

Residents and Their Role in Governance

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The role of residents in the governance of a Life Plan Community (LPC) in general, and specifically their potential role on the board, has been debated as long as LPCs have existed. Residents and management alike often have strong opinions on the subject. Residents generally feel their constituency should have seats on the board. Management teams, in particular, frequently argue to the contrary. So, who is right?

Using our observations as long-time industry professionals, we will explore the merits and drawbacks of direct resident representation on the board. We will draw from our experiences in working with several well-known, not-for-profit senior living providers, as well as conversations with those willing to share their experiences and opinions on the matter. Specifically, we will contemplate the benefit of resident board representation in the context of “resident engagement,” a more global strategic endeavor of which resident board membership can be a key component.

Let’s step back a minute and explore this from a high level. Not-for-profit LPCs (good ones, anyway) are mission driven organizations. While there are as many different mission statements as there are NFP LPCs, there is usually one central theme in all of them. You may be able

to guess what it is, but as a hint, a sampling of mission statements is included below:

“Empowering individuals with choices in purposeful living.”

– Lifespire of Virginia

“Serving generations of aging adults, encouraging individuality, worth and well-being throughout life.”

– Oakwood Lutheran Senior Ministries

“We honor elders and are committed to creating and fostering diverse, caring communities where everyone has a voice and value.”

– Aldersgate United Methodist Retirement Communities

To no surprise, the residents are central to each mission statement.

BASIC POSITION OF THOSE THAT FAVOR THE PRACTICE

So the basic position of the residents’ – “we deserve a voice in the governing of a community whose explicit purpose is to benefit us, so save us a spot on the board” – is by no means far-fetched. After all, many would agree the voice of a constituency should be accounted for in the managing and governing of an organization meant to benefit that constituency.

As evidence, consider The Moorings Institute (Moorings), parent of nationally recognized Moorings Park Retirement Community, an A+/A (S&P/Fitch) rated not-for-profit, senior living organization in Naples Florida. Moorings does not have a stated policy of maintaining a spot on the board for a resident; however, it has endeavored, in recent history, to recruit a resident to sit on the board, a practice it intends to continue due to their ability to repeatedly find well-qualified and thoughtful resident representatives. Like other organizations, Moorings uses a “skill matrix” to screen all potential board members, including those from the resident population. This strategy clearly has not held Moorings back. As indicated by the ratings on their debt, Moorings is

one of the strongest NFP, senior living organizations in the country.

And to be sure, Moorings is not alone.

"Resident board members have contributed significantly to our mission over the years with their wisdom, talents and other resources, and the many resident board member "alumni" continue to remain interested and supportive of our mission in special ways for years after their board service is completed. We can highly recommend including residents as board members!"

*Management Team, Landis Homes
Lititz, Pa.*

In fact, resident representation on the board is sometimes legally mandated.

"Having residents on the board is a statutory requirement for CCRCs in Maryland. Our members think the key is educating resident board members about the various 'hats' they wear at the board table and equipping all board members with good tools of governance."

*Jill Schuman, President and CEO
LeadingAge Maryland*

There is no shortage of examples of the practice finding great success, or at the very least, being employed with little to no negative effects. **That said, there are equally or even more numerous (or perhaps the voices are just louder) instances of the practice causing significant dysfunction in the board room and at the community itself.**

IDENTIFYING THE ISSUES

Sometimes the problems are apparent before a resident even reaches the board room.

1. Wrong Resident

Looking at some of the basic tenets of effective and intentional governance, having the "right" board members is crucial. The right board members consist of a mix of professional backgrounds and varying perspectives, who can ultimately join to further both the mission and the margin, leaving neither behind.

2. Wrong Reason

While there is almost always among the resident population dozens of individuals whose backgrounds would undoubtedly be additive to the board's collective perspective, too often none of these candidates are on the board. **So there may be a problem with how residents are identified or appointed.**

When a resident serves on a board, it is often because that particular resident wanted to be on the board. Frequently, creating the best organization possible isn't necessarily their sole, or even primary, motivation for being there. Many times the resident who values being on the board the most is the one who gets the job. **And their reason for being on the board is often selfish.** It makes sense – after all, the resident population is often filled with affluent individuals with decades of business and financial success, including stints with significant power and influence. **Often, it is the need for the individual to feel relevant and contribute. We cannot fault them for feeling that way, but that doesn't mean their presence on the board will be additive.**

As an example, consider this story from a well-known multisite in the Mid-Atlantic region. A relatively long tenured resident of one of the organization's communities has made it his personal mission to be elected to the board. His stated objective is to give the residents a voice – but his actions and his motives indicate otherwise. He has written numerous letters to management, existing board members and other stakeholders on his quest to have himself placed on the board. When it is suggested that a position be created and filled by a different resident, he is adamant only he is qualified to best serve the residents. **To summarize, it is common for the loudest resident voices to say, "put ME on the board" rather than "put one of US on the board."** Anecdotally, this problem still persists.

But even if the right resident is there for the right reason, that doesn't mean they necessarily will contribute positively to a better organization due to reason number three:

3. Wrong Priorities

Even the right resident with the right reason for being there still faces a significant internal challenge to being a positive contributor to the organization's success. Picture the retired CEO of a Fortune 500 company. He has decades of business experience and success, and altruistic motivations for giving back to his NFP organization. So what's the issue? As a resident, he may be too close and too emotional regarding many of the topics at hand in the board room to offer his perspective in an unbiased manner. **Advocating residents' rights is the role of the Resident Council. Advocating residents' rights is not the primary purpose of the board – ensuring long-term viability for the organization, and current and future residents is the primary purpose of the board.**

To summarize, residents often don't make ideal board members. If they are the "right" resident, they may be serving for the "wrong" reasons. And even if you have the right resident serving for the right reasons, there is a natural conflict of interest on certain issues that may prevent the right, well-intentioned resident board member from effectively

participating. **This doesn't mean it's impossible to do so, it just means resident board members need to be vetted carefully.**

BACK TO THE MISSION

As stated earlier, the resident, and more particularly, benefiting the resident, is at the heart of the mission of all LPCs. Ostensibly, having a resident on the board can be a mechanism in benefitting all of the residents. But as we have seen, there are a myriad of issues.

As one final example, consider The Pines at Whiting, an NFP LPC in New Jersey, which currently has four residents on its 11-member board, including (rather uniquely) the current chair. In this instance, all board members have equal voting rights. "Overall, it is a very productive and successful experience," said a member of the organization's management team.

The success of this practice at The Pines is attributed to the ability of the chair and the other resident board members to completely separate themselves intellectually from their status as a resident. This is a profound statement. Rephrasing, residents can make wonderful board members as long as they leave their resident status (and personal stake in decisions made) at the board-room door.

If the effectiveness of a resident board member relies on their ability to disconnect themselves from their resident status, doesn't that by definition mean their presence (in the board room) is not accomplishing its intended purpose, which is to express the voice of the resident?

ONE COULD ARGUE "YES"

This paper began with a question in the opening paragraph – should residents serve on boards? But we now believe that is the wrong question to be asking.

Instead, we think the real question is "what is the best way for residents to assist their organizational community at large?"

IT COMES DOWN TO TRUE RESIDENT ENGAGEMENT

Many leaders of successful LPC organizations would say resident engagement, a more global and all-encompassing endeavor, is a far more important achievement than the mere voice of a single resident or several residents on the board. **Put differently, resident engagement should be THE goal, with resident membership on the board a possible tool in an attempt to achieve resident engagement.**

While reserving a formal seat on the board for residents can be one of the tactics used in contributing to productive resident engagement, it's not the most useful or even effective tool to do so. Therefore, putting a

resident on a board may be hiding a bigger problem in an organization – ineffective resident engagement. This does not imply the voice of the residents should not be formally heard. To the contrary, it simply means there are more productive, efficient and effective ways for that voice to be heard.

Resident membership on a board ensures one resident is engaged and not even necessarily for altruistic reasons or with a productive result. Other strategies, like resident satisfaction surveys, town hall meetings and regular meetings with some form of resident council have, over time, proven to be more effective ways of engaging the resident population as a whole.

Each community will need to determine whether its mission is enhanced and more perspectives are represented by having one or several residents on its board. For now, consider the track record of residents on boards. The right board member with the right motives can enhance the effectiveness of a board, but tread carefully. Their ability to contribute productively is naturally inhibited on a number of levels.

We think the resident board decision should be viewed for what it is – an opportunity to populate the board with truly exceptional people who will provide value to organizational governance, rather than a tactic to drive resident engagement. Whether those people are residents or not is not the issue. Therefore, it may be best to not have a formal policy requiring residents to serve on the board, and instead to have a policy allowing residents to serve on the board if the right candidate comes along. If pursued, residents should undergo the same vetting process as all other board members (as opposed to, for example, election by the resident council). Regardless, all LPCs should endeavor to create a high functioning resident program that truly encourages engagement in the community at all levels. This should always include transparency, consistency, but most of all, trust.





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