

AY BEST CARE SERVICES

Liyi Zhang¹, Xiang Xiao²

Graduate School, Southeast Asia University
E-mail: 6441b10014@live.sau.ac.th, Xianx@live.sau.ac.th,

ABSTRACT

The purpose of this research is to development of AY BestCare South Florida. in the field of nursing facilities. As the global aging problem increases, so does the senior population in the U.S. The California Regional Senior Communities Report clearly states that the number of people over 60 has increased by 3.32% annually since 2010. AY BestCare, on the other hand, is a partnership-based company. The company has been committed to the home care side of the business. This company was founded by two partners in 1980. AY BestCare has three care homes with a capacity of up to 15 older adults AY BestCare has three care homes with a total of up to 15 older adults at a time. In addition to the partners, the company has six caregivers to meet the demand for 24-hour care. Thanks to the company's excellent management and the growing market for the elderly, the company has remained profitable even during the last three years of the epidemic. The company has maintained a Full Holding share, and its several significant partners hold its considerable shares. Best care plans to develop two new care homes to cope with the increasing demand. This business plan is a detailed description of this plan. First, the current status of the company is described here. The market outlook, capital requirements, and potential competitors are then explained, and the company's strengths and weaknesses are analyzed. The company's payback period is 2.95 years, although the formula's NPV is 4.95. and IRR is 58.45%. As an investment objective, the company's ROI is 93.7%, and the breakeven point is 758,533, which means that the company's goals are excellent.

Keywords: Nursing care facilities, elderly, Florida

Introduction

According to the World Health Organization 2022 report, global aging continues to increase. In the United States, for example, according to the US Census Bureau 2019, there are approximately 54.1 million people over the age of 65 in the country. In other words, older people make up about 16.5% of the US workforce. And in California, the number one state and county for population growth in the US, the projected increase in population as of 2060 is 11.7 million. However, in contrast, the population aged 60 and over is expected to grow at more than three times the rate of the total population. An annualized growth rate of 3.5% for the elderly population proves that the day-to-day care of senior citizens will be a serious matter soon. AY BestCare Company owns and operates three five-bedroom homes in Hollywood, Miami-Dade, Palm Beach and Melbourne. Each home provides 24-hour full-care services for up to six residents. Two fully trained caregivers have been hired for each home and live on the premises. In addition, contract-service caregivers work on the live-ins' days off.

The three current homes have been running profitably for the last three years. This market has created a high demand where the supply is short. BestCare Company plans to expand by purchasing two more homes over the next five years. The two new homes will be mortgage-free. They will be bought with cash from previous profits from the company that has been retained and invested by the partners. This research will serve as a five-year plan that will guide the company through the administrative, marketing, and financial issues inherent in reaching a growth goal that will double the size of the company.

Industry Analysis

SWOT Analysis

1. Strength analysis

Both the federal and state governments have maintained high levels of assistance that continue to increase. For example, in 2022, Florida's Medicaid payments for the care of the elderly and disabled in need increased by hundreds of millions of dollars. Furthermore, care homes in the US have maintained a high local production level, which has significantly reduced import costs. In addition, the industry has maintained high margins and high industry averages. There is also a low concentration of customer categories and low capital requirements.

2. Weakness

The industry is redundant due to past lax regulations and the fact that profits have remained high. In addition, there is a high concentration of product services. In the past, it was difficult for care facilities to develop independently. As a result, multiple care homes were often grouped, which significantly increased the level of competition. And the upper and lower limits are less demanding for the industry. As a result, it is difficult for companies to ensure that the income of each employee is maintained at a reasonable level.

3. Opportunities

Despite the apparent advantages and disadvantages, there are still significant opportunities. For example, high-income growth has been maintained at a steady level of development. Moreover, the industry's high-income growth for highly qualified people has remained high over the next five years. In addition, and central to this, the number of adults aged 65 and over has maintained a high growth rate.

4. Threats

The more excellent the opportunity, the higher the risk is likely to be. Federal government spending on disability benefits for spiders has fallen by 3.2% between 2017 and 2022. In addition, the number of people with private health insurance has fallen by 0.2%. Furthermore, low-income growth across the United States is expected to increase at a lower rate between 2005 and 2022, with low outlier growth and low-performance drivers.

Five force model

1. Competition in the Industry

Across the United States, nursing facilities are an extensive industry. Florida alone has 1,819 establishments and employs 105,061 people. The industry is highly fragmented and has little industry concentration, providing room for small and medium-sized businesses to survive. However, over the past five years, some of the larger chains in the sector have been trying to acquire or suppress some small and medium-sized businesses. In addition, many chains have become established due to the high cost of liability in some states.

Therefore, here is a brief list of the top 3 companies in the US in terms of size:

1) St. Augustine Health Ministries, which had total revenues of \$7.3 billion. 5.2% of total revenues in the nursing facility industry

2) Hcr Manorcare Inc. is a publicly traded company. The company now has total revenues of US\$2.9 billion, representing 2.23% of the total market share.

3) Ensign Group, Inc. has similar information to a previous company. Total revenues are also US\$2.9 billion. Approximately 2.1% of total industry revenue

2. Potential of New Entrants into an Industry

The entry barrier to the nursing facility industry is moderate, especially in states without certificate of need (CON) regulations. CON is a legal document required by many states before allowing a proposed acquisition, expansion, or facility creation. CON is necessary for the construction of healthcare facilities in 36 states. However, Florida has eliminated the con law requirement for 2019.

Aside from regulation, the industry has a low barrier to entry. The capital cost per bed for nursing facilities is lower than for hospitals, and new operators can enter the market with little personal assets and high debt. In addition, nursing homes do not require highly specialized equipment and have a less skilled workforce than hospitals.

3. Power of Suppliers

The care facility industry has a low level of industry globalization, as US institutions primarily provide services to US citizens. In addition, as many operators are not-for-profit and rely on government and public funding, they must comply with regulations and maintain relationships with local governments and the public. There is, therefore, no reliance on international providers. However, there is still a need for a stable, inexpensive supplier for the internal procurement of resources and the supply of daily supplies.

4. Power of Customers

This industry as well depends on medium to long-term customers. Operators must attract large numbers of patients to survive, and new entrants may need help raising awareness of their facilities in the local community and establishing referral relationships with doctors, insurers, and hospitals. And the industry needs to develop trust with customers, enhance its reputation in the community, and require long-term, stable, lasting advocacy among its customer areas.

5. Threat of Substitutes

Care facilities in the United States have more alternatives in their related sectors. Domestic options include US home care providers; US hospitals; US specialist hospitals, US retirement communities; and group homes.

Specialty-related hospitals or specialty hospitals can provide more specialist financial knowledge, as well as post-operative diagnosis. Regarding price, retirement communities and home care providers are strong competitors, and headset homes are even more challenging to maintain at high prices. Internationally, inpatient care in the UK, Ireland, and other European countries can offer similar inpatient care services and elderly care. It continues to be a good option for some people with the financial means to do so.

Market Analysis and Marketing Plan

Segmentation and target market selection.

Under this year's US Senate Bill 804, Florida will lower the minimum threshold for caregivers in nursing homes. It means that the number of caregivers in Florida's care homes can be widened to a greater extent. Also, 2022. Hundreds of millions of dollars in Medicaid increases to care for Florida's poor elderly, and disabled. These two policy aspects tell us that the entire state of Florida, and the entire United States, is stepping up its support for nursing homes for the elderly. This is helping the whole sector to maintain its stability and health.

Market strategy

A marketing plan is an operational document outlining the advertising strategies the organization will implement to generate leads and reach its target market. The marketing plan details the outreach and PR activities that will be undertaken over a while, including how the company will measure the effectiveness of these initiatives. This report will use the marketing strategy approach to design the marketing plan. Marketing 7 Ps How to Apply All Elements of the Marketing Mix.

Product

The products are mainly the company's seven under its umbrella, previously described in detail in the company listing. They are caretakers, registered nurses, Licensed practical nurses, post-surgical Care, Sitters, and Veteran's Pension.

The new product is a new care home designed to meet the neighborhood's needs. The new nursing home, in addition to the seven categories of products mentioned previously, will add a section on the treatment of newly crowned patients

Price

According to the 2021 Cost of Care Survey, private rooms in nursing homes cost \$297 per day or \$9,034 per month for a half-cent, and rooms are more favorable at an average of \$260 per day or \$7,908 per month. These are only the current (June 2021) costs of care. However, the cost of nursing home care is increasing every year. In Florida, prices go up (on average) 10-11% per year.

Promotion

The existing marketing promotion methods are mainly through. Traditional media, TV media, social media main live chat, online events, web pages. Offline marketing methods are in-store promotions, direct marketing ads, flyers, posters, etc. However, for traditional industries like care facilities, especially for the elderly population over 65 years old, new media communication methods make it more difficult for them to accept. Therefore, it makes sense to attract the elderly in the community through community-based communication and community-based activities, so that they can participate in community home care programs or stay in care homes

Place

The whole industry needs to find a proper position. The care facility industry is more interested in the distance to the community.

In the past, best care had a total of four nursing homes. They are located in Hollywood, Miami-Dade, Palm Beach, and Melbourne. Hollywood care home is located about 400 meters away from Hollywood City Hall. As the first home of the best care, it helps promote its reputation. The care facility in Miami-Dade is in a financial group building. Several medical and nursing care facilities in the vicinity can provide more comprehensive and coordinated care services.

People

Like the product I mentioned before, its main target group is middle-aged and elderly people. The first few caregiving-related projects are designed for elderly care and technical care needs. In addition, there are other caregiving needs. For example, those that are only for post-surgical care, or post-cosmetic surgery care. We also provide care for infants and children, as well as for military personnel.

People prefer people who seek to be ethical. A facility where doctors and nurses have a constant presence around patients. Therefore, the skills of the personnel, attentiveness, speed, courtesy, respect, and some good behavior of the personnel working with the skills are critical. These are one of the ways to help attract the crowd and make the company of choice.

Process

Workflow is extremely important, and a more proficient and professional workflow makes patients more willing to accept and adopt in order to choose the company. There fore, speed of completion of personal, time of presence of personnel streamlines the service process, adherence to the company's platform and provision of precise services. processes allow patients to ultimately choose the company and are part of the marketing process at is needed to promote the company.

Physical Evidence

Physical marketing essentialist of the marketing, not only for physical businesses, but also for service-oriented businesses. Especially for the service industry, some visual publicity often refers the trust. In the care facility industry. Excellent reviews from past residents and care recipients make people more inclined to trust and want to choose the company. Likewise, awards and achievements of the company will increase the company's public improve the marketing reach, reduce the marketing difficulty and help the company to recruit more customers.

Management Production and Operation plan

Development plan

The development approach here is to increase the number of care homes, increase the number of staff caregivers and increase the number of sources of elderly population.

With the development of the whole industry, standardization is the general trend. At present, best care company has accumulated quite stable and long-term customers. Moreover, it is clear from the previous analysis that there is limited profit to be made from extensive publicity in a short period of time.

Therefore, the overall strategy for the company now is how to improve the company's standardization and how to steadily expand the territory. Therefore, the overall direction of development is divided into three steps.

The first step is to amend the articles of incorporation in accordance with the head nursing care home regulations.

Currently, although the detailed care home regulations are not given throughout the United States, basically these requirements are based on a selection of the head company's regulatory charter. Therefore, it is feasible to refer to some of the head's bylaws for amendments.

Management Team and Company Structure

This plan divides the company's core team into two; ones, one part is mainly responsible for the company's departmental operations, i.e., Finance, Human Resources, Technology, Administration and Marketing; the other part is hired work primarily mainly responsible for the supply related to care services in primary main source of profit for the company's core team as 1). Technical Department. 2) Personnel Department. 3) Finance Department. 4) Administration Department. 5). Marketing Department. 6). Business Department

Financial Projections

This section discusses the financial projections for 2023 to 2027. These projections are based on business objectives and development plans to forecast future performance. Also, the forecasts consider the macro environment, such as economic trends and pandemic conditions.

These sources come mainly from revenue surpluses saved in previous years, financial subsidies from the state and federal governments, and possibly shareholder reinvestment.

These are mainly used for the construction of new nursing homes, for increasing publicity channels, for corporate training of current employees, and for skills training of contracted nursing staff.

Payback period is 2.95 years, although the formula's NPV is 4.95. and IRR is 58.45%. As an investment objective, the company's ROI is 93.7%, and the breakeven point is 758,533, which means that the company's goals are excellent.

The company's main source of revenue is the development of the care home business between the last few years. According to the projection in the estimated 430,000 or so. This portion will be used as initial capital to increase the number of care homes and to maintain basic operations. It is estimated that the funds will be used to reduce and increase the income of the investors. Its main budget lies in the future revenue of the three care homes. At 80% occupancy, the operating scale is about \$129,600 per year. The expenses, in addition to the annual projections to. In addition to the cost of purchasing assets for two or three homes, there is also the cost of daily renovations. The fixed expenses are the annual expenses related to daily care and purchase, which should account for 65%-75% of the year. The cost of purchasing a new care home is \$300,000 to \$450,000, and the cost of renovation is \$30,000 to \$150,000. Therefore, the overall maintenance is between \$330,000 and \$600,000, which is in line with the original projected profit of \$430,000.

Conclusion

In summary, the industry maintains a situation of high competition, high revenue, and a barrier to entry that has become difficult. But for those who are already in the industry and the companies involved, the current situation is favorable. Whether it is the future support of the federal and state governments for the industry, or the growth of the elderly population caused by the global aging, it proves that the industry has a relatively broad future in the future.

The main problem for best care companies today is that, although it has grown, it is saturated. Despite the growth, the industry is saturated. Therefore, we need to expand the market and discover new areas of the elderly care market in order to maintain our costs in recent years. Until the next 3 years, the market for the aging population becomes broader and the threshold becomes more difficult. The best time for best care to grow will be that time.

References

- Krückl, J. S., Moeller, J. Gaupp, R., Meier, C.E., & Huber, C. G. (2021). Implementing home office work at a large psychiatric university hospital in Switzerland during the covid-19 pandemic: field report. **JMIR Mental Health**, 8(9), e28849.
- Li, C., Khantanapha, N., & Rattanapun, S. (2022). Express Parcel Packaging Waste Recycling Platform. **International Journal of Health Sciences**, 6(S4), 1425–1433.
- Li, J. (2020). Byte Dance launched "Lark" after the rise of online office. **Computer and Network**.
- Zhou, X. F. (2021). **Big Data for Smart Communities**. Shanghai: Science and Technology Press.

