Grow Like a Pro
Uncover the Potential of Your Home Care Business by Successfully Benchmarking Your Performance

Presented by Aaron Marcum
Founder and CEO of Home Care Pulse

About The Presenter

Aaron Marcum
Founder and CEO of Home Care Pulse
Presentation Objectives

We will discuss the following:

✓ The impact of performance benchmarking.
✓ Tips for properly motivating with benchmarks.
✓ Five proven benchmark strategies that drive sustainable growth.

Performance Benchmarking = Working ON Your Business
Continuous Performance Benchmarking Can Help You . . .

- Drive positive behavior among team members.
- Keep the spotlight on the measurements that matter most.
- Clarify company expectations for team members.
- Foster the desire for greater accountability among your team members.
- Lay the foundation for successful goal setting.
- Focus everyone's attention on the most important activities.
- Manage and lead by the facts.
- Establish consistent performance among your team.
- Free up your time to work more on the business and pursue personal interests.

Performance Benchmarking vs. Measuring Performance

- **Measuring Performance** – When you are measuring the performance of a group or individual on their own.
- **Performance Benchmarking** – When you take the group or individual performance measurements and comparing them to other groups or individuals.
Top Five Benchmarking Strategies That Can Transform Your Business

1. Foster a positive and open culture.
2. Align your key performance benchmarks (KPB’s) and goals with the results that matter most.
3. Establish the right motivational benchmarks.
4. Promote continuous collaboration among your team.
5. Take leadership of the entire performance benchmarking process.

Strategy #1 – Foster a Positive and Open Culture
An Atmosphere of Consistent Improvement

Closed reporting

Transparency

An Atmosphere of Consistent Improvement

Top-down decision making

Collaborative decision making
An Atmosphere of Consistent Improvement

Focused on Past Performance

Focused on Future Possibilities

Avoiding Risk

Taking Measured Risks
An Atmosphere of Consistent Improvement

Rigid rules to implement change

Flexibility with how change is made

An Atmosphere of Consistent Improvement

Negative feedback is ignored & played down.

All feedback is shared & discussed monthly.
An Atmosphere of Consistent Improvement

Vague expectations of goals

Clear expectations of goals

An Atmosphere of Consistent Improvement

Under utilize team members’ skills

Tap into each team member’s “unique abilities”
An Atmosphere of Consistent Improvement

- Not using available resources
- Invest in resources that influence change

Distrust & cynicism

- Trust & faith in leadership
Strategy #2: Align Benchmarks & Goals With Results That Matter Most

The Results Factor Question

If we were meeting here three years from today – and you were to look back over those three years to today – what has to have happened during that period, both personally and professionally, for you to feel happy about your progress?

What will your company look like three years from now?

- 12-month trailing revenue?
- Number of active clients?
- Number of active caregivers?
- Total avg. weekly billable hours?
- Caregiver turnover ratio?
- Average Net Promoter Score? (based on client satisfaction question: "How likely are you to recommend services to others?")
- Total Best of Home Care® winning categories?
Laser Focus on the Right Results

• If everything becomes the priority, nothing becomes the priority.

• Identify measurements you are using as motivational benchmarks vs. informational benchmarks…understand the difference.

• Empower your team members to own their data and calculate their own benchmarks.

• Make sure reliable benchmarks (industry or similar) exist for every right result.

Two Types of Benchmarking for Home Care

1. Motivational Benchmarking –
   Measurements used for incentives, rewards and consequences.

2. Informational Benchmarking –
   Measurements used for gathering information useful for improving systems, enhancing management, and digging deeper into the details and the way things are performed or implemented.
The Right Monthly Results

<table>
<thead>
<tr>
<th>Key Performance Benchmark (KPB)</th>
<th>Motivational Benchmark</th>
<th>Informational Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Majority of Client Satisfaction Ratings</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Net Promoter Question – How likely are you…</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Inquiry to Assessment Close Ratio</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Inquiry to Admission Close Ratio</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Number of Admissions</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Number of Discharges</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Monthly Net New Clients</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Number of New Hires</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Caregiver Turnover Ratio</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Total Billable Hours</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Monthly Net Increase in Billable Hours</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Strategy #3: Establish the Right Motivational Benchmarks

- Interdependent
- Common goal
- Well-balanced
- Drive the right behaviors
Top 7 - When Motivational Benchmarking Goes Wrong

1. Linking rewards to the wrong performance benchmarks.
   - **Wrong** – Bonus paid for the # of referral visits a sales rep makes in a week.
   - **Right** – Bonus paid for the monthly net increase in billable hours. Everyone benefits.

2. Producing results on the wrong measures of success.
   - **Wrong** – Field supervisors paid bonuses for the number of visits they make. Visits become short and less effective.
   - **Right** – Field supervisors paid bonuses when their team of caregivers reach certain training and certification goals.
3. Inconsistent Measurements.

- **Wrong** – Measure client satisfaction annually, which motivates the team to improve friendliness and customer service only during that brief period of time.

- **Right** – Measure client satisfaction monthly so team is motivated to improve friendliness and customer service continuously.

4. Measurements that make you look good but do not help with improvement.

- **Wrong** – Justifying the exclusion of some employees when calculating the caregiver turnover ratio.
Top 7 - When Motivational Benchmarking Goes Wrong

5. Deceptive benchmarks –
   Team members are guaranteed a “win.”
   - **Wrong** – A home care provider, who has been in business for 20 years, benchmarks their caregiver turnover against the entire industry and judges success from that.

   ![Bar chart showing benchmark comparison](image)
   Benchmarks from the 2013 Private Duty Benchmarking Study, produced by Home Care Pulse

6. Measurements become too complicated to track.
   - **Wrong** – Paying a sales commission based on 5+ different performance factors. Often the sales rep doesn’t even understand.
   - **Right** – Paying a sales commission based on 1-2 key performance desired results.
7. Team member distrust in the benchmarks. This happens when:
   - Little to no follow-up from management.
   - Fear is used to enforce the benchmarks.
   - Little to no team input.
Motivational Benchmarks That Are Interdependent On Each Other

- Net Increase in Billable Hrs.
- Decrease in Caregiver Turnover
- Revenue Growth
- Inquiry to Admission Close Ratio
- Net Promoter Score

Strategy #4 – Promote Continuous Collaboration Among Your Team

- Raw data converts to benchmarks
- Benchmarks convert to information
- Information converts to knowledge
- Knowledge converts to new wisdom
- New wisdom converts to action!
Continuous Team Collaboration

- Collect the data
- Team takes action on new wisdom
- Turn into KPB's
- Review KPB's – make executive notes
- Participate in industry ed / VANTAGE Univ.
- Hold monthly KPB team collaboration meeting

Monthly KPB Team Collaboration Meeting

- **Purpose** – Review KPBs from the previous month and glean new wisdom that can be turned into actionable activities focused on achieving the right results.
- **How often** – Monthly
- **When** – Preferably the first week of the month.
- **Meeting layout** – Focus discussion on outcomes of your KPB's and seek out “new wisdom” as you look closely at your performance. From the “new wisdom,” actions should be formed and new strategies/systems created.
Strategy #5 – OWN IT!

“He who thinks he leads, but has no followers, is only taking a walk.”

--Leadership proverb, author unknown

Let Go of False Beliefs
Eight Leadership Benchmarking Fallacies

1. Measuring performance is a technical activity.
2. Individuals are responsible for what they want to benchmark themselves against... as long as they perform.
3. Benchmarking is not a leadership task but should be delegated to the admin. staff.
4. I only need financial benchmarks... everything else can wait.
5. Benchmarking will interfere with an entrepreneur’s ability to innovate and generate new ideas.
6. Benchmarking takes too much time away from other “important” tasks... like putting out fires.
7. My company is well-run, and we have no need to measure all of “that stuff.”
8. I believe you should measure and benchmark everything in your business... without exception!

Why You Must Take Ownership of the Benchmarking Process

• It instills confidence in the team.
• By taking responsibility for the overall performance, your team will become more accepting of accountability.
• The entire team will be more trusting in the “new wisdom” gleaned from the benchmarks.
• Continuous follow-up, by their leader, will inspire the right behavior among team members.
**Benchmarking Leadership**

When benchmarking, effective leaders must

- Understand the realities.
- Be able to mobilize needed responses and feedback.
- Find joy in any outcome.
- Have fierce resolve and commitment to benchmarking.
- Lead out by following through with their own actionable activities from the “new wisdom.”
- Support and train their team on how to implement the “new wisdom.”

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**Benchmarking Leadership**

When benchmarking, effective leaders must

- Emphasize the positive changes and outcomes continually.
- Welcome dysfunctions that will occur.
- Create a culture of truth seekers.
- Balance rewards and measurements.
- Connect the dots for all team members.
Free Tool for Attendees

Key Performance Indicator Tracker and Reference Guide

<table>
<thead>
<tr>
<th>Department</th>
<th>Key Performance Indicator (Track Monthly)</th>
<th>Dec 2014 Goal</th>
<th>Dec 2015 Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Monthly Total Salaried Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Billable Hours for the month (hourly)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Billable Hours for the month (Lieu, count 2 hours per every 24 hour shift)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Total Billable Hours for the month</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Total Monthly Sales &amp; Marketing Expenses (Include sales rep wages)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>Total New Admissions/clients for this month</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>Total New admissions/case/clients by the month</td>
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<td></td>
</tr>
<tr>
<td>Sales</td>
<td>Total New Clients for the month</td>
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<td></td>
</tr>
<tr>
<td>Sales</td>
<td>Monthly Clients Growth Rate</td>
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</tr>
<tr>
<td>Operational</td>
<td>Total Clients who received care during the month</td>
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<td></td>
</tr>
<tr>
<td>Operational</td>
<td>Client Turnover Ratio</td>
<td>(n-1)</td>
<td>(n-1)</td>
</tr>
<tr>
<td>Sales</td>
<td>New Monthly Inquiries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>New Monthly Assessments Performed</td>
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<td></td>
</tr>
</tbody>
</table>