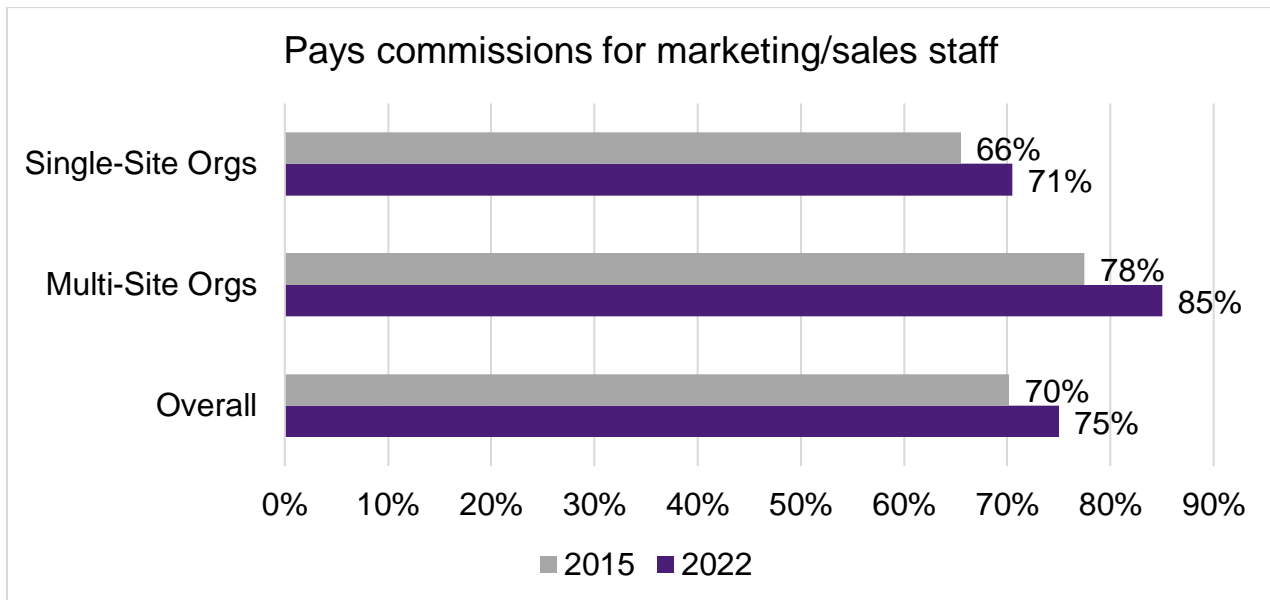


SALES & MARKETING STAFF AND COMMISSIONS

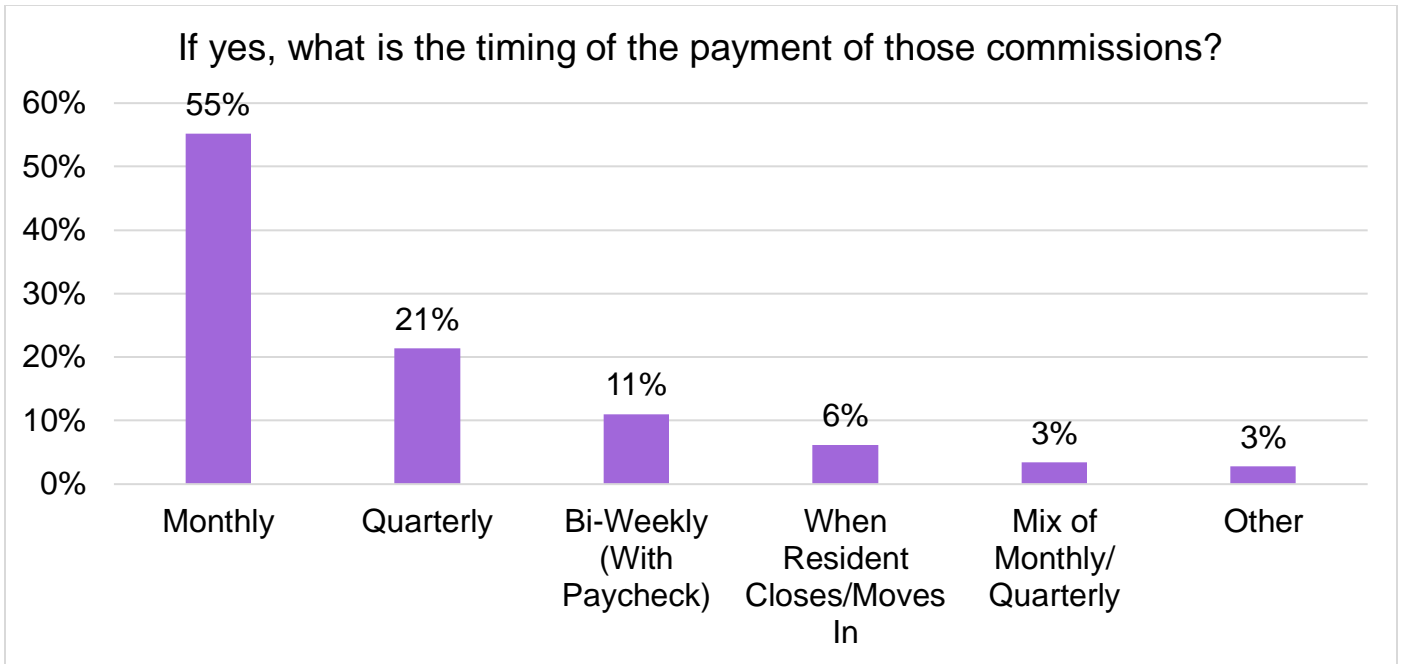
ZIEGLER CFO HOTLINESM

The June 2022 Ziegler *CFO Hotline*SM poll was devoted to the topic of Sales and Marketing Staff and Commissions. Nearly 200 not-for-profit senior living CFOs and financial professionals from around the country responded to the survey, with 69% representing single-site organizations and 31% from multi-site organizations. Many of the same questions were asked in a December 2014/January 2015 survey and were published in the January 2015 edition of the *CFO Hotline*SM. Some of the statistics are laid out side by side in this report to compare the data from 2015 and 2022.

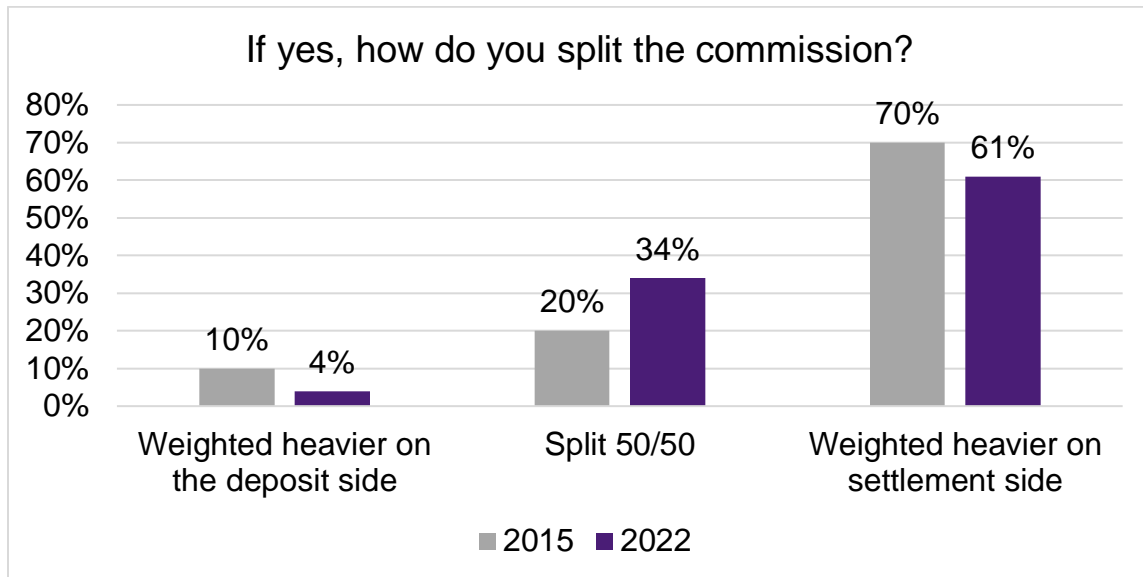
In the current survey, respondents were first asked whether they pay their marketing and sales staff a commission, to which 71% of single-sites and 85% of multi-sites (75% overall) said they do. A higher percentage of both single and multi-site organizations reported they pay such commissions more than they did in 2015. See the chart below for details.



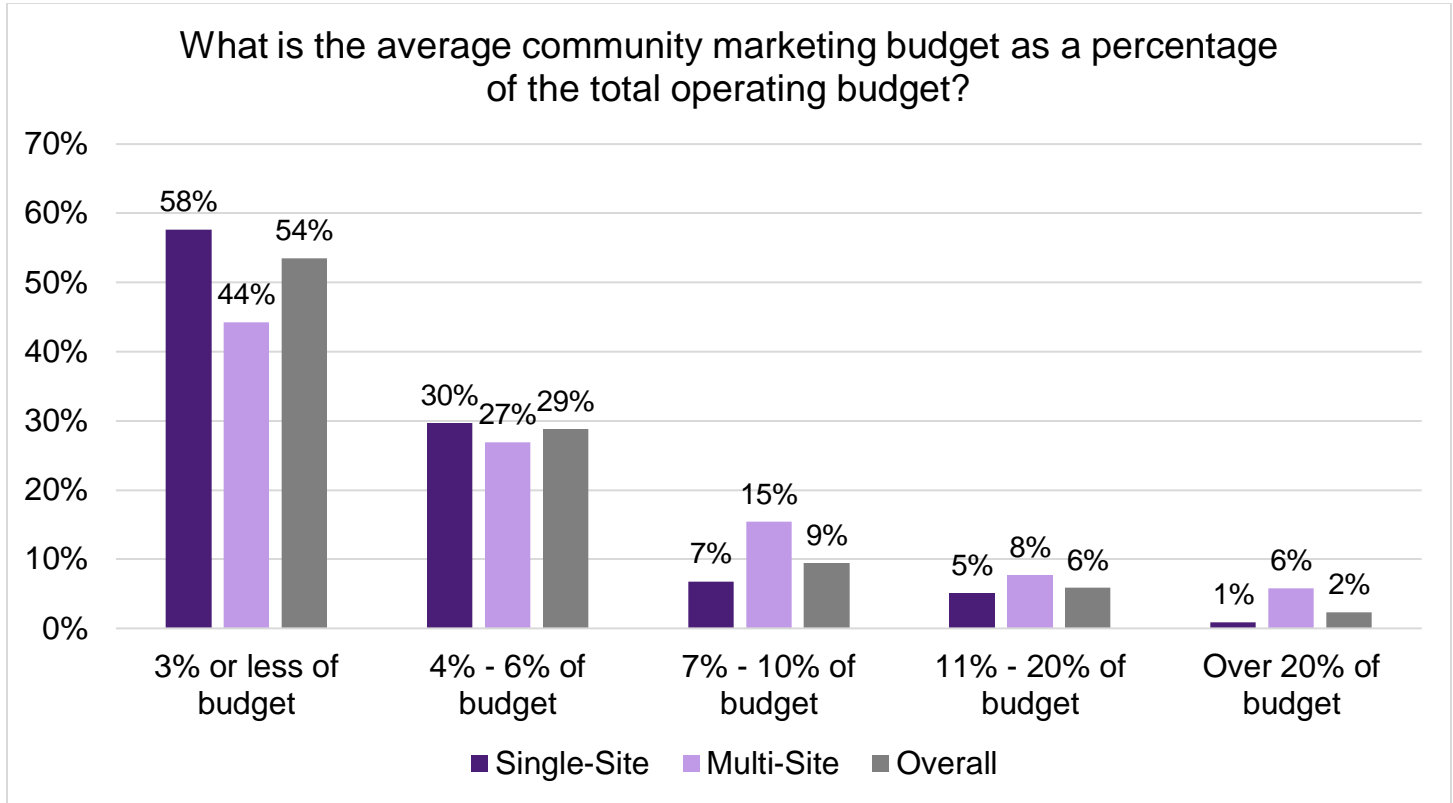
Of the overall 75%, most indicated they pay commissions on a monthly basis; quarterly and bi-weekly payments were also common. The remainder of the providers indicated they pay commissions directly following a sale, in a mix of monthly/quarterly instances, or by another method. See the graph on the next page for a breakdown of each of these payment schedules.



Less than half of the respondents said they split their commissions between the deposit phase and settlement phase of new sales. Of the 40% who do, most of them (61%) weigh the split heavier on the settlement side. About one-third (34%) split the commissions 50/50, and a very small number indicated they weigh the split heavier on the deposit side (4%). This is similar to the breakdown in 2015, as illustrated in the graph below.

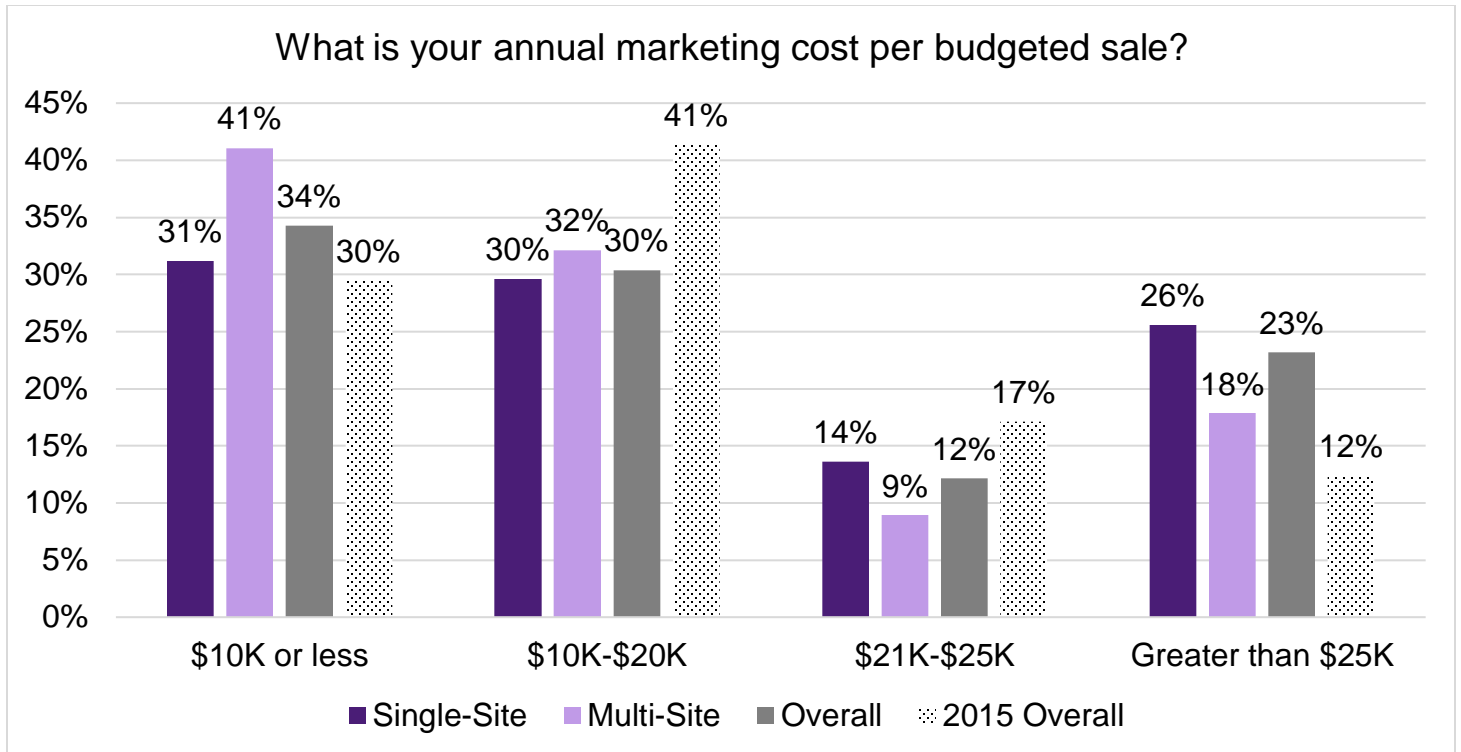


When asked what percentage of the total operating budget is reserved for community marketing, most providers answered 3% or less. Many answered between 4% - 6%, while answers between 7% - 10% or between 11% - 20% were less common. Rarest of all were answers over 20%, with the highest answer at 26%. See the two charts below, broken out into single-site and multi-site providers, for details.

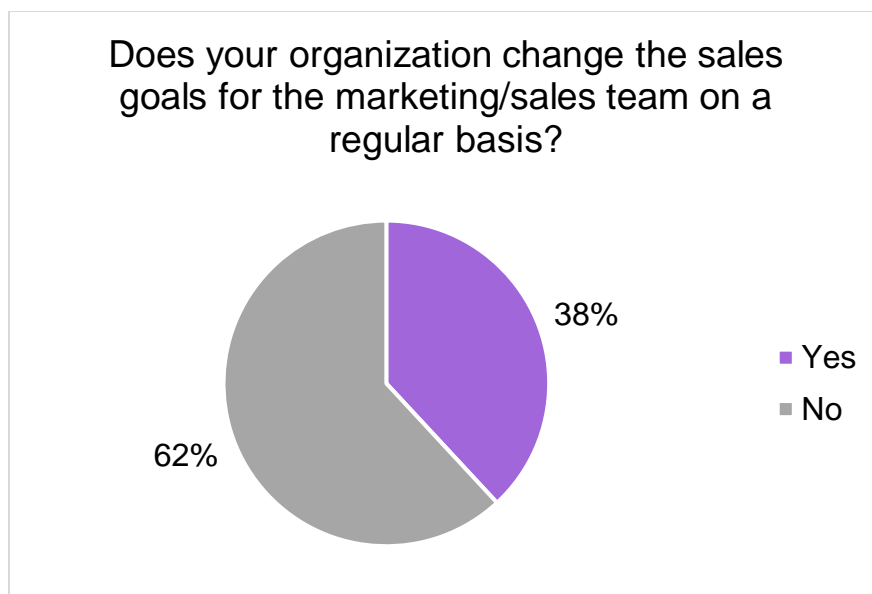


What is the average community marketing budget as a percentage of the total operating budget?	Single-Site		Multi-Site		Overall	
	2015	2022	2015	2022	2015	2022
Average	3.40%	4.22%	4.70%	6.31%	3.90%	4.86%
Median	3.00%	3.00%	3.00%	4.00%	3.00%	3.00%

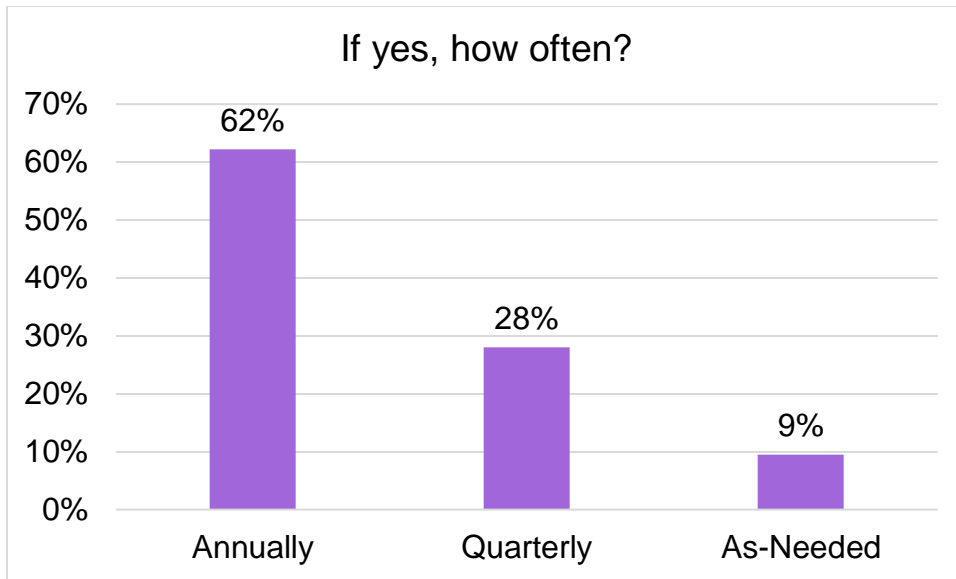
The annual marketing costs per budgeted sale varied across respondents. Most providers reported they budget under \$10K or between \$10K and \$20K per sale, while others had higher budgets. The graph below shows the results from this question for single-sites compared to multi-site organizations, and also highlights the average numbers from 2015. Note the percentage of organizations reporting spending over \$25K per budgeted sale has nearly doubled in the last seven years.



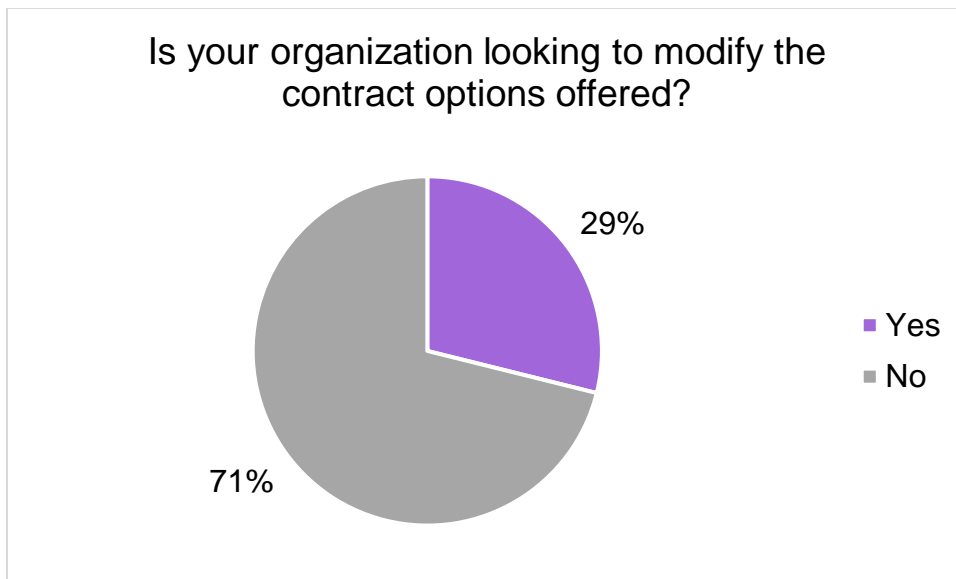
Respondents were then asked whether their organization changes the sales goals for the marketing or sales team on a regular basis. For example, adjustments based on types of contracts needed to be sold, or types of units needed to be sold. Thirty-eight percent answered yes; see the chart below for details.



The organizations that answered “yes” to the above question were then asked at which regular intervals they change their sales/marketing goals. Nearly two thirds answered “annually,” 28% were “quarterly,” and the remaining few wrote that they changed their goals on an “as-needed” basis, as outlined in the chart below.



Most providers seem satisfied with the contract options they offer, as only 29% of them indicated they are planning to change them.



When asked in what way they plan to modify the contract options they offer, respondents who answered “yes” to the previous question gave a variety of answers. Below is a table that breaks down topics that were mentioned four or more times.

Topic	# of Mentions
Adding More Options	22
Changing Refund Options	21*
Changing EF Options	9**
Adding Service Fees	4

**(7 specifically mention adding the option or increasing the % on existing refunds, 7 specifically mention decreasing options or %)*

****(3 specifically mention adding the option or increasing the existing entrance fees, 3 specifically mention decreasing options or %)*

Respondents were also able to share additional comments regarding sales and marketing staff and commissions. Below is a sampling of these comments, which may be edited for length or minor grammatical changes.

- *Added additional commission incentives due to pandemic and to increase occupancy above 90%*
- *A significant portion of the Marketing Budget is focused in the digital marketing space. This has made a huge difference in filling the top of the sales funnel.*
- *We moved to a flat commission a few years ago to make all unit sales carry the same weight (with an increase in the base). It is very easy to sell a large unit, the smaller units are the real challenge!*
- *Graduated commission structure which increases commissions based on number of units sold with the main sales person getting the bulk of the commission and the secondary sales person getting a lesser amount.*
- *In addition to deposit and settlement commissions, we also do a group commission each pay period if occupancy is 92% or greater*
- *We are able to be successful with a flexible, frugal marketing plan with the support of resident advocates and volunteers. The Community spirit is a very strong factor in drawing in visitors, prospects, and new residents.*
- *We are a rental community and started offering a move-in bonus in 2020.*
- *Our sales staff share in the commissions equally, i.e. each sales consultant receives a share of the commission on every sale regardless of who completed the sale.*
- *We have two small separate communities and both cannot afford to have a sales & marketing staff. Administrators at both sites handle the marketing and our employees are trained to handle inquires.*
- *Annual occupancy bonus for hourly sales staff based on occupancy % goals.*
- *We offer some individual commissions and some team bonuses*
- *We pay bonuses versus commissions. Based on sales activity not just closed sales.*
- *In addition to the above, periodic sales contests with competing communities.*
- *We pay commissions monthly, quarterly, and annually. The quarter and annual payments are based on meeting or exceeding contract closings and occupancy goals.*
- *In the past we utilized a partial wage/partial commission based method for our lower level Marketing staff. We recently made the change to a solely wage based system and it seems to be working well. Also, having the correct staff in place to accomplish our goals has made a huge difference.*

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