

## Background

Upbring, formerly Lutheran Social Services of the South, is a 135-year-old nonprofit organization located in Austin, Texas. In 2015, Upbring made a strategic decision to focus their efforts on providing social and educational services to at-risk children by moving away from senior care services and selling all four of their retirement communities. One of those communities, Kruse Village, a 248-unit/bed continuing care retirement community (CCRC) located in Brenham, Texas, was left out of the first round of sales until Upbring could improve operational performance at the campus, making it more marketable. Upbring brought in a management company, Health Dimensions Group (HDG), to assess the community and provide and execute solutions to optimize the valuation at the time of sale.

After 12 months under HDG's oversight, Kruse Village saw significant improvements. In just three weeks, major progress in survey outcomes was made, resulting in the number of citations being below state average. Strides in financial

performance were also made, with HDG developing an operating budget for the campus to optimize revenue and decrease operating expenses. This progress led to the sale of Kruse Village to a real estate investment trust that, in turn, leased the campus to an HDG-affiliated organization that engaged HDG to continue providing management services. The sale allowed Upbring to refocus on their mission of ending the cycle of child abuse as the largest provider of children's services in the state of Texas.

We spoke with Kurt Senske, CEO of Upbring, to discuss the benefits of working with a management company like HDG to best position their senior care community for sale.



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**Dr. Kurt Senske**, CEO  
Upbring

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## Interview

**Health Dimensions Group (HDG):** How important was HDG's reputation as a quality organization in making the decision to go with HDG for this project?

**Dr. Kurt Senske (KS):** During our search for a management company to help maximize the return on the sale of Kruse Village, we had four criteria: it had to be good for the residents, good for the community, good for the employees, and good for Upbring. We interviewed a few management companies, but felt that HDG was the one that met all four of our criteria. We seemed to share the same values as HDG, and knew they came with a great track record and reputation. There was a real comfort in understanding that both of us would make decisions that were value-based and ethical. It truly felt like a great fit between our companies from the beginning.

**HDG:** What did HDG do to help promote quality of care and services for patients and residents at Kruse Village?

**KS:** HDG has expertise in all areas. Whether in the nursing realm or in the revenue realm, they provided experts in any area we needed, to solve a particular problem or to enhance the quality of services. HDG came with expertise and a skill set that we simply didn't have. The leadership that HDG brought to Kruse Village provided us with a level of stability that we hadn't seen there. That stability enabled us to make improvements in quality, in terms of survey results and resident satisfaction.

**HDG:** How did the work of HDG help to optimize the value of Kruse Village and better position it for the sale?

**KS:** Along with the improvements in quality, HDG made great strides in improving the financial stability of the campus. HDG provided direct oversight of all insurance billing and collections activities, as well as extensive consulting services directed toward stabilizing the resident assessment instrument (RAI) processes. There was a lot of effort from the consultants on collecting all revenue owed to Upbring, enhancing census, and controlling costs. When our investment banker shopped Kruse Village around to potential partners, we received much higher bids for the community than we had in the past.

**HDG:** Did you have any concerns about bringing in an outside company to manage the campus? How was HDG able to help remedy those concerns?

**KS:** Our major concern was that the management company would be more talk than action and that it would end up not being a good investment for us. Fortunately, we went with our initial feeling and the advice from our investment banker and found our concern couldn't have been further from the truth. It turned out to be a very wise investment on all levels. As difficult as these transactions can be, with HDG, everything went as smoothly as possible. We felt very good about the outcome and about the decision we made to partner with HDG.

**HDG:** Why did Upbring select an HDG affiliate to operate Kruse Village post-sale?

**KS:** There's always some apprehension when a senior services community is sold, especially in a small town such as Brenham. A transaction like this would make the front page of the local paper, but after having been on site for 12 months providing management services, HDG was known to be a major factor in the operational turnaround at Kruse Village. The residents and the original donors and families that supported the creation of the community were comfortable with HDG. It was virtually a seamless transition that had no negative impact on the residents, employees, or community.

**HDG:** What were your objectives for this engagement? Do you feel that HDG accomplished those objectives?

**KS:** We wanted to stabilize the community, to improve census, and to improve our financial results. HDG provided value to all three of those objectives. We saw it in the survey results, in the resident and employee satisfaction surveys, and in the bids that we received for Kruse Village when we subsequently put it back on the market. What we appreciated about HDG was how responsive they were to our needs throughout the whole engagement. We would highly recommend HDG to any organization in need of operational turnaround and/or to those contemplating whether to engage a management company.

#### About HDG

As one of the country's leading full-service post-acute and senior services management and consulting firms, Health Dimensions Group partners with clients to deliver solutions that help solve their most complicated needs.

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