

FAST COMPANY

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NOT THE RETIRING SORT

By Danielle Sacks

When most people see an 85-year-old, they think Ensure. Dwayne Clark thinks Starbucks.

Clark, who cofounded AegisLiving in 1997, was dissatisfied with an assisted-living industry that gave more care to real estate than to people. Now Redmond, Washington-based Aegis is applying service lessons from Starbucks and other consumer giants to its growing 36-location chain.

"Our industry has a habit of regurgitating

these bad mistakes and then repeating them," says Clark, 46, Aegis's CEO. He sought to break the cycle by hiring three-quarters of his top managers from outside the senior-care industry. Joel Miller, Aegis's chief people officer, spent 14 years at Procter & Gamble. Vice president of strategic marketing Karen Lucas is a former marketing manager at Starbucks.

The newcomers are confronting a long tradition of indifference. Regional executive director Steve Kregel, a veteran hotel manager for Westin

and Hilton, was shocked to discover that "in assisted living, they don't treat customers like customers." He now applies service mastery honed for demanding corporate guests to seniors who need a different kind of attentiveness.

Recently, Kregel overheard a resident complain about the previous evening's dinner. Chatting with her, he learned the problem wasn't food quality, but that the chili just didn't taste like her homemade version. "Mary," Kregel told the woman, "why don't you give me your recipe, and next month we'll have the chef make it your way and put your name on the menu." As he learned in hotels, "it costs you nothing more for an employee to go above and beyond."

Clark also targeted employee retention. Assisted living is plagued with a 93% turnover rate. Small wonder, since frontline staff are paid burger-flipping wages for exhausting tasks such as bathing frail residents. So three years ago, Clark visited Costco, the warehouse retailer, to learn how it keeps its store-worker turnover far below that of retailing rivals.

"What translated to me," Clark says now, "is you don't have to pay \$20 an hour to get good people." Aegis gets creative, asking prospective vendors to provide perks for employees as well as residents. So while most frontline staff make just \$10 an hour, they can choose from among 40 soft benefits such as discounted massages and special home-mortgage rates. They also participate in profit sharing. "Whenever they're doing well, they pass it on to us," says Marilyn McGuire, who has worked at Aegis for five years. "I've never heard of anything like that at other companies I've worked for." The result: Aegis's turnover has been as low as 34% a year.

Clark keeps testing his industry's comfort zone. Dissatisfied with the dearth of progressive educational opportunities for employees, he recently opened AIM Leadership Institute, which he hopes will breed a new sort of manager. Participants study Nordstrom and the Ritz-Carlton, as well as the failures of other senior-care companies. "We try," he says, "to deprogram them about our industry."

Residents of Aegis at Shadowridge in Oceanside, California



Photograph by Darcy Hemley.