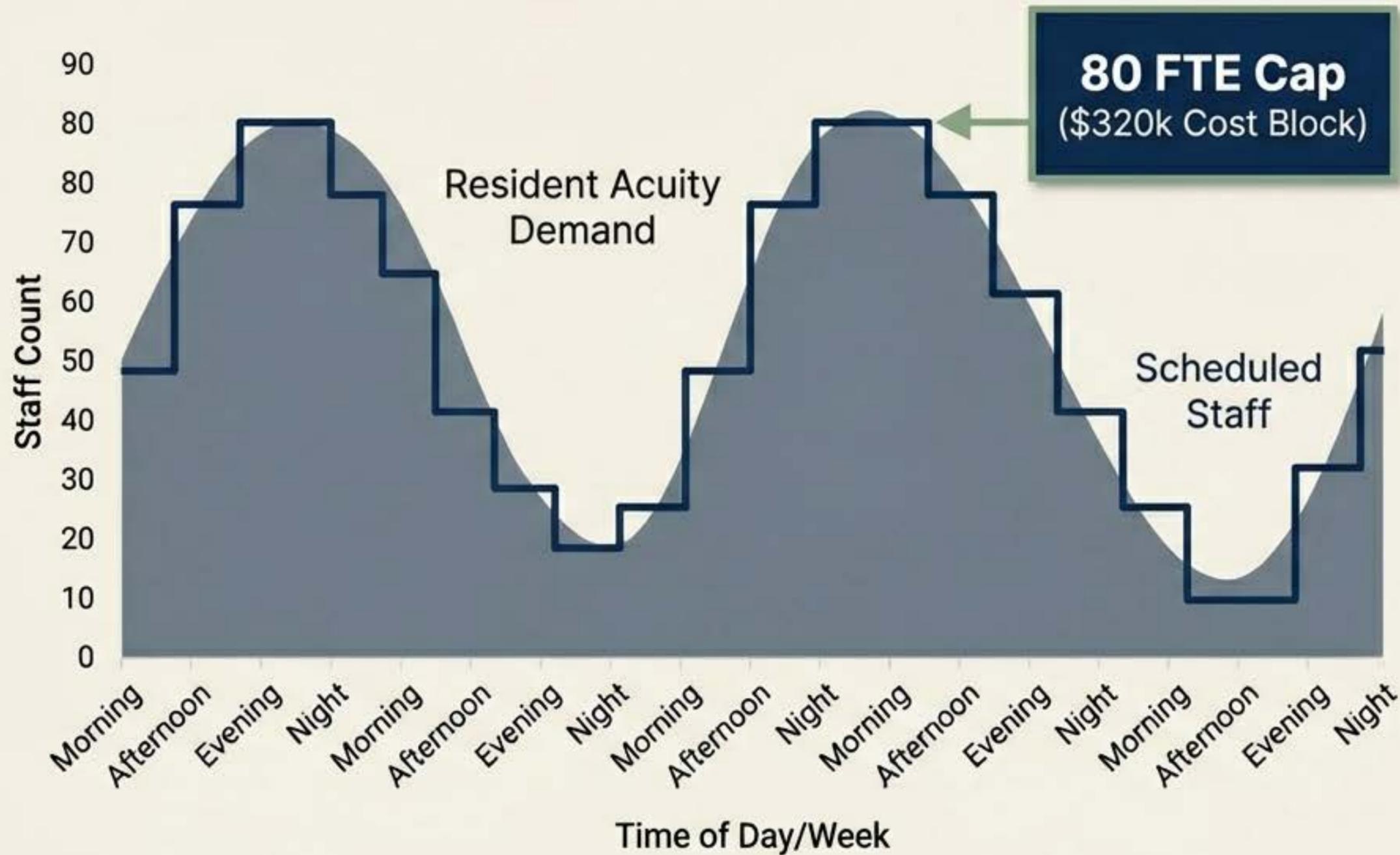


Action: Negotiate farm-to-table contracts immediately (2025/26).
Target: Reduce ingredient cost basis by **50%** by 2030.

Action: Volume discount negotiation.
Target: Reduce supplies cost by **20%**.

Warning: If farm-to-table meals cost >25% of revenue, premium pricing is unsustainable.

Labor optimization requires matching the 80 FTEs to resident acuity, not just filling a roster.



The Risk:

Overstaffing by just 5 FTEs costs nearly **\$25,000 monthly.**

The Fix: Acuity-based scheduling software.

The Trigger:

If utilization drops below **90%** for two consecutive weeks, mandatory audit.

The \$107,500 monthly fixed overhead must be actively audited, not treated as a static expense.

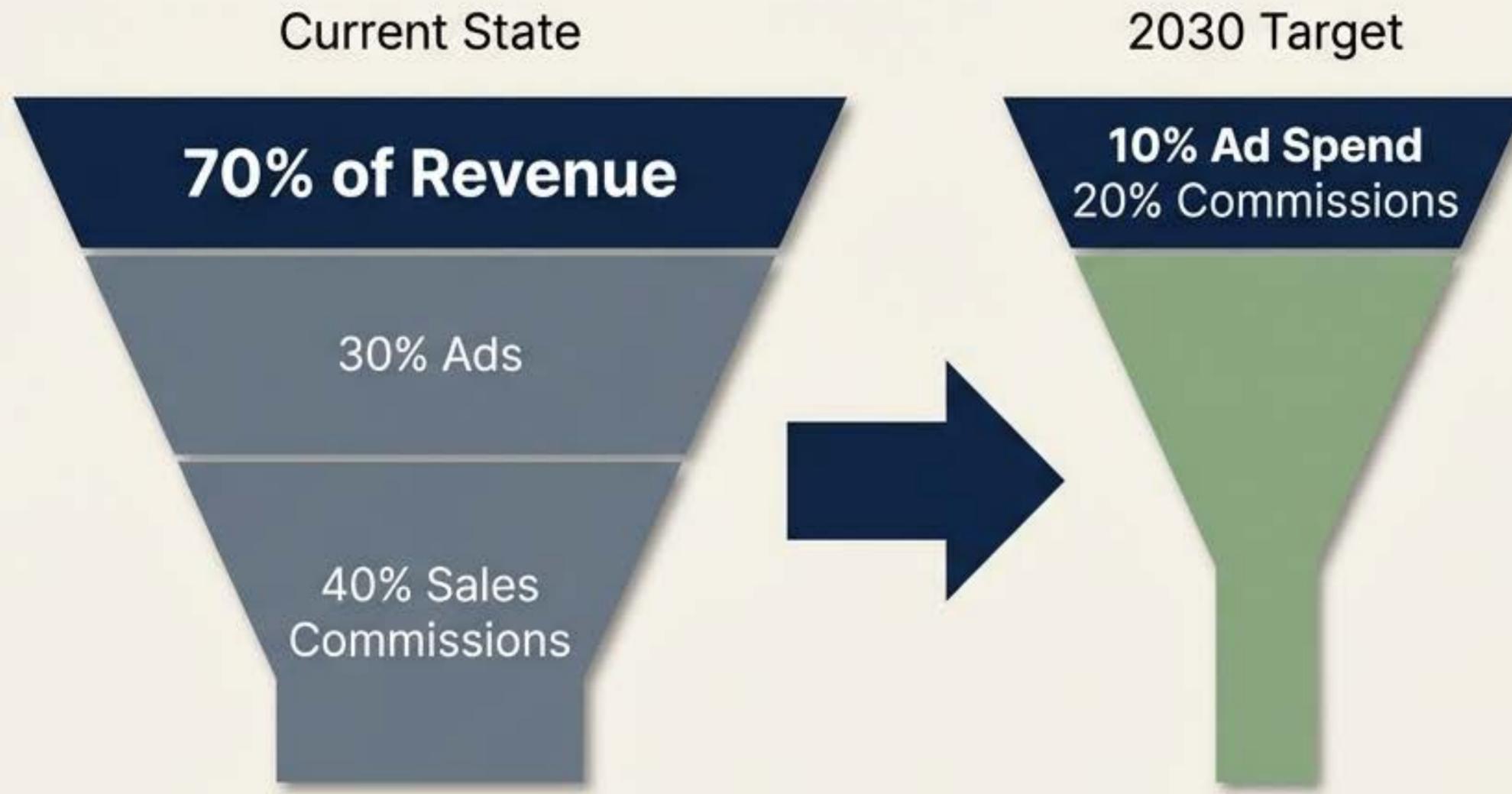


Cost Item	Current Spend (Monthly)	Strategic Action/Goal
Utilities	\$8,000/mo	Energy Efficiency Audit
Maintenance	\$4,000/mo	Review Escalator Clauses
Total Fixed	\$107,500	Audit annually

Impact: A 10% reduction in Utilities/Maintenance returns **\$1,200/month** directly to contribution margin.

Principle: Fixed costs do not scale down automatically; they must be challenged.

Sustainable growth requires pivoting from paid acquisition to organic referral engines.



- **Strategy:** Prioritize resident satisfaction to drive referrals.
- **Current Inefficiency:** High High CAC drains cash need for overhead coverage.
- **Goal:** Retention reduces the constant pressure to fill capacity.

Contribution Margin Analysis ensures premium packages are not subsidized by base units.



The Calculation:

Allocate labor and supply costs specifically to the **\$1,550 Care Package** vs. **\$5,150 Base Unit**.

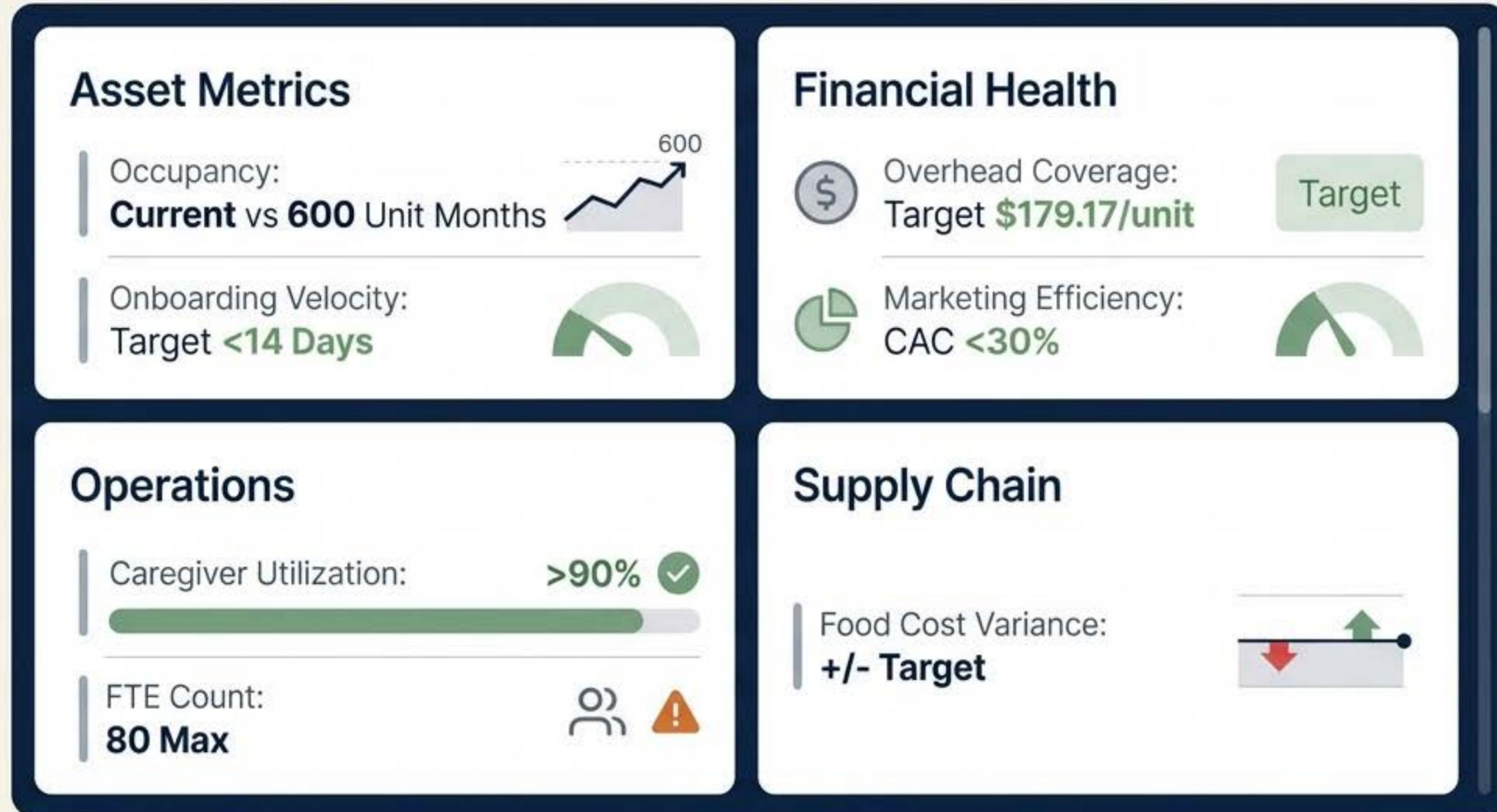
The Red Line:

If blended variable costs approach **100% of revenue**, the model fails. The \$107,500 fixed overhead will never be covered.

Action:

Re-price Care Packages aggressively if they do not outperform the Base Unit on contribution.

The 2027 Operational Dashboard: Key Performance Indicators



Strategic Execution Roadmap (2025–2030)



Immediate Action Plan for Margin Protection

- 1. Anchor the Revenue:** 
Fill the 600 base units to neutralize the \$107,500 fixed cost.
- 2. Drive the Margin:** 
Push Care Package attach rates from 80% to 90%.
- 3. Stop the Leaks:** 
Audit Food (65% of spend) and Labor (Utilization <90%) immediately.
- 4. Fix the Funnel:** 
Shift from buying leads (70% cost) to earning referrals.

Final Directive: Initiate the supply chain audit and implement scheduling software this quarter to secure the path to 50% EBITDA.