

Companion Home Care International

“We will have a secret competitive advantage” stated Angela Flores with a confident grin. “We will be known as the home care service for seniors that ensures our clients are never lonely!”

Angela was speaking with a fellow home care nurse, Jane Fitzpatrick, at a coffee shop. For two years Angela and Jane had worked together and had become

good friends. As their friendship grew, they had increasingly shared their feelings about how home care services for seniors lacked an important element: More personal connection time with their senior clients. The home care companies operating in their area focus a lot on doing things *for* their clients but focus only a little on the *companionship* needs of their clients. Senior clients often miss family and friends who used to be in their daily lives. In other words, the seniors get lonely.

Jane nodded slowly and thoughtfully as she listened to Angela. Her ideas were no surprise to Jane. She knew that Angela was an excellent nurse with many years experience working with seniors. Jane also knew that Angela was very motivated to succeed. Having immigrated from the Philippines 15 years ago, Angela had big goals for financial success in United States. So, when Angela had text-messaged her an invitation to have coffee with the line “We have to talk. It's time.” Jane suspected that Angela was about to propose a new business.

“Join me in starting Companion Home Care International, Jane!”, said Angela. “We have been complaining for two years about the lack of time we have on the job to spend with our clients. It is always rush, rush, rush to meet our company’s profit goals. If we start our own business we can spend quality time with our clients and make a lot of money, too!”

Home care for seniors

After World War II ended in 1945, a very large number of babies were born in the United States. This group, called the “Baby Boom” generation, are now in their senior years. Being such a large group, and living in a country that values independence very highly, a service industry has grown to support seniors living independently in their homes. Services for seniors range from cutting the lawns of their homes to wheelchair friendly transport for shopping or medical appointments. In-home care, such as cooking, cleaning, personal hygiene support,



and nursing are also very popular services and are growing rapidly as the large Baby Boom generation continues to age.

Home care is only one of a range of options for senior's care. Others include:

- Living with family members, such as living with a grown-up child's family, who takes care of the senior. While this is the default arrangement in many parts of the world, it is less common in the United States, where freedom and independence are highly valued. This freedom and independence is not just for the senior, but for the family who could care for their parent, for example.
- Some seniors prefer to live in an "assisted living" arrangement. A common type of assisted living setup is an apartment building that has formal but limited personal support as part of the cost of living there. This could include some cooking, cleaning, and help with the daily logistics of life.
- When a senior needs more support, a formal "senior's home" setup is available. In this kind of arrangement, there is full support for a senior, 24 hours a day.
- Finally, hospital care, when a senior has very serious health care concerns, is another option. The most intensive and costly of all the options, hospitals fulfill an important part of the support options available, often being the place where very ill seniors spend the last weeks and possibly months of their lives (longer in a private hospital).

The cost of independence

Angela and Jane knew something important about the culture of independence: It works best when a person is psychologically strong, physically healthy, and well-connected socially to family and friends. But when one or more of these variables is missing, trying to live an independent life is not so easy.

It is the last variable that Angela and Jane were focusing on: Supporting the social needs of seniors. In a culture that strongly encourages independence, there is often less recognition of the needs of those who cannot be independent, and fewer examples for supporting them as a result.

Angela, coming from a culture in the Philippines that is strongly relational and less independence focused, understands this clearly. Jane does as well, having witnessed the emotional pain that seniors experience in being separated from their families and friends socially.

The price of guilt

Caring for senior parents is not always something children want to do, despite being grownups. They have their independent lives and enjoy their freedom. Angela and Jane

noticed that many children of seniors feel quite guilty about not visiting and helping their parents. This guilt could be a powerful marketing tool for Angela and Jane to use in encouraging children to pay. "What is the price of guilt?" wondered Jane aloud, in one of their meetings. "How much would a son or daughter pay to know their parent is not lonely?"

Companion Home Care International

Angela and Jane decided to meet several times again to further explore the idea of their own business. The name Companion Home Care International was decided upon to illustrate that they wanted to work with clients from every ethnic background. The name also sounded professional, another reason they chose it.



Exciting though the idea was, it was also somewhat scary. Right now, they worked for a well-established home care services company. As employees, they simply had to book appointments, visit seniors, and document their visits. The seniors or their family members paid the fees for the services and Angela and Jane had their pay deposited into their bank accounts by their employer, who took care of everything else.

If they ran their own company, Angela and Jane would have to run the business themselves, hire help to operate the business, and perhaps outsource some of the work required in running it.

These “business” activities and costs include:

- Obtaining new clients – marketing and advertising
- Buying, setting up, maintaining, and operating a client booking system.
- Office space
- Services they would have to pay for – telephone, utilities, etc.
- Invoicing and collecting payments from clients
- Banking
- Bookkeeping
- Insurance

- Licensing, regulatory filings, fees for professional registration (paid now by their employer)
- Interacting with family members, care home staff, doctors, pharmacies, etc. in support of their client's needs.
- Vehicles purchase/lease costs and the costs of operating the vehicles.
- Purchasing, maintaining, and cleaning any equipment and supplies needed for their work.

These business activities and costs are on top of the work they would actually be doing with their clients.

Optional service models

The setup and operation of the business itself was a big job that Angela and Jane would have to address.

Offering a service that enough customers would pay for was another. Being intelligent people, both knew that they had to get the price and service model designed well, if they were going to be successful.

Some options they identified:

Option 1: Nurses provide companionship

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Questions

Help Angela and Jane by researching and answering these questions:

1. Determine some approximate costs for running Companion Home Care International as a business, per the list of activities and types of costs noted in the case. Research the prices of these activities and costs for the city, region, and state/province you live in.

How many client hours would Angela and Jane have to bill their clients for if they wanted to break even on the total cost of running their business? Assume a \$40 per hour billing rate.

2. Per the "Optional Service Models" section, which option might be the best one for Angela and Jane? Why?
3. If they were to hire two dedicated employees to either partner with a nurse or be a dedicated companion, what complications would this add to the running of the business?
4. Cultural norms are hard to fight against. If independence is the cultural norm in the United States, does it make sense for Angela and Jane to try to offer a service that does the opposite? Would senior clients, or their children, actually agree to pay for companion services? Would they value it high enough to pay for it?
5. What is the price of guilt? Do Angela and Jane have a real marketing tool by using guilt to attract children of seniors to pay for their parents to have a paid companion? Is it ethical to play on guilt to build a business?
6. What skills would Angela and Jane need in order to run a business on their own?
7. If you were Angela or Jane, would you even want to start your own business? Or would you prefer to stay working as an employee? Why?