

## New Nursing Homes – Know your CSFs and Risks

Commissioning your future residential care homes may be either a cause for celebration or an unexpected constraint that will burden your organisation for years. The end result will be increasingly determined by the rigour of the analysis which you undertake before you call in the eager architect and sign up your trusted builder.

We all know that the Australian aged services sector is undergoing a paradigm shift as it faces a decade of major structural and cultural reforms. Providers who are continuing to invest, grow and innovate with a sense of confidence have recognised that their business systems and investment decisions require a much more judicious approach during these times of uncertainty.

There are no secrets to their confidence. It's largely a matter of applying the essential management foundations which we're all familiar with – planning, organising, leading, controlling and evaluating, all carefully polished with our unique aged services approach.

When it comes to building new or redeveloping old nursing homes, it's obviously important that a more judicious approach includes paying increasingly detailed attention to both critical success factors and risk management.

Here's a summary of some of those key elements:

### Critical Success Factors (CSFs):

- ☑ a strategic master plan to guide investment, operational decision-making and brand congruence
- ☑ critical due diligence to fully assess the implication of the Government's *"Living Longer, Living Better"* reform package
- ☑ a full business case and feasibility analysis to assess long term strategic fit, viability and capacity to manage the design, construction, commissioning and operational future of the new nursing home
- ☑ strong project management systems, including a comprehensive risk management strategy
- ☑ a detailed RACF design specification brief to guide architects and builders to ensure fit with your organisation's principles, operating models and the aspirations of older people
- ☑ competitive advantage is embedded in the project, and marketed effectively
- ☑ top quartile financial performance to optimise the investment payback period, and
- ☑ retaining key people to manage future operational performance.

### Critical Risks:

- ☒ not actioning the CSFs outlined above
- ☒ construction cost risk
- ☒ construction timing risk
- ☒ occupancy risk, and
- ☒ operating cost risk.

### Summary:

Investing in building and redeveloping high cost residential care homes in the current environment requires astute analysis and controls. By embedding critical success factors and managing risks, organisations can continue to confidently invest in the future of older Australians.

