

STAY BONUSES

We recently surveyed owners and managers of Senior Housing assets as to their policy of paying stay bonuses to employees when they were involved in the sale of an asset(s).

We have seen stay bonuses paid on numerous occasions during the course of representing owners in the sale of their Senior Housing assets. This can be an effective way 1) to ensure that key employees keep operations running smoothly once they are made aware of the sale 2) to minimize the risk of key employees leaving prior to closing 3) to motivate department heads to keep up the morale of their team 4) to keep the goal of the owner and the employee(s) aligned - maintaining and perhaps improving operations and ultimately a successful closing.

We learned the following from the 14 owner/managers that participated in our survey:

- *64% OF THOSE SURVEYED HAVE PAID STAY BONUSES*
- *OF THESE, ALL PAID THE EXECUTIVE DIRECTOR A STAY BONUS AND 44% PAID KEY DEPARTMENT HEADS AND/OR MARKETING DIRECTORS A STAY BONUS.*
- *IN ONE INSTANCE, AN OWNER PAID EACH STAFF MEMBER \$1,000 AND ALL DEPARTMENT HEADS \$5,000 FOR A TOTAL OF \$250,000 IN STAY BONUSES (LARGE, PROFITABLE TRANSACTION)*
- *EXECUTIVE DIRECTOR AND/OR MARKETING DIRECTOR BONUSES RANGED FROM \$1,000 TO \$30,000.*
- *THE AVERAGE STAY BONUS FOR EXECUTIVE DIRECTORS WAS AROUND \$13,000 AND MARKETING DIRECTORS AROUND \$8,250.*
- *ONE COMPANY BASED THE STAY BONUS ON A DOUBLING OF THE EXECUTIVE DIRECTOR'S ANNUAL BONUS (\$15-\$30K) WITH \$5,000 PAID AT CLOSING AND \$5,000± PAID EACH QUARTER THEREAFTER.*
- *ONE MANAGEMENT COMPANY COMMENTED THAT KEEPING THE CURRENT EXECUTIVE DIRECTOR IN-PLACE TO HELP MANAGE THE TRANSITION DURING A SALE IS EXTREMELY IMPORTANT AND WELL WORTH A MONETARY INVESTMENT.*

