

## Strategic reviews help determine future direction of care assets

Over the past 12 months Carterwood have been expanding their exposure of strategic review work in the care sector. Within any large care group there are assets that, for a multitude of reasons, may be under-or over-performing. Carterwood's position as market leaders in the provision of site-specific market analysis, as well as being experienced valuers with a thorough understanding of the key operational drivers of value, place us in a unique position to add value and help determine the strategic direction of care assets.

### Background:

- We have been instructed on a number of large portfolio projects and individual operational entities to determine their strategic direction.
- These have been prepared on behalf of administrators to ensure full value can be maximised, as well as for private operators and charities to determine the strategic direction of the asset going forward.

### What we did:

- The approach is consistent whether for a single asset or a portfolio of homes:
  - For assets that are not fulfilling their potential, the identification of the key underlying factors is critical to ensure that appropriate counter-measures can be put in place.
  - For "crown jewel" assets that exceed operational expectations, maintaining their position at the top of the market and ensuring that steps are taken to stay ahead of the competition, is the key driver.

- Each asset has to be assessed based upon four key criteria, which can be broken down into external and internal factors:
  - Market and location – external factors outside of the direct influence of the management team. For example, we inspected a top-performing unit in a market under significant threat from new build stock currently being developed – early warning enabled the management team to prepare a strategy to ensure that marketing activity was increased; and the asset underwent a comprehensive upgrading and refurbishment to mitigate the threat of the new build beds coming on stream.
  - Asset and operational – internal factors within the direct influence of the management team. For example, we prepared a strategic review of a care home beset by regulatory issues following a high profile media investigation. The key aim was to determine the impact of the reputational damage in responding to this challenging situation. Ultimately, in this instance the external influencers were very positive and the asset of a very high quality, enabling the operational challenges to be mitigated through appropriate central support, without long term impact on referrals, and ultimately viability.
- This "total market" approach involves comprehensive market research and analysis, property inspections, competitor mystery shops, inspection of planned schemes, assessment of capital expenditure requirements and staffing levels, reviews of regulatory inspection reports, assessment of local reputational issues, interviews with managers and key staff, and the list goes on.
- The challenge is distilling this comprehensive research process into a reporting document appropriate for senior management teams – i.e. short in length but high on insight, in a cost effective manner.

For more information about Carterwood or to find out how we can help you, please telephone **08458 690777**

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**Added value:**

- Genuine provision of advice – including actual, quantifiable recommendations with a clear focus on how to resolve the identified problem or problems rather than merely indicating that they exist.
- Insight from a team of highly experienced technicians with a diverse range of skills and backgrounds but with the ability to stand back and assess big picture indicators and market trends to ensure that the strategic direction can be set.
- Provision of a detailed action plan – may be based on an individual asset over several trading periods and/or based upon different scenarios – for example, assessing the impact on potential profitability (and ultimately value) based upon varying levels of capital expenditure and how this needs to be manifest in the home's future strategy.
- Identification of small changes at limited capital injection or time leading to substantial “easy wins”. This can often be as simple as the implementation of fee rate increases to remain in line with the market, coupled with training for the manager and/or key referral contact to ensure that an appropriate level of sales focus is in place when trying to sell better quality beds.
- Helps underpin bank and investor confidence in management strategy by providing an external view and arms-length verification of the best approach to improve or maintain market position.



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