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Eldercare in China: Lessons from the Trenches - One Organization's Experience Planning, Training, and Consulting to Open a Continuing Care Retirement Community in Beijing

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GEORGE FOX UNIVERSITY

ELDERCARE IN CHINA: LESSONS FROM THE TRENCHES— ONE
ORGANIZATION’S EXPERIENCE PLANNING, TRAINING, AND CONSULTING
TO OPEN A CONTINUING CARE RETIREMENT COMMUNITY IN BEIJING

A DISSERTATION SUBMITTED TO
THE FACULTY OF PORTLAND SEMINARY
IN CANDIDACY FOR THE DEGREE OF
DOCTOR OF MINISTRY

BY

MARK A. STEELE

PORTLAND, OREGON

OCTOBER 2019

Portland Seminary
George Fox University
Portland, Oregon

CERTIFICATE OF APPROVAL

DMin Dissertation

This is to certify that the DMin Dissertation of

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has been approved by
the Dissertation Committee on October 11, 2019
for the degree of Doctor of Ministry in Leadership and Global Perspectives

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Dissertation Committee:

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To Cindy, whom I love and who patiently supported me throughout our life adventure.

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ABSTRACT

The need for not for profit organizations to develop new paradigms to care for the elderly is increasingly important, given the challenges of a rapidly aging population across the globe; and particularly in China. Concerns related to this growing age wave are compounded by political and social shifts within society. Over the past few decades, China has experienced immense demographic shifts and changes in terms of long-term care needs for older adults. For example, a recent report by the Chinese National Bureau of Statistics published that there was an estimated 185 million people over the age of 60 (Shobert, Senior Care in China: Challenges and Opportunities 2012).

This qualitative, adapted case study shared the experience of one individuals' journey of opening and implementing a consulting business in China through a Continuing Care Retirement Community paradigm. The research explored the evolution of eldercare and the present-day challenges of caring for the elderly in China. Furthermore, the study conveyed key business plan models and learning theories that aided in the process of opening facilities overseas. The experience generated numerous artifacts in the way of trainings, power point visuals, and policy and procedure manuals. Last, specific components outlining lessons learned regarding the adaption of an organizations mission, vision, and values and key practices in another culture were used to shape the recommendations in the study. Recommendations include furthering the study of memory support programs and facilities for Alzheimer's disease in a different culture. Other recommendations for study could focus on the evolution of Assisted Living and Home Care services in China. Last recommendation could be to follow up

with Taikang's first CCRC and compare how the Chinese CCRC is similar and different from an ABHOW CCRC.

SECTION 1: THE PROBLEM

Old age, believe me, is a good and pleasant thing. It is true you are gently shouldered off the stage, but then you are given such a comfortable front stall as spectator. – Confucius

Gray hair is a crown of splendor; it is attained by a righteous life. Proverbs 16:31

*The glory of young men is their strength, gray hair the splendor of the old.
Proverbs 20:29*

Introduction: My Journey

During college I thought I would be a vocational church pastor my entire career. Little did I know that God had a different path for me and that I would devote most of my life and career advocating and taking care of the elderly. This journey eventually led me to China to work as a consultant to help the Chinese develop elder care housing models based on the American Baptist Homes of the West faith-based American Continuing Care Retirement Community (CCRC) prototype.

My journey of caring for the elderly began in 1988 in the state of Washington. My wife and I and our two children moved to Seattle to start a new church. Five years prior we had the opportunity to start a successful church in Camarillo, California; a church plant from two established churches. In Seattle, our experience was quite different. The church start was much slower than anticipated, and I had to go bi-vocational. It was at this time that I decided to become a Nursing Home Administrator which led me to a life career change. This career change gave me a greater appreciation for the passage in the Bible that says “The heart of man plans his way, but the Lord establishes his steps (Proverbs 16:9).”

My first experience was as an administrator in training in an inner-city skilled nursing facility. There I saw the poor conditions of multiple older adults sharing a small room in the facility and dementia/Alzheimer patients living in cramped rooms in a hospital clinical environment. From the very beginning, I believed there must be a better way to care for our frail elderly. These environments were similar to the ones I remember as a child at church, when we would go to the Convalescent Home for the Elderly to sing Christmas carols to church shut ins. I remember the strong unpleasant smells and the despondent elderly in their wheelchairs, lonely and sitting out in the hall in front of the nurse's station. While working in Seattle, I felt a deep inner spiritual calling to care for these people and to make a difference to change this clinical environment and minimal programs. Therefore, I committed myself to work for faith based Christian organizations to serve the elderly in their aging journey and to help change the way we care for our most frail elderly.

I believe the church is called to care for the elderly as a continuation of Jesus' call to make disciples in all Nations (Mathew 28:18-20). The Bible does not distinguish a difference in age in Jesus' command to disciple all peoples. There are many verses that call the church to care, serve and respect the elderly. Jesus states that "whoever cares for the sick person is caring for Christ, therefore gaining eternal life" (Matthew 25:34-36). Caring for the sick and elderly, and those who need skilled nursing or who have Alzheimer's dementia and cannot care for themselves, fits into this passage. Another passage that supports this is Luke 10:25-37, Jesus' parable of the Good Samaritan exhorting people to "Go and do likewise."

The early church had a practice of taking care of the elderly (Croft and Walker 2015, 71-84). In I Timothy 5:1-8, Paul instructs Timothy to honor the elderly and care for widows. James encourages Christians to, “look after orphans and widows in their distress.” (James 1:27). Acts 6:1-6 described how the early church Apostles chose seven men to serve tables and give widows their daily distribution.

Furthermore, the Bible calls family members and other Christians to respect the elderly. The fifth commandment calls children to honor their parents (Deuteronomy 5:16; cf. Ephesians 6:1). Leviticus 19:32 states, “Stand up in the presence of the aged, show respect for the elderly and revere your God. I am the Lord.” The Bible clearly states that elders are to be respected and taken care of by Christians and by the church.

My journey continued when my family and I moved to Santa Barbara, CA to work for Covenant Retirement Communities (CRC), a faith based, national multi-site Retirement Community organization I was hired as the Director of Health Care, managing a skilled nursing facility, an assisted living facility and a memory care facility. I was blessed as I had the opportunity to learn many lessons regarding the care for the elderly, and I was given the opportunity to build new facilities and to put into practice new concepts.

One of the first lessons I learned with CRC was the critical connection the church had in the development of CCRCs in America. The first seven CCRCs in the United States were started by religious organizations in the early 1900s. In fact, there were approximately 2,000 religious based not-for-profit CCRCs by the year 2000 (Encyclopedia of Aging 2019). The CCRC model evolved when churches wanted to provide care for retiring missionaries and pastors and church members (Pryfogle 2016).

Most CCRCs are now open to the general public and faith is not a requirement for residency.

The second lesson learned was the importance of creating a caring home-like environment (Nolan 2012, 9) for residents to thrive, and this concept challenged us to design and build a skilled nursing facility as a home model (originally, we called it a great room concept). The old skilled nursing facility model is modeled after hospitals with long halls, a nursing station and two or more people in a bedroom. Care for patients was directed by the nursing staff when services were available. This is considered a clinical model. In a home, a person gets up when they want to, they eat when they want to, and they do what they want to-when they want to. This does not happen in a clinical model skilled nursing facility. All activities are directed by the nursing staff.

While in Santa Barbara, one of the projects was to demolish the existing skilled nursing facility and replace it with a new skilled nursing building. I was part of a group of four CCRC directors who had plans for a new model for skilled nursing. In our research, we decided that each new skilled nursing would have private rooms with private or shared showers connected to a large room that had the amenities of home (living room, dining room and kitchen). After our project was completed, we had the opportunity to help the other group members open their new skilled nursing facility with the great room model. The new skilled nursing facility had more of a home like environment, but we still had the benefit of the clinical model of care led by the nursing staff.

Another important lesson learned through this journey was the realization that not everyone can be cared for in the same way. This was particularly evident in how we cared for Alzheimer's dementia residents. At the time, I had little experience with

memory support facilities. When moving to Santa Barbara, I inherited one of the first facilities of this type in Covenant Retirement Communities. One of my first contacts educating me in this model was the Director of the Santa Barbara Alzheimer's Association, David Troxel. David made me aware to the fact that dementia residents lose their short-term memory first and keep much of their long-term memory through the disease journey (Troxel and Bell, *A Dignified Life* 2012). That said, it is very important that staff members know the personal histories, interests and preferences of each resident like a *best friend*. A home environment is also important as long-term memory supports this fact. Prior to this new model, dementia residents intermingled with cognitive and alert residents in skilled nursing facilities which caused much anxious tension when dementia patients would wander into the rooms of alert skilled residents rifling through drawers (wandering is often a behavior of the memory loss journey) without permission. Moving dementia residents into their own space, separated from alert residents works well and is a compassionate and respectful way to care for memory loss.

Mr. Troxel and I partnered together to remodel the CRC memory support facility into a great room concept, and we trained our staff with the "Best Friends" model of care (Troxel and Bell, *The Best Friends Approach to Dementia Care* 2017) and (Troxel and Bell, *A Dignified Life* 2012). We also had the opportunity to develop a training and learning center where we mentored and certified local care givers to deliver care with the Best Friends model. I have used these lessons and the Best Friend model in different companies throughout my career and in China.

After five years with Covenant Retirement Communities, I was hired by American Baptist Homes of the West (ABHOW) as the Executive Director of a CCRC in

Fresno, California. While with ABHOW, I had an amazing opportunity to continue to improve caring for the frail elderly, learn about National Policy issues of Ageism, learn about operating and managing multiple CCRCs and learn international consulting skills in China.

As an Executive Director in Fresno, I had another opportunity to build a new great room model skilled nursing facility (now called Healthcare Centers) and a modern home model memory support facility utilizing many of the concepts I learned in Santa Barbara. Each time a facility was built, we learned something new. I had the opportunity to implement a household concept where care evolved around the residents' wishes and time schedules, instead of the clinical model, where care is dictated by the schedule of the nurses. For example, every household had a great room serving 15 private rooms. A resident could get up at 10am and have a late breakfast at 11am or have breakfast at 2pm.

After five years, I became a VP of Regional Operations managing five CCRCs in the Southern Region of California and Arizona. In a regional role, I was able to learn about managing operations in multiple sites from a centralized corporate perspective. This position also gave me the opportunity to become more fully involved in the political state and national issues of Ageism and our American Age Wave Crisis through our State and National LeadingAge associations (then called the American Association of Homes and Services for the Aging).

Understanding ageism is important when dealing with the care of the elderly. The American Society on Aging dedicated its quarterly journal, *Generations*, on *Ageism in America: Reframing the Issues and Impact* (Robbins 2015). Robbins introduces the prejudices of Ageism saying, "Unlike all other prejudices, ageism is relevant to every

person fortunate enough to make it beyond a sixth decade of life.” Ageism has had little attention given to it in contrast to other prejudices like racism and gender issues.

Robbins goes on to share that ageism can affect our life span, can impact how we are treated the last third of our life, and shows evidence that advanced aged elders can be over treated or undertreated by our medical system. Age prejudice limits the ability of working in the later years as younger coworkers and management may perceive the older person not as capable and slower as a younger person with more energy. This is how ageism can perceive the elderly as limited with less energy and mental/physical abilities. Older adults can be disrespected by how they are treated or left out of important conversations and decisions on contemporary issues. The concept of ageism contrasts with the new research on successful aging and increasing longevity. This research shows that longevity is increasing (Landry 2014), the older population is living longer and healthier than previous generations. Elders, with more time and financial strength can volunteer more, make a significant difference in the workplace and effect current political issues as the Boomer age wave continues to grow.

Dr. Dychtwald, founder and CEO of Age Wave, says “Two-thirds of all the people who have ever lived past the age of 65 in the entire history of the world are alive today. For a more local reference, when our Constitution was crafted, the average life expectancy in the U.S. was barely 36 years...As the baby boomers turn 70 at the rate of 10,000 a day, America is becoming a “gerontocracy.” Already, 42% of the entire federal budget is spent on Medicare and Social Security. In the 2012 election, older adults out-power all other age groups with 72% of men and women 65+ voting, while only 45% of those 18-29 did” (Dychtwald 2017). Other important facts about Aging from the “2017

Profile of Older Americans” from the U.S. Department of Health and Human Services

(Administration on Aging 2018):

- Over the past 10 years, the population age 65 and over increase from 37.2 million in 2006 to 49.2 million in 2016 (a 33%) increase) and is projected to almost double to 98 million in 2060. Between 2006 and 2016 the population age 60 and over increased 36% from 50.7 million to 68.7 million.
- The 85 and over population is projected to more than double from 6.4 million in 2016 to 14.6 million in 2040 (a 129% increase).
- About one in every seven, or 15.2%, of the population is an older American
- Person reaching age 65 have an average life expectancy of 84.4 years (80.6 years for males and 83 for females).

With the incredible growth of the elder population through to 2060, ageism will continue to be a problem that needs resolving. Such stereotypes that are widely believed in our culture are summed up by Marguerite Kermis:

- 1) The elderly are all alike.
- 2) Old people are poor.
- 3) The elderly are all depressed.
- 4) The elderly are all sick.
- 5) The elderly are a drag on everyone else.
- 6) The elderly can't function in society.
- 7) All old people live alone.
- 8) Old people die in institutions.
- 9) All old people become senile. (Kahrs 2015)

Another form of Ageism is the growing problem of elder abuse. The American Psychological Association reported that in 2012 an estimated 4 million older Americans are victim of physical, psychological, or other type of neglect and abuse. Experts estimate that for every reported abuse, as many as 23 additional cases go undetected (American Psychological Association 2012). 95% of elder abuse takes place at home by family, household members or paid caregivers. Ageism prejudice can lead others to view the frail elderly as weak and can result in abuse.

Ageism is a significant problem worldwide as reported in the World Health Organization *World Report on Aging and Health* (Beard, Officer and Cassels 2015). In my position at ABHOW, I was able to participate in aging advocacy in the US through being on Leading Age Boards promoting law and policy change, as well as, advocating educating residents and family members about successful aging research and practices. According to the American Society on Aging, public policy needs to address changing ageism stereotypes, the chronic shortage of providers trained in geriatric care, the caregiving challenge of grandparents raising grandchildren, social security policies, access to benefits, elder justice, employment discrimination, and the digital divide (Robbins 2015).

In addition to advocating through policy change, I learned that another way to fight ageism is through education. By educating people about the growing body of research on healthy aging, this aids the older population to age successfully. At the beginning of my employment at ABHOW, I was introduced to a ten year study by the MacArthur Foundation in 1984 on how people age successfully (Rowe and Kahn 1998). The research found that successful aging predominantly is determined by our life habits of physical, mental, social and spiritual fitness habits and behaviors. The key concept is to manage these areas to minimize the morbidity curve - to live as healthy and mobile as long as possible and to die quickly at the end of life instead of experiencing a prolonged multi-year painful decline until death (Landry 2014). I was on a steering committee to choose a holistic healthy living activity program to implement in all ABHOW's eleven CCRCs. We chose Dr. Roger Landry's Masterpiece Living successful aging program based on the MacArthur Foundation study. I have been implementing and using this

program everywhere my career has taken me. Ageism can be minimized when all ages learn we can live healthier and more productive lives longer as we implement successful aging principles.

Lastly, my experience of working with the elderly and the many lessons I have learned took me in a direction I never imagined. It took me overseas. After working in the ABHOW regional role for eight years, the President of ABHOW asked me if I would be interested in consulting and possibly assisting a company in starting a business in China. My wife and I prayed about it and decided this would be an amazing opportunity to take what I have learned and help another culture facing the age wave/ageism issues and to adapt and implement the CCRC model.

This turn of events led ABHOW and me to expand the vision to care for the elderly to a global perspective. Thus, in 2012, I began to travel to China on a regular basis to consult with a Chinese insurance company, and to help them to understand the CCRC model; and, eventually, to assist them in opening and implementing the CCRC model principles in their new properties. In conclusion, I have learned from these many experiences that transition and even unplanned career change can be purposeful. Subsequently, this experience has confirmed for me that ministry takes place in many forms, and that my purpose to care for “the widows” and advocate for the elderly has been an extension of my calling and lifework all along.

Aging Population in China

The need for private sector organizations to develop new models of service and train additional workers to care for the elderly is increasingly important, given the challenges of a rapidly aging population in China. Over the past few decades, China has

experienced immense demographic shifts and changes in terms of long-term care needs for older adults. For example, a recent report by the Chinese National Bureau of Statistics published that there was an estimated 185 million people over the age of 60 out of a population of 1.351 billion (Shobert, Senior Care in China: Challenges and Opportunities 2012).

Moreover, a 2007 study by the United Nations (U.N.) estimated that in 2005 there were 16 retired workers to every 100 workers in China; and in 2025 researchers are projecting to reach 64 retirees for every 100 workers. Comparatively, the United States is projecting to have 33 retirees for every 100 workers by 2050 (Shobert, Senior Care in China: Challenges and Opportunities 2012). Therefore, the need to identify alternative models to care for the aging population has become a high priority for the Chinese government (12th 5-year plan on Chinese Aging Development Planning 2011). For reasons described more fully below, the importance of developing, training, and providing additional senior living services is particularly acute for China, and is relevant to the mission and focus of this study.

China has experienced significant growth in their aging population as a result of an earlier baby boom, the One-Child Policy, and a declining mortality rate (Yu, 2015). In 1950 the median age in China was twenty-four and by 2050 the United Nations projects that the median age will be approaching 50, with one out of every four Chinese over sixty-five or older (United Nations. World population prospects: The 2010 revision. 2011). Feng and associates (Zhanlian Feng 2012) equates the aging population to a “demographic tsunami” which could amass three times the size of the United States aging population.

More recently, the Chinese government has increased efforts to manage the growing needs of senior adults, yet the government is not fully prepared to care for this large of an aging population (Zhanlian Feng 2012). According to Bromme Cole, there are 38,000 skilled nursing homes in China and many have long waiting lists (Cole 2013, 27). Chen (2013) reports, “While a variety of care facilities have cropped up to care for China’s seniors, few have been widely successful in capturing the market (p.11).”

Families in Crisis in China

According to several researchers, another issue facing China is the inability for the shifting family structure to adequately care for aging parents (Bromme, 2013; Shobert, 2013; Yu, 2015). Prior to today, institutional elder care tended to be run by the state and somewhat limited to what is known as the “*Three-No’s*” – people with no children, no income, and no relatives (Chen 1996). These older adults living in institutionalized care facilities were often stigmatized; and few families resorted to placing a parent in an institution to be cared for by someone they did not know.

In 1980, the Chinese government set into law the One-Child Policy. The policy was meant to control overpopulation, preventing approximately 400 million births (Wall Street Journal 2017). This law had many ramifications. One problem this caused was a labor shortage for workers to care for the elderly because of a reduced population of persons working in service industries (Xinhua 2015). Another result of this law was the burden of one child to be responsible to care for four grandparents and two parents known as the 4-2-1 family problem.

In the Chinese tradition, the eldest child of the younger generation cares for and supports all aspects of an elder’s care. This is what the Chinese refer to as the value of

“filial piety.” In fact, China’s constitution mentions that children have a duty to support and assist their parents (Cole 2013, 24-25). However, more and more of China’s youth are unable and unwilling to provide all of the traditional family support for various reasons. Feng and associates (2012) affirms that the “fulfillment of filial piety by adult children is increasingly difficult, aggravated by the massive out migration of young people to cities for work.” Many young people migrate into cities where vocational opportunities are more available, yet the rising cost of living in the cities has escalated (Cole 2013, 23).

The demographic shift coupled with the One-Child Policy began to erode the concept of “filial piety” raising the issue of the family being the primary support to caring for an aging parent. According to Flaherty et.al (2007), “the emerging 4-2-1 family structure (four grandparents; two parents, neither of whom has siblings; and one child) is emblematic of the potential problem.” Consequently, there often were not enough children and resources in the family to take care of the parents and grandparents. Also, the staggering growth of the aging population multiplies the problem to near crisis proportions.

Purpose of the Study

The purpose of this study was to reflect on the experience of helping a Chinese organization open a retirement community in China by using an adapted qualitative research a case study method approach. This method is typically used to explore the context of a real-life setting over time and involved multiple sources of information that included observations, interviews, documents and reports (Creswell 2013). Even though these methods were used, because I am reflecting after the experience was completed,

interviews were not recorded in a formal traditional methodology. Therefore this is similar to the case study model but is not a true case study from a traditional model found in Creswell. Specifically, this adapted case study researched the experiences of one non-profit organization, formerly known as American Baptist Homes of the West (ABHOW), that started a consulting and management business in China to address the growing need for residential care facilities for the Chinese elderly.

ABHOW was known as a faith-based, not-for-profit business that started caring for seniors in 1949 in the United States. ABHOW had grown from one community serving nine residents in 1949 to 45 communities (12 Continuing Care Retirement Communities (CCRCs) and 33 Affordable Housing Communities) in six states, with more than 2,400 team members serving 6,200 residents. In 2015, the organization's annual revenue was \$250 million, and the company managed assets of \$1 billion. The organization's foundation maintained more than \$50 million in assets (ABHOW.com 2016) (Pryfogle 2016).

The goals of this research project were two-fold: (a) to reflect on the process the consulting organization of ABHOW dba (doing business as) Cornerstone Affiliates International went through to assist in the development, training, and opening of a large continuing care retirement community in China; and (b) to address lessons learned through the process. Consequently, a case study approach was used to better understand the specific experiences of the primary consultant and identify possible recommendations for future application.

Background

ABHOW was asked to help the Chinese develop senior housing and services for their growing and under-served aging population. As a Christian mission, ABHOW is dedicated “to enhance the independence, well-being and security of older people through the provision of housing, health care and supportive services,” as stated in the mission and support documents (ABHOW.com 2016) (Pryfogle 2016, 96-97) Up until 2012, ABHOW served seniors only in the United States. In March 2012, ABHOW was invited to participate on a trade mission with US Trade Ambassador to China, Gary Locke, who resided in San Francisco. The purpose of the trade mission was to bring United States experts in the field of aging services to educate Chinese government officials and developers on how senior adult services operate.

During this trade mission, the CEO and the Board Chair learned about the tremendous problem facing China with its large aging population which is projected to grow to 330 million, 25% of its population by 2050 (Huang 2013). By custom and law, Chinese families take care of their elderly. The government would take care of senior adults who had no family through 38,000 government sponsored care facilities. As reported earlier, this system has been exasperated by three significant factors: the growing demographics of China’s aging population, the 4-2-1 family structure and filial piety (Cole 2013, 24-27).

After the trade mission trip, ABHOW decided to expand its mission to meeting the needs of all older adults including those in China. The CEO and Board Chair decided to explore a potential consulting relationship with a large international insurance company, Taikang, whose leaders they met during the trade mission trip (ABHOW.com

2016) (Pryfogle 2016, 96). The insurance company's goal was to open 15 strategically placed Continuing Care Retirement Communities throughout China. The insurance company asked ABHOW to help them accomplish this goal.

The decision to expand the mission of ABHOW to China fits the ministry culture of the organization. The ABHOW board vision statement includes "to reach an expanding service to older adults (ABHOW.com 2016) (Pryfogle 2016, 96). ABHOW has a history of helping other organizations improve their services nationally as well as being a Christian witness by helping the Chinese help solve their aging problem. The opportunity would give ABHOW the chance to explain why we care for the elderly and to share our Christian faith as opportunities evolved.

ABHOW has a rich heritage of taking care of the elderly which is born from the Biblical mandate to take care of the widows from James 1:27 (Holman Bible Publishers 1986) and from seeing a need that the elderly were poorly taken care of by society in general. Early in 1869 the Baptist Home for the Aged was established in New York (Brunton 1974). By 1907, when the Northern Baptist Convention was being organized (now American Baptist Churches of USA), thirteen homes for the aging had been opened. In 1948 under the leadership of Dr. Reuben Olson and Rev. Harold Bottemiller, property was purchased and Pilgrim Haven in Los Altos, California was built and opened as the first full care retirement home licensed to care for 16 ambulatory residents organized under the Northern California Baptist Convention. Pilgrim Haven was the first home for the aging in California among many more built through the decades. Eventually as the homes now called communities evolved into the American Baptist Homes of the West, Inc (ABHOW) in 1963 (Brunton 1974, 36). ABHOW continued to expand this rich

heritage by exploring the possibility of taking care of the elderly in China (Pryfogle 2016, 96).

In 2012, the relationship with the insurance company started slowly. ABHOW learned through preliminary research that the process of building trusted relationships was critical to forming a contract agreement with companies in China (Chao, Selling to China 2012, 21). Dave Ferguson, the CEO of ABHOW started to build the relationship in June 2012 by sending ABHOW's CIO for a week to help review the insurance company's Information Technology (IT) plans for their first CCRC to be built in Beijing. The CIO helped to negotiate an IT contract to develop the IT network system. In July 2012, the VP of Development and Construction, traveled to China to review the insurance company's CCRC architect plans. In August, as VP of Regional Operations, I was sent to China for three days of operations consulting. The first CIO trip was charged for travel expenses only to show good will to help build a trusting relationship. The operations consulting trip was charged at two and one-half times my salary which is a common consulting fee equation often used in our industry in the US. These were the beginning steps to forming a business relationship with the insurance company.

Many questions emerged in starting this new venture: Will a CCRC model be successful in the Chinese culture? What educational model will be successful in training Chinese executives? How can we help them plan and build a successful CCRC? What employees are available to give eldercare in China? Will employees need education to train them in eldercare skills? What type of contract is needed and how does a company get paid? How much should be charged to make a profit? What kind of business license or licenses would be needed? What is the Chinese tax structure? What are the regulations

for international businesses and healthcare to help seniors in China? How is their culture different than ours? Will someone from ABHOW need to move to China to run the business? How does an international company protect its intellectual property? How have other US companies started elder care businesses in China? What can we learn from them? Who are the other US eldercare companies already in China trying to start new businesses? What can we learn from their experiences in China? The questions were many.

The purpose of this dissertation is to share the adapted case study journey ABHOW went through to open an elder care consulting business in China for meeting the needs of a growing aging Chinese population. This dissertation will result in an artifact training program (International CCRC Operations Certification Program) used to train Chinese executives on how to open and manage a US model Continuing Care Retirement Community (CCRC) in China and the lessons learned from the experience to serve other organizations as a model.

SECTION 2: OTHER SOLUTIONS

Introduction

To assist a Chinese company to open and manage a US model retirement community is a complicated endeavor that had the potential to create a unique, safe, engaging and happy environment for the elderly in contrast to the poor conditions available to most Chinese elderly. Although eldercare is a nascent industry in China, it is important to understand the history of Chinese eldercare, a few of the past and current models used in both China and the US, and some possible solutions and success factors available to confront the challenges China faces to solve their silver tsunami. According to Flaherty and associates, China has undergone profound socioeconomic challenges as the traditional family, which upheld the old-age security system, is strained by the exploding growth of older people and the shrinking number of caregivers (JH Flaherty 2007). In his book, Cole confirms that the family unit has been the social security model in China to care for the aging adult and that the recent socioeconomic trends have disrupted this age-old practice (Cole 2013). In response to these trends, formal long-term care services have emerged, catalyzed by government policies and private sector initiatives (Z Feng 2011).

This review of the literature, which is organized into three sections, provides the context for the current study and lessons learned from opening and managing a business in China. The first part of this section provides an overview of the literature relevant to the history of Chinese eldercare and the evolution to its current state. This section

includes a much deeper reflection on the past filial tradition, the old welfare system, and the government policies to improve the care for the elderly.

The second part presents the literature that is relevant to the topic of recent models used to care for the elderly in both China and the US. In addition, attention is given to a description of each model, and particularly to the similarities and differences distinctive to each model, especially as to how they relate to the best care for the aging.

The third part of this section summarizes the literature on the challenges China is facing to serve the aging adult needs, concentrating on some of the reasons for providing additional support through continuing care communities.

The History of China's Eldercare and Its Evolution

The focus regarding the care and support for the elderly in China was founded centuries ago in the Confucian philosophy of *filial piety*. Numerous studies have documented the longstanding belief and philosophy, and the more recent evolution of caring for the elderly (Ringen, Stein; Njok, Kinglun 2013) (Wu B. 2005) (Zheng 2008). To begin with, the filial piety philosophy can be summed up by the statement: "For thousands of years, filial piety was China's Medicare, social security and long-term care all woven into a single-family value (Levin 2008)." A foundational pillar of the Confucian filial piety culture assumes that, above all else, caring for one's parents was the highest responsibility so sending parents to a long-term care facility symbolized abandonment by the family. According to Wu B. (2005), this belief that children should take responsibility of their elderly parents was so important that in 1996 it was written into law. Most Chinese older-adults prefer to age at home and consider institutional care

as the last resort for those who have no family nearby, or for those who need special care and need so much help that their relatives cannot cope (Wu B. 2005).

Research indicated that in the last century, most eldercare took place in the home (Cole 2013). Institutional nursing home care in China was rare and limited to what is commonly known as the “Three No’s” – *people with no children, no income and no relatives*, who were publicly supported by welfare in long term care facilities (Feng, et al. 2012). Nursing home care did not emerge as a viable option for most Chinese elders, largely due to the deeply rooted reputation from cultural stereotypes that the mentally ill are cared for in these institution, or residents are financially destitute or fit into the “Three No” ruling (Wong 2012).

Following the beginning of the People’s Republic in 1949, there began the establishment of a socialist economy where land ownership was eliminated from the few and distributed to the poor. Mao Zedong’s Cultural Revolution included an overhaul of the land ownership system, an end of the gentry landlord ownership of farmland and the beginning of collectivism in rural areas, encouraging farm peasants to produce steel rather than crops in order to advance the country into the industrial revolution.

This socialist policy included universal lifelong employment whereby all able-bodied adult citizens were organized into work units (*danwei*) for job assignments by the government. Comprehensive welfare packages were provided for workers through work units. According to Ringen and associates (Ringen, Stein; Njok, Kinglun 2013), the *danwei* system was composed of three components: the iron rice bowl – job tenure, the big rice pot – an equal wage, and a welfare package. Before the economic reform of 1978, over 80% of the work force was enrolled in the *danwei* system. Farmers in rural

areas were organized in collective communes whereby daily necessities were distributed to each family. Social relief programs were set up for urban residents who did not belong to the *danwei* system. Nann contends that “even though this welfare system created an urban-rural divide with low level welfare resources, it did provide protection for both workers and farmers” (Nann 1995).

The *danwei* system began to dissolve during the Cultural Revolution which lasted from 1966 to 1976. In 1978 China embarked on major reforms towards a socialist market economy where public ownership and state-owned enterprise coexists alongside a diverse range of non-public forms of ownership (Ringen, Stein; Njok, Kinglun 2013). The administration that guaranteed access to jobs or land eventually discontinued. Through a long and arduous process of trial and error, the Chinese government thought that strong economic growth would solve the social problems of the current welfare program. However, by dismantling the collective structure, the old cooperative health care systems for farmers also evaporated thus leaving the farming population without access to basic medical care. The resulting misery created serious social unrest, including strike action through the 1980s and 1990s threatening the Chinese regime (Ringen, Stein; Njok, Kinglun 2013).

Along with the unrest, the Peoples Republic of China (PRC) government began to be acutely aware and concerned with the problems of supplying resources to meet the growing demographic and with the lack of a social structure to support the elderly. Currently, the World Bank’s standard for developed nations to cover senior’s care needs, who are unable to pay for their own care, is 8 percent. Government funding in China only covered 1.6 percent. As a result, China estimates the need for an additional 3.4 million

hospital and nursing home beds over the next five years from a 2007 National People's Congress report (Shobert 2012).

Another significant problem is China's massive rural migration of children moving into urban cities leaving parents and grandparents separated from the children who are responsible to care for them. This is exasperated by the One Child Policy which as stated before is now called the "4:2:1" problem, four grandparents, 2 parents, and one working Chinese (Cole 2013). Most, if not all of China's working-age family members, would be willing to honor the ideal of filial piety towards their parents, but the distance and lack of resources makes this no longer feasible (Shobert, Senior Care in China: Challenges and Opportunities 2012) (Feng, et al. 2012). According to the research, the problem is so concerning that some rural elders have resorted to signing a contract with their children called a "family support agreement" to ensure future support and care (Feng, et al. 2012).

As the social reforms continued to develop in the legislature, the first formalized notion of social security was articulated in 1986 in a high level policy document named the Seventh Five-Year Plan in which the current social insurance system components were outlined (Ringen, Stein; Njok, Kinglun 2013). Furthermore, in 2007 General Secretary Hu articulated the theme of social construction which included the rights of all citizens to education, employment, medical care, pensions, care in their old-age, and housing. More specific, (Zheng 2008) the current system stands on three principles created from two decades of reform that shaped the following welfare system:

1. Social assistance – providing a minimum subsistence guarantee or cash support restricted by family income;
2. Social insurance – including pensions, medical, work injury, unemployment and maternity care; and

3. Welfare services – considered a local responsibility provided for the most disadvantaged populations.

Even though the three principals were implemented, the model as described above creates significant discord, differences and shortcomings across the entire welfare system. The discord stems from too many restrictions and minimal help even for the neediest. It is a start but far from resolving the felt needs (Stein, Ringen, Kinglun, Ngok 2013). The system is continuing to work out unresolved problems, structural issues, and economic factors.

China has more recently implemented a series of policy initiatives to improve its social security and health care systems. These initiatives include increasing basic health insurance for all from the Urban Employee Basic Medical Insurance Scheme (1998), the New Rural Cooperative Medical Scheme (2007), and the Urban Resident Basic Medical Insurance Scheme (2007). The New Rural Pension Insurance pilot program started in 10 percent of Chinese counties in 2009 and is scheduled to roll out nationwide to cover all rural elderly by 2020 (Feng, et al. 2012).

China's long-term care for the elderly continues to evolve. In the mid-1990s, China implemented reforms to decentralize the operation and financing of state welfare institutions. Prior to the 1990s most residential care homes were run by local governments, municipalities and the state (Feng, et al. 2012). Eldercare homes have grown quickly over the past 30 years (Zhan, et al. 2006). For example, in 1980 there were only 4 eldercare facilities (all government run), in 1990 there were 13, in 2000 there were 68 and in 2010 there were 157 (20 of these facilities were government run and 137 were privately run). Similar growth rates were also observed in Beijing and Nanjing (Feng, et al. 2011).

The report also observed the payer sources have also shifted. In Tianjin, most welfare residents were minimal and mostly in government facilities where the government paid, whereas, almost all residents in nongovernment-run homes were private payers. There is a broad spectrum of facilities available for the elderly from modern nursing homes with skilled nursing medical services to “mom and pop” board and care homes providing minimal professional care (Feng, et al. 2011).

China’s twelfth five-year plan (2011-15) estimated there were 40,000 eldercare facilities and 3.15 million beds in those facilities in China (State Council 2011). Government funding only covered 1.6 percent of seniors who needed care and who were unable to pay for themselves. Due to the World Bank’s standard for developed nations being 8 percent (Shobert, Senior Care in China: Challenges and Opportunities 2012), the PRC government set a goal in 2011 of adding another 3.4 million beds in the next five years to change the eighteen beds per 1,000 seniors to thirty beds per 1,000 seniors ages sixty and older (State Council 2011). China’s twelfth five-year plan also adopts the goal of the 90-7-3 rule. The goal is to provide care at home to 90% of elderly, 7 percent elderly will receive adult day care services in community centers and 3% elderly will pay for private senior homes (Chen 2013).

Current Models Caring for the Elderly in China and the US

As mentioned earlier, much of the literature on caring for the elderly in China was based on the longstanding belief of traditional elder care. Although formal long-term care services for the ever-growing aging population has progressed, much can be learned through the analysis of eldercare models from other countries. In the United States, there are many models of care for the elderly in varying mixtures. The Department of Health

and Human Services divides long term care services into five categories which include: adult day service centers, home health agencies, hospice services, nursing home services and residential care communities (Harris-Kojetin L 2013). Another report lists eight models: community based services, home health care, in-law apartments, housing for aging and disabled individuals, board and care homes, assisted living, continuing care/retirement communities, and nursing homes (Chen 2013) see Table 1 and 2.

Table 1

Types of Long-Term Care in the United States¹

	Definition	Range of costs
Community-based services	Communities provide services and programs to help elders and people with disabilities with a variety of personal activities.	Low to medium
Home health care	Family members, friends, and/or licensed health workers help elders and people with disabilities need with personal activities (e.g., bathing, dressing, cooking, and cleaning) at home.	Low to high
In-law apartments	This housing arrangement provides a living space for a caretaker to take care of elders and people with disabilities with personal activities (e.g., bathing, dressing, cooking, and cleaning).	Low to high
Housing for aging and disabled individuals	This housing program helps pay for housing for older people with low or moderate incomes ² . It also offers help with meals and other activities like housekeeping, shopping, and doing the laundry.	Low to high
Board and care homes	This group living arrangement provides help with activities of daily living such as eating, bathing, and using the bathroom for people who cannot live on their own but do not need nursing home services.	Low to high
Assisted living	This group living arrangement provides help with activities of daily living such as eating, bathing, and using the bathroom, taking medicine, and getting to appointments as needed. Residents live in their own rooms but normally have meals together.	Medium to high
Continuing care/retirement communities	This community arrangement provides different levels of care for elders and people with disabilities. In the same community, there may be individual homes or apartments for residents who can live independently, an assisted living facility for people who need some help with daily care, and a nursing home for those who require higher levels of care.	High
Nursing homes	These facilities provide care to people who cannot be cared for at home or in the community with a wide range of services.	High

The table is modified from the information from <http://www.medicare.gov/longtermcare>

Over the past 30 years, the senior care industry in the US has seen many changes. Continuing Care Retirement Communities are now called Life Planned Communities. Originally, they had three levels of care (Memory Care has been added as a fourth level of care as dementia became a significant growing healthcare problem the past few decades):

1. Residential living included apartments, single home dwelling, duplexes and quadplexes;
2. Assisted living had studio apartments delivering care for residents who need help with activities of daily living (dressing, grooming, bathing, medicine monitoring and 3 meals a day); and
3. Skilled nursing served residents who need nursing services 24 hours a day in rooms occupied by one, two or four beds.

The CCRC concept in 1950 was to keep apartments small with mostly studios and one-bed rooms as all residents had access to many common spaces including game rooms, dining rooms, bars, multiple dining venues, craft rooms, woodworking shops and living rooms for socialization. The 1950 concept was to move residents to service areas of need to maximize economies of costs instead of providing services to residents in their apartments. Residents would move from one level of care (residential care, assisted living and skilled nursing levels) to another based upon need and quality of life. For example, a resident living in a single home dwelling may slip and break their hip. After surgery they would come back to skilled nursing for rehabilitation and then back to their apartment. In another case, a resident in residential living may suffer a stroke, go to skilled nursing for

rehabilitation and move permanently into assisted living because of a resulting long-term disability and the need for help with activities of daily living.

Through the decades, public demand, medical advances, and technological innovations have reconfigured the CCRC of today. Residential apartments and single homes have grown much larger in size. Studios are almost nonexistent in residential living after being converted into one, two- and three-bedroom apartments. Higher acuity residents in assisted living have caused many skilled nursing facilities to downsize in number of beds resulting in a smaller demand for long term skilled nursing beds in a CCRC. Public demand is causing more skilled nursing facilities to become more home like with living rooms, dining rooms and private kitchens. Multi-bedrooms are becoming private individual studios for single persons with showers in the bathrooms. Another level of care has been added to the continuum of care – special care units for memory loss and dementia in an assisted living environment. With the increase of Alzheimer's in residents (38% of senior adults 85 and older in the USA will have some form of dementia) (Alzheimer's Association 2016), there has been a need to develop a new program to meet the need of dementia residents and to separate them from cognitive and mentally alert residents in skilled nursing. Today, most CCRCs have four levels of care (residential living, assisted living, memory support and skilled nursing).

Another model comes from the for-profit senior care industry which primarily has focused on minimizing expenses and increase profits. These models start from serving only one level of care as an organization. An example would be an organization that owned and managed 300 skilled nursing facilities in many states. An organization can develop and operate assisted living or memory support or a combination of the three.

Some organizations may build assisted living facilities with a memory support program. Others may focus on residential living apartments, assisted living and memory support without a skilled nursing component. There are some for-profit CCRCs but most CCRCs are in the not-for-profit category.

In comparison, the Peoples Republic of China increased efforts to build residential elder care services by promoting the construction of nursing homes and senior housing for the aging (Feng, et al. 2012) (Chen 2013). Recently, the government has taken two approaches: one is owned and managed by the government, and the other is market driven; owned, developed and managed by private sector organizations (Feng, et al. 2012). What this means is that the government is now looking to incentivize the private sector to develop housing and facilities for elder care and to solve the severe shortage of long-term beds. The Chinese government in 2013, developed a series of regulations inviting private and foreign investment in the elder care sector. In 2014, the Ministry of Commerce and the Ministry of Civil Affairs issued guidelines for foreign investment in senior care business in China (Wang February) This is a significant shift from the PRC being the direct supplier and provider of long-term care services to be a purchaser and regulator of services.

Brome Cole, in his book, *Enter the Ageing Dragon*, writes about his visits to 35 different completed modern private sector facility models that represented a CCRC model, to a standalone assisted living model, a special care unit model for dementia, a skilled nursing facility model and a mixture of models (Cole 2013). Most of these facilities have targeted those in the upper income bracket, and he shares his concern many models have not factored in the lack of training for care giving workers which is

not available in China. Many other factors are involved for the private sector to be successful on the long run including industry specific labor, multiple and sometimes conflicting regulations from different ministries or multiple layers of government, educating families contrary to filial care giving, cost projections etc. to name a few factors. Only time will tell whether the government model or the private model will be found successful in the blooming of the nascent senior services industry (Cole 2013).

The Challenges China Faces for Caring for the Elderly

The present age-wave experienced by many National populations throughout the world has created serious health and economic challenges. As previously noted and relative to this study, the challenges particularly critical to China, were expedited by the One-child Family Policy (Hesketh, Lu, Xing 2005) which intensified profound socioeconomic changes, and ultimately affected the traditional Chinese family. Another critical issue in providing elder care is that China's senior care industry lacks the medical infrastructure and quality of care regulations systems, which in turn can complicate the ability to provide quality control that is prevalent in annual regulation surveys of eldercare models in the US (Shobert 2012). The challenges China faces are twofold: How can China improve their own senior care options and how can foreign models help the Chinese private sector develop models to meet the growing needs for senior housing and services? Both challenges can work hand in hand to provide answers for the significant aging wave in China as China and foreign models will merge and adjust to make hybrid models that will eventually work.

Feng recommends three policy changes for the PRC: 1) providing a mix of services Chinese want; 2) increasing regulatory oversight thorough information systems,

and 3) developing a long-term care work force (Feng, et al. 2012). Regarding providing a mix of services, China's blueprint for a three-tiered system rightly emphasizes home and community-based services. Feng observes the system favors institutional care, and he recommended a mix of balanced services that reflected aging population preferences.

In addition to the industries lack of structure, scandals of bribery and poor care have been exposed in Chinese long-term facilities, which underscores the need for increased regulatory oversight. Increased oversight needs to be improved through the development of an evidenced based information system monitoring quality care, regulatory enforcement and a payment process. Feng observes China can learn from the United States by offering or implementing publicly certified nursing homes that report on both facility and resident quality indicator data electronically using a standardized annual inspection survey to verify quality of care through a mandatory resident assessment.

One of the most critical issue China is facing is a poorly trained and paid workforce for senior care services (Shobert, Senior Care in China: Challenges and Opportunities 2012) (Cole 2013). Feng points out less than a third of direct care workers have received any professional training as most care givers are housekeepers or sitters. He recommended that Chinese policymakers prioritize education and training initiatives as well as develop professional clinical and management staff to guide the transition into a modern information-based long-term care delivery system.

Along with Feng's research, Shobert shares five challenges for foreign entities desiring to enter the China senior services sector: 1) perceived value, 2) government involvement, 3) licensing, 4) human resources, and 5) marketing (Shobert, Senior Care in China: Challenges and Opportunities 2012, 38-41). Although the challenges are many,

China is eager for an answer to their aging problem and foreign senior care operators are anxious to export their approaches to China. The five challenges are addressed below.

Perceived value needs to be felt by the Chinese receiving the care and those paying for the care. Primary care from family or community-based services will be most of the care offered to Chinese seniors. Secondary care must show value to the user and families. The services must stress the quality of care and the luxury of services early entrants are attempting to give. This marketing will help connect providers of service to payers and receivers of these services.

Government involvement is important to shape the future of China senior care. Currently, China lacks consistent quality of care standards for care givers and there is no government sponsored grading system enabling consumers to judge the quality of trusted care from any facility. One of the most important issues the PRC faces is how to expand its reimbursement for senior care. The government preference is to primarily reimburse for in-home care versus secondary facility model care which is more cost effective. While this is the primary policy orientation, the government is currently incentivizing real estate developers (with the help of foreign elder care providers) to build entry level senior care facilities the country will need. Successful foreign operators need to be quick to engage local government to establish a relationship and begin working towards reimbursement plans that align with the central governments senior care agenda like social security systems.

Lastly, another issue confronting foreign senior care operators is to obtain the proper license to operate in China. The licensing process for foreign operators has proven to be a complicated and drawn out process which varies according to providences, and

this is experienced by European and American hospital entrepreneurs. Because the licensing process in China varies, foreign firms will need to find local legal representation that has experience working with the national-level ministries of Civil Affairs and Health.

Once a foreign operator obtains a license to operate a senior services facility in China, the next step is to hire employees. Because geriatric care is not a well-developed competency in China's medical nursing or vocational schools, operators will need to partner with such schools to help find, develop and train these future employees.

Finally, when the business is set up with proper licenses and employees, foreign senior care operators must effectively market their services. In general, the Chinese population is unaware of in-home senior services or residential-based caregiving options. In China, many people are unaware of rehabilitation service for an elderly parent who has had a stroke and needs physical or speech therapy. The challenge for foreign operators is to educate the average Chinese family on their options (Shobert, Senior Care in China: Challenges and Opportunities 2012).

In summary, the challenges for the PRC and for foreign senior care services operators are many, but the government has made significant changes to help solve the problems China's growing senior population poses. Foreign senior care services operators will also help China to solve their problems as they work together to find models of senior services that will be accepted by the Chinese senior population.

This review of the literature provided an overview of the history of Chinese eldercare and the evolution to its current state. The past filial tradition, the old welfare system, and government policies have evolved to improve the care for the elderly. The

one-child policy also created unusual circumstances where some families can no longer afford to care for their parents and grandparents forcing the PRC to look to other nations for answers.

The literature also revealed models used to care for the elderly in China are moving towards typical models used in the US. In addition, attention is given to a description of each model, and particularly to the similarities and differences distinctive to each model. Finally, the literature revealed the challenges China is facing to serve the aging adult needs, and possible steps the PRC could take to improve services to the aging population.

Much of what the literature revealed was experienced by ABHOW helping a Chinese Insurance Company design, develop operation policies and train employees how to open and manage multiple CCRCs. The next chapter reviews the purpose of the study, the problem it attempts to solve and the methodology it used to resolve the problem.

SECTION 3: THESIS

Introduction

The purpose of this research project was to reflect on the process the consulting organization (Cornerstone International, a subsidiary of ABHOW) went through to assist in the development, training, and opening of a large continuing care retirement community in China, and to address the lessons learned through the process to serve as a model for other organizations. A qualitative research methodology using a case study approach was utilized to deepen the understanding of the process ABHOW went through while in China. Case study research encompasses a real-life experience (Yin 2009). According to Creswell (2013), “case study research is a qualitative approach in which the investigator explores a real-life, contemporary bounded system (a case) over time, through detailed, in-depth data collection involving multiple sources of information (p. 97).” For this study, the researcher collected numerous forms of data including interviews, participant observations, documents and physical artifacts. Subsequently, the data was collected and organized into chronological order by the researcher; then analyzed and synthesized into a few key patterns or themes (Yin 2009). Finally, the researcher used the case study approach to focus on a few key issues for understanding the complexity of the case and highlight specific lessons learned.

The Problem

The People’s Republic of China (PRC) concluded that the Chinese filial model of caring for the elderly would not continue to work for all Chinese families (Cole 2013, 24-

25); thus, the PRC sought out other countries to explore their models of senior health care in hopes that some of these concepts would work in China.

One model adopted by the PRC was to incentivize large insurance companies and hotel developers to create additional forms of care for the elderly through reductions in taxes and land costs. For example, Taikang Insurance Company, one of the largest in China, worked with the government to purchase land to begin building CCRC's. It was during a U.S. trade mission to China in 2012 that ABHOW was invited to share their CCRC model with potential developers (Pryfogle 2016, 96). The leadership from ABHOW met with the business leaders from Taikang to explore the potential consulting, development, and management opportunities.

This was ABHOW's first opportunity to start a business in China and consult internationally; and more specifically, assist in meeting the ever-present growing need of international elder care. This case study describes the process ABHOW went through to: start a business in China; create a business plan; and develop training methods, materials and programs designed to help Taikang open and managing their first CCRC in Beijing.

Starting a Business in China

There are limited books and articles written on how to start a business in China. The books that were most advantageous to guide the consulting process for ABHOW were: *Selling to China* (Chao, Selling to China 2012), *China Now* (Lam and Graham 2007) and *How to Win in China* (Turner 2011). Most beneficial for ABHOW to starting a consulting business in China was Chao's book, *Selling to China*. Chao is an American Chinese businessman with real life experience consulting in China. Of particular interest,

was the list of thirteen rules that summarized key elements to starting a business in China (Chao, *Selling to China* 2012, 211-234).

The 13 rules were:

1. Don't rely on gut instincts
2. You don't know what you don't know
3. Sweat the details
4. Take the trust factor out
5. Never do JVs
6. Adapt and Move quickly
7. Never compete with locals
8. Use multiple partners
9. Think long-term but react short-term
10. Don't create competitors
11. Listen to experts
12. Don't rely on contracts
13. When in doubt, ask questions

Five of these rules were more helpful and used to guide the ABHOW consulting project than many of the other rules which often restated similar principles or did not apply to our circumstances. The rules that most applied and were helpful guides to this project were:

1. Rule 1: Don't Rely on Gut Instinct
2. Rule 2: You Don't Know What You Don't Know
3. Rule 5: Never Do Joint Ventures (JV's)
4. Rule 8: Use Multiple Partners
5. Rule 12: Don't Rely on Contracts

Rule 1: Don't Rely on Gut Instinct. The first rule described by Chao emphasized the importance of understanding the cultural differences between the Eastern and Western decision-making process. According to Chao, "Western businesspeople can sometimes make accurate decisions partially or even wholly on instincts" (Chao, p. 213). The author maintains that many experienced western business leaders practice making decisions based on facts and instinct. For example, when opening a business in China a potential business person would ask him common questions such as (a) Whom should I hire? (b)

Do I trust this person as a business partner? or (c) Should I use this company as a supplier? According to Chao, seldom are all the facts in place to make a definitive decision, and sometime decisions are made by feeling good about a person or relying on “gut” instinct (Chao, *Selling to China* 2012, 213-215).

Furthermore, Chao exclaimed that these instincts are primarily formed through the many similarities in religious, historical, educational, legal, moral and/ or ethical standards of practice; and warned that these similar “gut instincts” would not work the same way in China. Chao emphasized that the culture and language are considerably different, as well as the historical distinctives of each country which shape the practices of each society. For example, for centuries China was known for creative thinking and inventions. They invented the compass, paper, gunpowder, the printing press and the H-bomb after the A-bomb was invented, all which influenced the ethos of the country.

A dawn of new leadership in China changed the direction of an entire generation. According to Paulson, former U.S, Treasury Secretary (Henry M. Paulson 2015), communism brought in a new way of thinking which disrupted the innovative culture. In 1949, Mao Zedong the founder of the People’s Republic of China, emerged into power until his death in 1976. His goal was to have everyone conform to his way of thinking, and he eliminated any elements of leadership that were thought to be a threat to his authoritarian dictatorship or were considered counterrevolutionary. Conformity and the reduction of threats included the burning of books, the demolition of religious sites, historical relics and the destruction of Western capitalistic values contrary to socialism values. The most devastating was the separation of family members – husband from wife and mother from her children. Traditional family values of respect, trust, honesty and

compassion were replaced with the teaching and moral values of the communist party known as the *Little Red Book*. The Red Guards formed with men and women, declared as self-enforcers of Mao's teaching, tortured and murdered anyone they thought was against the Communist Party (Chao, Selling to China 2012).

Lam and Graham (2007) asserted that the Cultural Revolution was known as the "ten wasted years." The authors believed that Mao was losing control of the party leadership, and so he formed the Red Guard to regain his power. Groups of militant, aggressive college and high school students were formed into paramilitary units known as the Red Guard. They attacked everything traditional including destroying historical sites, ridiculing professors and intellectuals eventually causing the collapse of the educational system. In August 1968, the chaos almost led to civil war and Mao used the army to restore order and disband the Red Guard (Lam and Graham, 2007).

Furthermore, Confucianism was also considered a threat and the values of harmony and respect for elders, honesty and education were also eradicated. Children were taught to distrust their father and mother and even taught to report antigovernment activities within the family. Children grew up distrusting their families, observing a corrupt government, and surviving on their own cunning with little or no ethical value. Chao concludes that the result of this traumatic experience leaves a Mao generation in leadership today:

We are left with a Mao Generation with little or no moral compass. Group harmony is the last thing on a Chinese businessperson's mind. Of course, on the surface they preach the themes of promoting friendship, win-win business, and cooperation. But on the inside, it's just a dog-eat-dog world for them. They grew up in a world of corruption, bribery, nepotism, and money laundering and can't change suddenly just because the government commands them to be model citizens. And unfortunately, most of our business dealings are with Mao Generation Chinese, ranging from ages forty to seventy something (Chao, 32).

For example, Stanley Chao shared several examples of how his clients had trusted a Chinese business owner only to be disappointed and cheated. One illustration was of a plastic kitchenware supplier who spent two weeks with a factory owner in the mountains of Shandong Province. The American stayed with the owner and his family. They became like brothers after playing golf together, drinking together and sharing personal stories with one another. The American trusted his gut instinct and shipped over \$1 million in steel molds to produce plastic cups, utensils, and plates. The story ended with the Shenzhen factory owner closing shop, taking the molds, and he disappeared which illustrated the different value systems. In summation, the guidance of rule one was to admit ignorance about China, rely on facts to make decisions, and develop a team of expert consultants who have done business in China to help make the gut instinct calls.

Rule 2: You Don't Know What You Don't Know. The second rule of doing business in China highlighted the importance of acknowledging, “you don't know what you do not know.” Chao clarified, “The most important task as a consultant in China is to make my clients aware of the unknowns concerning China – to make them think about the things they normally would not consider when doing business in the West” (Chao, 217). Chao explained, when working with Western small and medium-sized businesses (SMB), his clients would use him to find distributors, set up Wholly Owned Foreign Enterprise's (WOFE), negotiate contracts, or hire employees. He would solve the who, what, when, where and why questions. However, once he filled in the missing pieces, the SMBs assumed they knew how to proceed, and so he became the messenger rather than the consultant. Sometimes, these companies would terminate his contract and move on independently not knowing what they did not know. In conjunction with rule two, Chao

disclosed three elements for dealing with the unknown: 1) ask deeper questions, 2) work through the details or what he would call “sweating the details,” and 3) take the trust factor out of any tactical plan as explained below.

According to Chao’s second rule, the most important task of a consultant in China is to help the client to become aware that business in China is very different than western cultures, and to ask questions that would not normally be asked when doing business in the West. For example, Stanley Chao insisted that his clients patent or trademark their products even though the parts outsourced to be manufactured in China are to be shipped to the West. Why? Because the Chinese factories may sell imitation parts to their own sources in China. In order to address these issues Chao created a series of questions pertaining to outsourcing, selling, developing contracts, and partnerships.

Subject	Relevant Questions Often Not Asked
Outsourcing	<ol style="list-style-type: none"> 1) Are your suppliers using shadow factories? 2) How do we check our partners suppliers for quality? 3) How do we know approved materials are being used? 4) Will they sell knockoffs to other customers?
Selling to China	<ol style="list-style-type: none"> 1) Should we introduce lower-priced products? 2) Would it be better to sell older or earlier generation products? 3) Are there local competitors? 4) Is this a government-controlled industry?
Contracts	<ol style="list-style-type: none"> 1) How else can we protect ourselves? 2) Have all trust-related issues been taken out of the contract? 3) Will contract disputes hold up in Chinese court?

Subject	Relevant Questions Often Not Asked
Choosing Partners	<ol style="list-style-type: none"> 1) Are they state-owned or privately owned? 2) Do they have regional or national coverage? 3) Are we creating a competitor? 4) How do we prove everything they say?

Source: Adapted from Stanley Chao, “Selling to China: A Guide to Doing Business in China for Small- and Medium- sized Companies (Bloomington: Universe, 2012), 218.

Furthermore, Chao reiterated that in the West many of these questions would seldom come to mind when negotiating partnerships or outsourcing. Western government laws protect companies from producing knock offs and out sourcing organizations are normally regulated by the government for quality. Contracts are honored and held up in a Western court of law, which may or may not be the case in China. Again, rule two emphasized that when doing business in China for the first time Western companies may “not know what they do not know” so asking key questions are critical to the consulting process.

In conjunction with asking key questions, Chao explained the importance of being detailed or what he called “sweating the details”. He explained that many entrepreneurs, who are used to making quick decisions, have gone into China with a “shoot from the hip” attitude. Chao has seen millions of dollars’ worth of intellectual property lost to the Chinese caused by uninformed decision making. Mr. Chao’s advised clients to minimize these mistakes by working out the details before going to China. Chao elaborated on a “sweat the detail” process:

I do everything possible before my client outsources their first widget or sells their first product to China. I think the whole process through. The key is to take all assumptions out of your China action plan. Don’t assume a distributor is trustworthy; rather, take the trust factor out and make them earn it. Start the

relationship off with cash-only payment terms, no exclusivity, and the stiff quarterly quotas. Don't assume a Chinese contract protects you; consult with different lawyers, review legal trends, seek alternatives like arbitration versus going to court, and have backup plans to protect yourself. For example, a high-tech products company may not want to sell its state-of-the-art technologies to China. Chinese customers may be just as happy with older but less-expensive technologies, thereby protecting intellectual property and creating a cash cow for the already fully depreciated technology assets (Chao, 218).

Chao reiterated that the next step to sweating the details is to brainstorm contingency plans and "what if" scenarios. Research contends that the Chinese business climate can change quickly with new laws, tax codes or new banking regulations. Once the scenarios have been thought through, a definitive tactical plan can be finalized with the confidence that "sweating the details" has been accomplished (Chao, Kam & Graham, Turner and Shobert).

The third aspect explained by Chao of reversing the "you don't know what you don't know," was taking the trust factor out of the plan. Often, the western business culture involves a significant amount of trust, and Chao says the definition of trust is different in China and focuses on verification for a few reasons. Chao alleged that China's ethical code was affected significantly by the Mao generation, in which some of the leadership continue to be in control today. However, as the Chinese' standard of living rises, the government's practices are changing, the PRC educational system continues to evolve, and its people travel more broadly, then a stronger bridge to trusting each other can be built. (Chao, *Selling to China* 2012). In conclusion, Chao stressed with consultants and foreign companies to take the trust factor out of any business relationship by verifying people, products, systems, and materials, and to check that employees are not selling trade secrets to other companies. Verification can be done by personally

meeting with partnering employees, checking on the quality of materials and systems which will result in quality products and services.

Rule 5: Never Do Joint Ventures (JV's). Miller (2017) states that the type of structure the organization sets up to run a business in China is crucial; and Chao concurred, yet went a step further to say that a new business in China should never do a specific type of structure, a joint venture which requires a Chinese partner. He explained that in the 1970s and 1980s, China required all multi-nationals to form Joint Ventures (JVs) with State Owned Enterprises (SOEs) for two reasons: First, many SOE's had limited resources, lacking technologies and systems. A Joint Venture partnership enabled Chinese companies to upgrade with new technologies and modern management systems. Second, JVs were the organizational structure of choice for the Chinese government as it allowed them to monitor and control the companies, and in return, the foreign company was allowed to have access to the large Chinese domestic market (Chao, Selling to China 2012).

In the early 1970s, there were very few international companies investing in China. According to Turner (2011), China allowed two forms of foreign investment to grow their economy, JVs and the stock market. Later the PRC allowed four forms of investment, JVs, equity, contractual and Wholly Foreign Owned Entity (WOFE). Equity joint ventures are the most popular and are favored with tax incentives which lower taxes from 50% to 33%. The JV equity's purpose is to produce a product through mutual stock ownership. Each partner would contribute to the organization. The Chinese might contribute land, political know how, some materials/machinery and labor. The foreign partner might provide technology, capital, management, external marketing and working

capital. A contractual JV is like the equity JV with sharing assets and knowledge. The difference between the two is the contractual JV repays each at a set rate of return (Turner 2011).

The WOFE is a limited liability entity owned by the foreign company. According to Turner, many companies tried this approach to avoid a Chinese partner they did not understand, and most have failed (Turner 2011p139). On the other hand, Chao says,

Today, with relaxed business laws, most of the JVs have folded or have been bought out by their foreign partner. Now, as a consultant, I spend half my time resolving JV disputes. I see the pain and regret in my customer's faces; they wish they had never gone to China. The mistake was not going to China – it was being enticed into a seemingly no-risk venture. Going to China was the right choice; doing a JV was the wrong action plan. I can't say this with any more passion; do not ever, under any circumstances, entertain or think about entering into a JV unless you absolutely have to. The risks simply outweigh any advantages. And any advantages from a JV can be duplicated in other less risky partnerships, such as licensing agreements or distributorships.

The answer to this contradiction lies in the benefits and disadvantages of the JV.

Amtman shared the advantages and disadvantages of Joint Ventures (Amtmann 2006):

Advantages

- 100% subsidiaries are not allowed in some countries
- JVs allow a distribution of capital and risk
- JVs make it possible to combine the strengths while compensating weaknesses at the same time
- Foreign Partner may play an important role with respect to product adaptation and distribution
- Foreign Partner promotes the integration into the economical, legal, social, and cultural framework
- JVs allow the bidding in public offerings
- JVs help to overcome entrance barriers and trade restrictions
- By means of JVs significant investment advantages and tax facilitation can be realized

Disadvantages

- Problems with partners
- Addictions
- No complete control management

- Not free when it comes to marketing and pricing
- Staffing choices have to be consented to
- Very high importance of language, culture and corresponding personal relationships

The contradiction from the two authors originated from their own experiences.

Chao argued that success in a Joint Venture would be with a reliable, trusted, ethical and knowledgeable Chinese partner (one who might be hard to find and verify). Turner asserted that a WOFE can be just as effective or even more so with an experienced and knowledgeable Chinese consultant (Turner 2011). Chao concluded that the overall advantage of a WOFE is that it is owned by the foreign company and is not burdened with a Chinese owner for making decisions in China.

Rule 8: Use Multiple Partners. Another rule outlined by Chao that was critical to ABHOW was the concept of diversifying multiple stakeholders to start a consulting business. Chao maintained that exclusivity with one partner could possibly give the Chinese partner full control, autonomy, and authority throughout the entire country. Chao strongly recommended, never to give exclusivity to any one agent, licensing partner or distributor. He reasoned that with a first business venture in China, many elements have the ability to go wrong, and exclusivity becomes a lose-lose situation, if stuck with a bad partner for the remainder of the contract.

Another reason to have multiple partners when starting a business is that China is too large and is divided up into many regions with distinct cultures. For example, Shenzhen relates well to the south, Beijing to the northeast, and Shanghai to the east. The advantage to having different partners in the different regions allows the new business to better navigate the different nuances of each culture and to be more effective (Chao, Selling to China 2012).

The third aim stated by Chao for having multiple associates in China is that each partner would monitor the other partner thereby lessening the possibility of pirating or stealing from the organization. In addition, pricing would be kept in balance preventing large unauthorized profits and the ability to skim these profits off the top. Last, by monitoring the sales results in each region, poor performing sales representatives could be replaced with better performing partners. Finally, different marketing and sales strategies used in different regions could be compared and contrasted to produce best practices that can be leveraged in other locations (Chao, Selling to China 2012).

Rule 12: Don't Rely on Contracts. Research supports that contracts in China are treated much differently than in the West (Antman, Lam & Graham); and according to Chao, can be capricious for two reasons (Chao, Selling to China 2012). First, in his experience many Chinese view the terms within a contract to be more symbolic than an iron clad legal agreement. For the Chinese, it is the beginning of good things to come as more of a symbolic gesture. A contract is more of an agreed upon set of terms for today based on today's market conditions. Thus, if the market conditions change, a supplier who has agreed upon a two-year price package may raise the price regardless of the contract.

Negotiating a contract is also a different experience between the two cultures. In the West, the contract is the most important start of a business or a partnership. There may be short small talk up front and most of the time is spent negotiating the details of the contract. In China, the relationship is most important to build and develop trust and the contract is a mere formality structuring the relationship according to Mr. Lam (Lam and Graham 2007). Building the relationship may take weeks or months of meeting and

many dinner events. An American contract may be longer than 100 pages where as a Chinese contract may be two or three pages.

Second, Chao indicated that contracts can be unpredictable because of the lack of equitable enforcement in China. In addition, the Chinese court system tends to rule in favor of the Chinese business or the State-Owned Entity (SOE). Chao reminded the reader that the Chinese judicial system and SOEs are one in the same. There is no separation of powers as in other governments, and the Communist party is the final authority in the courts. Although, Chao reports that the contract negotiation process and contract legal system is improving, it is still an area of concern. Chao predicts contract law will have equal reverence and weight as in Western courts in the next twenty years.

Other sources support Chao's conclusion regarding the differences in contractual agreements. Mr. Amtmann concluded that the Chinese are more interested in a collaboration commitment than a European precise, unchangeable and binding agreement (Amtmann 2006). Amtmann asserts that the Chinese see a contract as a "precondition of progress" in the business relationship which can be adapted and changed if necessary, by either party.

In summary, starting a business in China is a complex venture, and it can have many pitfalls and barriers caused by culture, language, people and government regulations. Chao presented 12 rules of doing business in China, five of which were instrumental to this case study. Furthermore, seeking expert advice from Chinese consultants, networking with other successful foreign businesses, and creating a detailed plan can help minimize the barriers and create a productive foreign business in China. The next section will discuss developing a business plan.

Developing a Business Plan

Taking care of the elderly deserves the best of business practices and one best practice is to produce a business plan. Many authors have stressed the importance of writing a business plan for new ventures. According to an article in the Harvard Business Review by Green and Hopp (2017), entrepreneurs that write a plan are 16% more likely to succeed. For example, between 2005 to 2011 the Panel Study of Entrepreneurial Dynamics, tracked over 1,000 budding entrepreneurs collecting some of the most comprehensive data on the characteristics of entrepreneurs. This study discovered that the high-growth oriented startup entrepreneurs are 7% more likely to plan; and secondly, it was the entrepreneurs that were seeking funding were 19% more likely to commit their plan to paper which made a significant difference in the success of their startup (Greene and Hopp 2017).

Contrary to the importance of planning, other studies have conveyed that many business plans were written specifically for the purpose of gaining legitimacy from external stakeholders, “making the companies appear structured, well planned, and established” (Karlsson and Benson 2009, 41); yet those same companies rarely referred to the plans. Although, not all plans were proven to succeed, it was important to the China consulting project described in this case study to research and implement a business plan.

A business plan is a roadmap to guide, predict, influence, and evaluate specific ideas; and of specific interest to persuade stakeholders to support and fund a new business (Jillek 2016). Most sources agree that a business plan contains at least five key elements: 1) business goals, 2) the reasons why these goals are attainable, 3) a plan for

reaching those goals, 4) data backing the services and products to be sold and, 5) supporting information about the organization and team committed to attain those goals (Shelton 2017).

A business plan is much more than a document that comprises these five elements. In addition, it is a process that financially and feasibly tests business ideas that can ultimately be implemented into a successful business. This process evolves into tactical goals and budgets to become a tool to discuss with finders, investors, customers, board members, advisors, vendors and employees (Shelton 2017). Therefore, a business plan is an essential step to developing, implementing and starting a successful business in China.

The United States Small Business Administration (SBA) has many tools, articles and helpful resources for entrepreneurs to start new businesses (Small Business Administration 2018). The SBA has information on most business management topics from how to start a business to exporting your products. The programs include training and educational programs, counseling services, financial programs and contract assistance (Small Business Administration 2018). The SBA recommends a business plan to have anywhere from 25-100 pages in length and to have eight elements in the plan: 1) executive summary, 2) introduction, 3) market analysis, 4) company description, 5) organization and management, 6) marketing and sales strategies, 7) product or service, 8) equity investment and funding request, and 9) financial information (Small Business Administration 2018).

Another beneficial resource to this case study was Shelton's (2017) *12 Commandments for Writing Business Plan*. Shelton has over 40 years of business

experience, mentoring over 1,200 entrepreneurs. His 12 commandments for writing a business plan are:

1. A business plan is a marketing action
2. Know your audience and write the plan in a style and with information they need for the actions you want them to take.
3. Business planning should focus on the customer, not on the entrepreneur.
4. A small business is usually a bet on the entrepreneur, so provide a biography that demonstrates you have the technical and leadership experience to drive your idea to success. Either demonstrate you have the experience, or you have surrounded yourself with others who have it.
5. The executive summary is the most important plan section. It delivers the message and sets the tone. It should be enthusiastic, concise, professional, and no more than two pages long.
6. Have sales goals that are supported by research and an actionable marketing plan.
7. Request funding in the amount you truly need and support your request with financial statements.
8. Use of funding proceeds should be primarily for marketing, sales, and product development activities that will generate the products, services and sales.
9. Surround yourself with advisors and mentors and talk through your business ideas with them.
10. A business plan is never perfect and never finished, so do not procrastinate writing it or obsess about creating the ideal plan. At some point, you need to stop writing and start satisfying a customer need and making money.
11. It is all about the money. Every action and decision will affect cash flow or profit. A business plan may be complex with a mission statement, values and goals but cash flow and profit helps to cut through the fog of what will make a business successful.
12. Focus, Focus, Focus. By answering three questions, the value and credibility of the plan increases.
 - a. What are three to five critical success factors on which you are going to focus most of your time on?
 - b. What are the three to five goals you are going to achieve over the next 12 to 18 months that are tied to the critical success factors?
 - c. What are the strategies you are going to follow to achieve your goals? What are the steps, processes, actions, milestones and who is responsible to make it happen? (Shelton 2017, 8-13)

Furthermore, Finch (2016) emphasized the importance of entrepreneurs writing the plan themselves, as they must be prepared to present the material so the writing helps to hone and develop the ideas. Finch reminded writers they have one chance in front of stakeholders to sell their ideas. In addition, Finch stressed the writer needs to answer two

questions before they start writing: 1) Who the audience is? and 2) What do you want their response to be? Research has revealed that writing a business plan is an effective tool for starting a new venture in a foreign country; and that the SBA, Shelton and Finch were three important resources to guide this study. The final section explores the conceptual framework for this study, the Social Cognitive Theory (SCT), and its relationship to training, opening and managing a CCRC in China.

Learning Theory to Teach Chinese Business Executives

Once the contract was signed and a business plan developed, the next step for ABHOW was to create a training program to educate Chinese business executives on all aspects of opening and operating a CCRC in China. The concepts and systems of managing CCRCs are complex, and to exasperate the objective, a foreign culture makes the training even harder. The challenge was to discover a learning theory to overcome the cultural and language barriers presented by doing business in a different country and to effectively train a clientele that had limited exposure to operating a CCRC and who were proficient in the insurance business.

Over the past century, researchers and educational psychologists have developed many learning theories to help understand the way people process, organize, and apply knowledge and skills to certain tasks. The research is often classified in three general categories: behaviorism, constructivism and cognitivism (Smith 2011). Behaviorism focuses on what can be observed in the learning process (Illeris 2002). B.F. Skinner, one of the fathers of behaviorism, alleged that only observable indicators such as stimulus-response sequence is the basis for a learning theory (Skinner 1976). Behaviorist teaching methods focus on the teacher transmitting information to the student being rewarded with

specific stimuli either a reward or a punishment. For example, the teacher can give an A grade for accomplishing the behavior desired and publicly praise the student in front of their peers for their outstanding work. These actions would be considered a reward. On the contrary, a punishment for bad behavior is an F grade. The behaviorist most successful techniques contain a positive response or immediate praise response to memorized material (Shimamura 2011). However, research also indicates that tasks that require higher mental processes and more complex thinking are more difficult and require a different methodology similar to the constructivism and cognitivism theories (Linda-Darling Hammond 2001).

The second category of learning theories, known as Constructivism, was best explained by Piaget (1950). Piaget's theory of constructivism combined past results with existing knowledge to construct a new idea (Piaget 1950). This theory was contrary to the behaviorist concept of conditioning. In the constructivism approach, the student uses their own personal experience to create a new skill or idea. Thus, learning is a process of active discovery as each learner interprets information and experiences according to their existing information, their stage of mental development, their cultural background and their personal history. Learners construct their own knowledge through unguided or minimally guided instruction for students. New information is assimilated through the discovery process and not just passively absorbed. The learning is dependent on how the learner chooses to approach learning (Shimamura 2011; Smith 2011). According to this model, one technique teachers use to help students learn is to ask them to explain the material in their own words or to explain how this material might help them be successful in their life.

Some critics believe that constructivism fosters a teaching methodology with unguided instruction from the teacher that can cause students to become lost and frustrated. Another critique is that constructivism ignores the importance of memorization during the learning process; and that constructivist methodology disregards the research that proclaims that the unguided instruction approach is not as effective in the learning environment (Alanazi 2016, 2).

The third theory often used to describe learning is that of Cognitivism (Smith 2011). Bandura's (1973) initial work, best known for the constructivism approach, integrated the concepts of constructivism with the social and environmental influences to generate the Social Cognitive Theory (SCT). Bandura understood that behavior is also influenced by the environment, and that the interaction one has with others in turn affects behavior. The result of this multifaceted interplay of behavior, personal factors, and environmental factors is known as reciprocal determinism (Bandura, *Aggression: A Social Learning Analysis*. 1973). SCT asserts that human behavior is caused by personal, behavioral and environmental factors; and that portions of an individual's development can be directly related to the observation of others within the context of social experiences, interactions and a variety of influences. This is a learning theory that promotes the idea that students learn in part by observing others (Bandura 2002). In addition, Bandura (2002) noted that behavior is influenced by the interaction of three determinants, specifically as follows:

1. Personal: Whether the individual has high or low self-efficacy towards the behavior (i.e. Get the learner to believe in his or her personal abilities to correctly complete the behavior).
2. Behavioral: The response an individual receives after they perform a behavior (i.e. Provide chances for the learner to experience successful learning as a result of performing the behavior correctly).

3. Environmental: Aspects of the environment or setting that influence the individual's ability to successfully complete a behavior (i.e. Make environmental conditions conducive for improved self-efficacy by providing appropriate support and materials). (Bandura 2002)

Finally, Bandura highlighted three key principles within SCT that were used to teach students: first, to help the learner believe in her or his capabilities to perform a specific task successfully; second, provide environmental conditions, such as clear instructions, appropriate learning materials and technology to improve the self-efficacy of the learner; and third, provide opportunities for the learner to experience successful results such as mentoring and apprenticeships (Zhou and Brown 2015). Bandura's research, and the subsequent research of others (Zhou and Brown 2015), validates the importance of environmental, behavioral, and social factors within the training experience. These factors proved to be critical elements within the training program for ABHOW as outlined in this case study. Consequently, this approach encourages a deeper appreciation for the central tenants of SCT and enhances a better understanding of the learning process in a foreign country, thus is a good choice to facilitate the training of Chinese executives on how to open and manage CCRCs.

However, after researching these models, I eventually selected the Cognitive Apprenticeship Model (Collins, Brown and Newman 1989) to develop the artifact for this study. The Cognitive Apprenticeship Model integrates both aspects of the social cognitive theory with elements of experiential or hands-on learning. In apprenticeship, learners observe the elements of work such as a farmer sowing, planting and harvesting, and then the learner assists when they are able. Furthermore, the apprenticeship theory involves a more tangible, hands-on, and/ or physical activity. Whereas, in traditional schooling, the process of learning such as reading, writing and mathematics focuses on a

cognitive approach and is often invisible to the learner. According to Collins, Brown, and Newman, “Cognitive apprenticeship is a model of instruction that works to make thinking visible (p.1).”

The Cognitive Apprentice Model sets up an ideal learning environment that has four phases: content, methods, sequence and sociology. Sue Berryman in her analysis of how affective CA is, says “We do not know, especially if the question is whether cognitive apprenticeship is effective in routing, as opposed to hothouse, learning situation. However, the ideas are unusually well grounded. CA strategies build on traditional apprenticeships, a tested, cross-cultural strategy for effectively acquiring visually observable skills (Berryman 1991).”

The CA model seemed most appropriate for researching the experiences of one non-profit organization, formerly known as ABHOW, to train Chinese executives cross culturally in order to learn the US CCRC model. This model allowed the researcher to incorporate traditional lecturing about the concepts of managing multiple CCRCs from a corporate and a single site CCRC perspective, site visits and relationship building with key leaders and shadowing, a part of the apprenticeship component into the experience, thus, making the Cognitive Apprenticeship Model an ideal learning theory to use.

Summary

All stakeholders are affected by the challenges of starting a new business in a foreign country. Given the historical context, cultural differences and practices, many businesses may struggle to find the support necessary to navigate through the governmental and political issues that arise during the developmental phase of opening and operating a CCRC internationally. Cultural and historical differences stemming from

Chinese ageism issues of the family always responsible to care for the elderly is a significant barrier foreign companies will need to overcome. The resistance to new ideas and foreign models to care for the elderly is significant barrier to the tried and true process developed over a century to create US retirement community models to care for the elderly. Some businesses may choose to take a more entrepreneurial approach and improvise or experiment with the start-up business while others may take intentional steps to plan and implement the process. It is these businesses that strategically plan and implement specific phases to start a new international venture and the lessons learned that is the focus of this current study.

This chapter has reviewed some of the literature relevant to the research on working in a foreign country. Specifically, the chapter addressed how to start a business in China, including rules on what to do and what not to do, and detailing the cultural differences that help to ensure a successful business. Secondly, the chapter explored how to create a business plan, and outlined key elements to include in the process. The chapter concluded with an examination of specific learning theories that enhance the training experience in a foreign country, produced materials and a cognitive apprenticeship training processes to help to train Chinese executives effectively on how to open and manage a CCRC.

SECTION 4: THE ARTIFACT DESCRIPTION

Introduction

As demographic changes in a population and socio-economic development evolve, population aging and financial security for elderly people is becoming one of the most important issues for countries in the 21st century. I saw this as a wonderful opportunity to share with the Chinese the improved quality models of caring for the elderly we have developed over the years. A substantial amount of research reveals that China is attempting to solve this issue by asking other countries to share their aging services model with China (Shobert, Senior Care in China: Challenges and Opportunities 2012).

As previously discussed in section 3, the task ABHOW had was to: (a) assist Taikang in training, (b) adapt the policies and procedures to the Chinese culture, and (c) be available for consultation as they opened their first CCRC in Beijing. More specifically, for ABHOW, dba Cornerstone Affiliates International, to start their first international contract with Taikang involved: researching new relationships of other companies involved in similar ventures, building new networks, negotiating contracts, developing business plans and training for Chinese leader's in the operational functions of a CCRC both single site and managing multiple CCRCs. In addition to these tasks, ABHOW was the primary consultant with the organization on how to adapt this model into the Chinese culture. Utilizing this information, the artifact description for this case study will share the chronological case study story and how the key components came

together to produce the training component that helped to successfully open Taikang's first CCRC, Yan Gardens, in Beijing.

The data collected from multiple sources formed the artifact, entitled Cornerstone's International CCRC's Operations Certification Training Program. The presentation of findings in the artifact in this section is divided into four components: The first part focuses on developing relationships and networking. The second, discusses the journey ABHOW went through to acquire an international contract. The third part details the methods used to develop an effective training program to teach Chinese executives how to manage a single site and multiple site CCRCs by the use of a business plan. The fourth component discusses the specific processes the consultant went through during the training, consulting, and opening of a CCRC in China.

Building Relationships and Networking

According to Chao (2012, 9-36), building relationships is the starting point to successful networking. This study begins with the researcher's own journey to build relationships in China by way of a Doctor of Ministry program in Leadership and Global Perspectives at George Fox University. When I prepared to attend my first Advance Orientation in Korea fall 2012, I contacted David Ferguson, the President and CEO of ABHOW, to see if he knew of any international retirement programs that I could visit on my trip. Divine intervention coincided with my ask. Prior to inquiring, Mr. Ferguson had recently returned from a US Trade Mission in China to explore various opportunities ABHOW may have to aid companies that wanted to develop US CCRC elder care models. ABHOW was developing a potential relationship with Taikang Insurance Company, and Mr. Ferguson needed a CCRC operations expert to work with Taikang to

help them develop their plans to open 15 CCRCs in China. Mr. Ferguson asked if I would be willing to travel before my Korean Advance and spend a few days in Beijing consulting with Taikang. I told him I would be honored, and little did I know that I would spend the next three years of my career traveling back and forth consulting in China.

Prior to consulting with Taikang and attending classes, my wife and I booked a quick 5-day tour of Beijing and Shanghai to become acquainted with two of the largest cities in China; Beijing being more of the political center and Shanghai, the financial hub for China. During the first consulting days, I began to network by meeting key leaders in charge of developing the Chinese Senior Care business sector for Taikang. Two of the leaders I would communicate most with were Liu Shuquin, Vice President of Taikang Property Investment Co. LTD and Jizhou Duan, Financial Analyst and interpreter. Another important meeting was with Dr. Anmin Li of the Yimin Foundation of whom we eventually started a Joint Venture business together.

The consulting focus on that trip was to tour the property they purchased and to educate Taikang executives about ABHOW's history and the CCRC Senior Care model. I developed an extensive PowerPoint presentation explaining the history of ABHOW, definitions of what a single site CCRC was and how we managed 11 CCRCs in different states. I made it a personal focus to talk about my father and how he was a pioneer in the industry developing CCRCs for the Presbyterians in Seattle Washington. I also shared how he and my mother moved into a CCRC in San Diego and lived out their lives using this model as an example. This gave me the opportunity to share a personal example of how a family can benefit from the CCRC model.

Other experts from ABHOW were sent over to China to consult and to begin to build trusting relationships. Russel Mauk, VP of Construction and Development spent a week to review the architect plans Perkins Eastman developed for Taikang's first CCRC to be built in Beijing. Joe Giardi, CIO spent a week talking with Information Technology employees about systems and technology ABHOW used in the US. He then gave recommendations regarding the best systems to purchase. These business trips helped to build a better understanding of the need for CCRCs in China and a deeper working relationship between Taikang and ABHOW.

As a result of this exchange, Taikang asked ABHOW to design a training program for their management team that was responsible to build, open and manage the operations of their first CCRC. I was given the job to design and facilitate the training program in the US. During the negotiations of the first contract, my responsibility was to research how to start a business in China and to network with others in our industry who have already started a business in Asia.

One of my first networking leads was Bradford Perkins, the founder of Perkins Eastman, an international architecture firm headquartered in New York with an office in Shanghai. Bradford was very kind and generous with his time to answer my many questions and referred me to other business acquaintances he knew who did business in China. The telephone was an excellent tool to begin building a network data base and to meet people who were very willing to share their experience and networks of other professionals looking to start business in China.

Another source to increase my network data base for working in China was through the annual international associations and trade show meetings. LeadingAge, a

well-known national not for profit organization focused on education, advocacy and applied research, and also represents thousands of tax-exempt providers servicing the aging, was one my first contacts. In addition, LeadingAge sponsors an organization called the Global Aging Network (formerly known as the International Association of Homes and Services for the Aging - IAHSa) which gathers international aging providers annually to discuss best practices of care for the aging.

February 2013, IAHSa held a meeting in Shanghai. At this conference, ABHOW had an opportunity to share their experience and the intent to open a consulting business in China. I met many international business people during that convention among them were Tom Hill working for Direct Supply located in Shenzhen; Mark Spitalnik who was opening one of the first American model skilled nursing facilities in Beijing; Joe Christian and Michal Qu Shanghai law partners and consultants from Shanghai; Jim Biggs who was opening a first American model memory support facility, Barbara Nopen, Operations Director for Merrill Gardens an American Company doing business in Shanghai and Leslie Moldow from Perkins Eastman to name a few. These professionals represented lawyers, vendors, providers and architects who were interested in starting business or who were doing business in China. The experience reinforced the importance of attending meetings that brought people together who have similar goals and they became important resources for me as I started the journey to open business in China.

Another networking annual convention was Care Show China that I attended in 2013 and 2014 held annually in Shanghai. During both occasions, I had the opportunity to speak at the convention about our experience and progress consulting in China. In 2013 at Care Show China, I was interviewed by Ben Shobert who was the founder of a

consulting firm called Rubicon Strategy Group. He became a great resource for me and opened many doors to meet key leaders in China. In 2014, I participated at Care Show China in a panel discussion with three others that also had the opportunity to share our experience. Again, it was a rich opportunity to meet new people, network, and build ABHOW's credibility as an international business. This method of doing business in China, grew our professional contacts, consequently aiding other companies interested in developing CCRC housing models to connect into the nascent aging healthcare business.

Ben Shobert became an important consultant for ABHOW. He came to ABHOW and gave an extensive overview of how to do business in China. He also completed a feasibility study for us to explore the opportunity to open home care services for a proposal for Shimao a large hotel developer and owner in China (one of their hotels I stayed in was the Hyatt on the Bund in Shanghai). In 2015, Mr. Shobert set up a two-week networking and introduction trip where I was able to share our services presentation with over 20 premiere companies who were working in the aging healthcare business. This trip started in Beijing and continued through Shanghai, Guangzhou, Shenzhen, Chongqing, Tianjin, Hong Kong and Singapore.

Starting Business Through the Contracting Process

During the many interviews and conversations I had networking and learning from others about doing business in China, a consistent warning was repeated, "Be careful when you start helping a Chinese client and get your money up front because many new startups were burned and never paid for services rendered in the past." I remember one executive early in my research, telling me that Chinese business ethics are not the same as business in the United States. Some Chinese companies have taken

advantage of new US companies who did work up front without negotiating the obtaining of fees at the beginning of a job. They were never paid and were taken advantage of (Chao 2012, 45)

Developing contracts and receiving money from China to another country is a complex process and dance. My experience started with small consulting agreements, to international training engagements, to a large consulting contract and ending with a Joint Venture business contract.

Cornerstone Affiliate's first contract was a simple consulting contract sending ABHOW's Corporate Information Officer to spend a week in Beijing. The purpose was to educate Taikang information technology managers about the types of systems we used in the US to run and manage our CCRCs. The second purpose was to analyze various software management system proposals from other local and international companies to offer advice. The contract was a memo of understanding to pay travel expenses and a daily consulting fee per day for services rendered.

Our second contract was a bit more complicated offering an education program for Taikang's management team to tour retirement communities in the US and to receive training on how to manage CCRCs. This contract evolved into an eight step process including: (a) establishing a memo of understanding, (b) developing the tour and training proposal, (c) establishing a pricing proposal, (d) negotiating the fee structure, (e) receiving a letter of acceptance, (f) developing a formal contract, (g) agreeing on payment structure, (h) taxes and changes in scope and adjusting payment structure when payments were not received in a timely manner.

The first step in the contract process was to identify the specific training needs of the organization. Multiple phone calls helped us to craft a memo of understanding regarding the scope of training and experience desired. Once we had verbal agreement, I drafted a memo of understanding and sent it on formal Cornerstone Affiliates letterhead signed by ABHOW's CEO with a designated space to be signed by Taikang's counterpart.

Secondly, a proposal was created with a detailed outline of the experience and training schedule desired by the contracted organization. At that time, it became apparent that ABHOW needed a full-time mandarin speaking executive assistant who was soon hired to help with the negotiations. After talking with ABHOW's management team, comprised of the CEO, CFO, CIO, CHR, COO and Corporate Legal Counsel, the decision was made to design a Cornerstone Academy International CCRC operations Certification program that could be duplicated internationally. Thus, a three module program was developed to include: module one, a one week training at ABHOW Home Office to better understand the big picture of managing multiple CCRCs from a centralized location; module two, a one week training at a single site CCRC to understand how each CCRC is managed; and module 3, two weeks of training on advanced marketing and sales processes. Once a schedule was developed it needed to be priced.

The third step in the process was pricing the educational experience for the contracted organization. The consulting team at ABHOW took a logical approach and evaluated the hourly salaries of various persons who would teach. Once a base fee was determined a 15% profit was added. For example, the CFO taught a two-hour session on

how finances work within the corporation managing eleven CCRCs. The consulting team determined each teacher would prepare two hours for every one hour of teaching.

Transportation costs were also added and determined to provide lunch and two evening meals a week for the cultural experience. The contracted organization was responsible for bringing an interpreter, lodging and food for the rest of their visit. For example, the first blush for module one was a per person fee for up to a maximum of 10 students. When the financial model was determined, we sent the proposal to the contracted organization for their review.

The fourth step was negotiating the fee structure based on their budget. Taikang's logic was to counter with the proposal that the first person should cover the cost of the training and each additional person should be charged much less. We went back and forth with various numbers. This being our first contract, a compromise was made as Cornerstone wanted to develop a foundational relationship that could possibly result in a joint venture.

The fifth and sixth step in the negotiating and contracting process was to finalize the agreement regarding the number of participants, pricing, and scheduling; and to draw up a contract. ABHOW checked with their legal networks and obtained a Chinese contract lawyer in Beijing who helped to develop the contracts. Key to this contract was the formality of asking for the money within 15 days of signing or before the training started.

The seventh step was to clarify any final changes to the contract and discuss how taxes would be paid. Taikang wanted ABHOW to pay the variable taxes, which were significant. After further negotiation, the decision was made that Taikang would pay the

required fee. To complicate the negotiations, two weeks before the participants arrived, Taikang wanted more subjects to be added to the training experience and others dropped. As the consulting organization, we explained that each teacher had other obligations and commitments, therefore, we could not change the contract unless they wanted to postpone their trip three additional months in order to make the necessary adjustments.

The eighth and final step in the process was working through how to receive payment through two countries and to be paid timely. During this time, the consulting team had another opportunity to set up an additional training for Taikang in November. However, because of international payment complications, ABHOW was not paid for the July training. Thus, an agreement was made that payment would be received before the November training. If payment was not received, then training would be postponed until ABHOW dba Cornerstone Affiliates International (CAI) received payment. In addition, fifty percent was to be paid before any future training would begin. Critical to building the bond between the two companies, the correspondence stated that Cornerstone looked forward to growing the relationship and learning how to best work together through the unexpected government tax red tape of receiving money outside of the country of China.

Additional Contracts

The next contract was more complex than the previous two contracts comprising multiple proposing agreements. Specifically, Cornerstone envisioned the creation of three agreements pursuant to which the two companies would form a joint venture to provide management advisory services to other providers of retirement housing in China, including all communities owned and developed by Taikang. Those agreements are as follows:

- A Joint Venture Agreement pursuant to which CAI and Taikang would focus on project development combining CAI's expertise in senior living with Taikang's development experience and financial resources.
- A Service Agreement pursuant to which Cornerstone would provide operational advice to clients of the Joint Venture in the development and operation of retirement housing communities in China including continuing care retirement communities or "CCRCs".
- A License Agreement pursuant to which CAI would provide policies and protocols in the operation of the CCRCs to clients of the Joint Venture.

The final accepted contract excluded the Joint Venture proposal and agreed to have 1200 hours of consulting, translated policies and procedures into Mandarin. It licensed Taikang to use CAI's Policies and Procedures as well as other important management document including a 6 months pre-opening checklist for opening a newly constructed CCRC.

The last contract signed in November 2013 was a formal Joint Venture between CAI and Tianjin Yimin & Family Senior Housing Management Co., Ltd. Dr. Li Anmin had been involved with numerous Joint Ventures with American companies for decades. Among the Joint Ventures American companies were Coca-Cola and Gold Medal Dairy Products. Dr. Li had significant connections with the Tianjin government and was attempting to coordinate our Joint Venture to help Tianjin city develop its first CCRC. The contract included the three service agreements we proposed with Taikang: Joint Venture, service and license. The Joint Venture was called Cornerstone-Yimin Senior Housing Management and Services Co., Ltd.

In summary, CAI's understanding of Chinese contracts evolved from a simple consulting contract to provide education to a fully executed Joint Venture contract where each entity put money into an escrow account in Hong Kong. Two additional contracts evolved with Taikang, one for ongoing consulting and another contract to share translated policies and procedures with many supporting documents. Another significant factor that helped our contracts to be successful was working with a competent Chinese contract lawyer who was bi-lingual in English and Mandarin.

Developing Cornerstone Academy

The next phase in developing the artifact was to design the process of developing an effective training program to teach Chinese executives how to manage a single site CCRC and multiple CCRCs from a home office perspective. This started with the contract process. Once the contract was signed, a business plan was developed, and the training was scheduled and coordinated. There were three separate groups of people who went through the training on three separate occasions.

The two approaches I used to develop a business training program was deductive (seeing the pig picture first) and cognitive (a multi-faceted learning approach) in nature. More explicitly, the program started with a broad overview and then drilled down into specific categories to enhance the learning experience. Module one started with training at the home office to understand how ABHOW managed 11 CCRCs in different states. Once a general overview at the home office was completed, Module two moved the training to an individual CCRC site to teach the specifics of how to manage operations at an individual CCRC. Module three was advanced training on marketing and sales. A

sample of the proposed business plan based on the long-term training proposal is outlined below:

Long Term Training Proposal for Taikang Background

Taikang Insurance and Cornerstone have been working together for over one-year planning and consulting to develop a Continuing Care Retirement Community (CCRC) model to be reproduced in the larger strategic cities in China. This model includes current quality building design based on quality programs that enhance the health and vitality of Older Adults. Quality programs require well thought out operating systems and the training of skilled leaders to create and manage a healthy and vibrant community.

Purpose

To develop a long-term training system for Senior level and Middle level Leadership to manage a quality Continuing Care Retirement Community.

Training Philosophy and Approach

Cognitive apprenticeship is a [theory](#) of the process where a master of a skill teaches that skill to an [apprentice](#).

[Constructivist](#) approaches to human [learning](#) have led to the development of a theory of cognitive apprenticeship.^{[1][2]} This theory holds that masters of a skill often fail to take into account the implicit processes involved in carrying out complex skills when they are teaching novices. To combat these tendencies, [cognitive](#) apprenticeships “...are designed, among other things, to bring these tacit processes into the open, where students can observe, enact, and practice them with help from the teacher...”^[1] This model is supported by [Albert Bandura](#)’s (1997) theory of modeling, which posits that in order for modeling to be successful, the learner must be attentive, must have access to and retain the information presented, must be motivated to learn, and must be able to accurately reproduce the desired skill (http://en.wikipedia.org/wiki/Cognitive_apprenticeship). See Attachment A for more information.

Cornerstone Academy: Five Stage Approach

I. Recruitment

The first stage of successful leadership development is to hire the right people. This starts with a sound organization chart, well-

articulated job descriptions, and an effective selection-interview process.

Cornerstone will guide Taikang Management by evaluating their existing recruitment system and share our expertise and experience to ensure an effective hiring process.

II. Basic Orientation

The next stage is to standardize the training content for two levels of leadership. There will be two aspects of the training: 1) a general overview about how a CCRC works which will include reading content, lecture and touring a well-managed CCRC, 2) job specific training to include reading content, an overview and personal training from an experienced trainer who has similar job experience.

Training can be in the form of reading content, live video instruction, in person instruction and online instruction.

Training will also take place in both China and US as the training plan is developed. Training in the US will consist of a corporate overview at Cornerstone Home Office for senior level leaders and tailored training at CCRC training site. Cornerstone trainers will visit Taikang for periods of time as specified in the plan.

III. Shadowing

After the leader has achieved a basic general knowledge about the CCRC operations and an overview of the job responsibilities, shadowing of apprenticeship is the next stage. Shadowing includes on the job training from a peer for an appropriate time to see the job modeled during real time CCRC operations. The Cornerstone trainer will explain important aspects of the job, demonstrate a typical day and coach the trainee while doing the job. Shadowing time can be one week to one month based upon the plan.

IV. On-Going Mentoring

Once Shadowing is completed, there will be a 6-month apprenticeship relationship with a US counterpart peer. This relationship will include consistent weekly communication either by Skype, phone or email to give guidance to the trainee and to answer questions as they emerge.

V. Tech-based Annual Education

Annual education will be developed in various technical mediums to enhance operations, increase leader skills and to foster a learning environment.

(long term training proposal for Taikang, April 10, 2013)

Furthermore, once the business plan was developed for the Cornerstone Academy International CCRC operations Certification program (which comprised the above training foundation), three additional certificate training programs were scheduled based on the three-module approach. Each certificate program encompassed a detailed day-by-day schedule hour-by-hour with an expert presenter. Each expert presenter developed a power point presentation with a handout to take notes and extra materials, charts and graphs to augment their presentations. Each training trip gave ABHOW an opportunity to improve each presentation with scripted PowerPoint talking notes. The goal was to use these presentations for future consulting and training opportunities with other international companies.

Training Continues by Consulting in Beijing, China

Once the Cornerstone Academy Certification Training Program had been complete by the participants, our contract specified follow up meetings to include four to six weeks of consulting and training every quarter in China totaling but not to exceed 1200 hours. The basic certification training was repeated many times, to many different groups, as well as additional supplementary instruction, as specified in the contract. This training occurred in China during a total of 15 trips over a period of three years. In addition, training included but was not limited to what was specified in the below memo of understanding for consulting from Taikang:

We would like to take ABHOW as our core CCRC operation consultant to help us prepare for opening China CCRC in Beijing, including but not limited to SOP, product and pricing, facilities, sales, human resources, pre-opening preparations, Memory Support topic, etc.

1. Standard Operation Procedures

- SOP for Residential Living (step by step)

- SOP for Assisted Living (step by step)
- SOP for Skilled Nursing (step by step)
- Administrative Policies and Regulations
- Localized SOP and Standards to China market
- CCRC operation monitoring, assessment report daily, weekly, monthly, annual)

2. Product and Pricing

- Service Package of Individual Living (scope of services)
- Service Package of Assisted Living (scope of services)
- Service Package of Skilled Nursing (scope of services)
- Activity Design and Organization
- Calculation and Increasing Methods of Entrance Fee and Monthly fee
- Pricing Methods for Type A, B, C
- Residents Contract
- Residents Manual and Administration Regulations
- Residents Satisfaction Survey and Report
- Turn Over Rate (death, transfer, quit, average living period)
- Residents Data Analysis
- Experienced Data and Index in USA CCRCs

3. Facilities/ Design

- Comments on design and facilities from the operation point
- Operation, utilization ratio and important parameters for restaurants, clubs, public areas
- How to run the CCRC clubs: internal/ external
- Purchasing of Facilities
- Maintenance for facilities

4. Sales

- Sales Strategy, Promotion Strategy
- Sales Materials and Documents
- Sales Employee Incentive Policy
- Sales Procedures
- Customers Service System

5. Human Resources

- Job Design and Job Description
- Recruitment of CCRC
- Training Program for new employees
- Management and Performance Evaluation

6. Memory Support Topic

- SOP for Memory Support (step by step)
- Best Friend Model
- Special arrangements for Memory Support residents (operations, activities, etc.)
- Special Operation tips

7. Pre-opening Preparation

- Orientation Program and Training
- Design of operation streamline
- Plan and agenda for Pre-opening
- License Applications

(Letter entitled ABHOW Consulting Proposal March 2013)

Moreover, before a scheduled consulting training trip, Taikang would send a list of questions, and material/document requests with a scheduled itinerary regarding the group/s involved in the training sessions. In preparation for each trip, I had a laptop loaded with all my PowerPoint training sessions and many additional supportive documents, policies and procedures, forms, reports, graphs, etc.... that ABHOW used to manage their CCRCs. After every trip, the contract required a report of what was covered during each session and the number of hours taught. I never knew I could lecture for four weeks, eight hours a day at one time! The saving grace was that my lectures were given in English and were translated in Mandarin. Therefore, giving me a break between sentences!

An example of a typical consulting report that was written after a consulting trip can be found in Appendix A. The consulting report was the typical result of helping Taikang employees to adapt our CCRC model to the Chinese culture.

In summary, the artifact that developed as the Cornerstone International CCRC Operations Certification program, was the foundation for helping a Chinese Insurance Company to open their first CCRC in Beijing. The idea of a Certification program started

through networking and exploring the possibility of helping one Chinese company replicate the ABHOW CCRC model of caring for the elderly in China. The second stage of this journey moved towards developing a contract that articulated the scope of services to be rendered. The third stage developed the Certification program starting with a business plan. The fourth stage continued the training in China by translating policies and procedures and other important documents into Mandarin and adapting these documents to the Chinese culture through consulting process. John Fu was an important consultant who helped us translate our important policies and documents into Mandarin.

Finally, the training and consulting experiences were very rewarding. It was a privilege to meet so many quality Taikang employees and educate them on one way to serve and care for senior adults in a CCRC community. I found the Chinese to be eager to learn, intelligent and inquisitive. The three-year project was a fulfilling and satisfying experience; moreover, the greatest highlight was to witness the grand opening and celebration of Yan Gardens in Beijing, June 2015. The event made me very proud of “my many students” who participated in the program, and proud of the goals that were accomplished with the assistance of numerous team members throughout the training and consulting venture.

Most important and rewarding was the opportunity to continue to pursue my life calling to improve the quality of care for the elderly in an international setting. Yan Gardens was the first Taikang CCRC of a total of 15 that was projected to open in a ten year period of time. My prayer is that this model will continue to be duplicated within Taikang and by other companies who want to duplicate what Taikang has accomplished.

SECTION 5: TRACK 02 ARTIFACT SPECIFICATION

The artifact I had the opportunity to develop was the *Cornerstone International Academy CCRC Operations Certification Program*. The purpose of the certification program was to orient individuals about Continuing Care Retirement Communities and to train them on how to manage and set up operational systems to create high resident satisfaction and quality care for older adults internationally. The core curriculum was developed to educate participants about how to manage multiple CCRCs at a central site and how to manage a single CCRC at its location. The curriculum was created by Department Directors, each a subject expert in their discipline. For example, the Nursing Home Administrator would talk about how the Skilled Nursing Facility operated. The Director of Nursing would talk about how nurses provided care to the residents in a Skilled Nursing Facility. The Director of Human Resources would talk about how we hire, orient and manage our employees. Each Director created a PowerPoint presentation which was expanded into handouts for notes to be taken. A formal description I used for a presentation at Care Show China to explain the training and a detailed outline of the training proposed for any International Company who wanted training on how to manage and run a CCRC can be found in Appendix B.

These agendas, letters and forms are an example of the training artifact that was executed on three separate occasions with three separate groups. The slides of the presentations can be viewed in Google Documents on this link

- <https://drive.google.com/open?id=1lgnpWycBzEje8MU0DzVRanhRDeSMJzBT>

The Cornerstone Academy International CCRC Operations Certification Program was developed to orient and train Chinese executives on how to manage CCRCs from a corporate office to a single site CCRC. The training was developed from a cognitive apprenticeship model, starting from a deductive overview and narrowing the training to a deductive approach. The approach was put to paper by coordinating corporate and single-site Director experts to tour and share how each managed their operations responsibilities. Agendas were developed, shared, contracted and executed according to schedule. The next section will attempt to answer the question: *How effective was the certification program in assisting the contracted organization to train and open their first CCRC in China?*

SECTION 6: POSTSCRIPT

The Cornerstone Academy International CCRC Operations Certification Program was considered a success in that it played an integral role in the overall training of employees, provided translated policies and procedures with supporting documents and consulting services, and aided the contracted organization to effectively open their first model CCRC which would be duplicated around the country. As for the consulting organization known as ABHOW, this training artifact was also designed to be duplicated in other countries internationally.

Analysis of the Project: What Worked?

With any program or project, there are plans that go well and plans that could be improved –decisions that worked and poor decisions that did not - actions that worked and actions that could have been done better. In reflecting over the entire experience in China, there were three main components that attributed to the success of the program, and four recommendations for improvement.

The first component that contributed to the success of our experience in China was the comprehensive Cornerstone CCRC Certification Program. These modules successfully oriented and trained over 60 participants for approximately two to three weeks at the US home office and at a single site CCRC. During the home office orientation and training, learners had the opportunity to not only meet the corporate officers and but also received training from ABHOW C-Suite leadership including the CEO, COO, CFO, CLO, CHR, CIO etc.... Learners also had access to email ABHOW

leadership with questions after they traveled back to China. This began the bonding process with counterparts who would eventually be managing 15 CCRCs.

As part of the success of the certificate program, the contracted organization participated in a single-site CCRC tour. It soon surfaced that the orientation and training at the single-site CCRC was just as important as the home office training. Again, the participants were able to observe a CCRC in action, and they were introduced to their counterparts. This enabled the learners to build relationships and receive training and start connections for future questions answered by their counterparts. The participants also sat in on important meetings and resident activities that occur routinely. Meetings like resident review, a multi-medical disciplinary meeting that reviews the changing health conditions of residents and determines their moves from residential apartments to assisted living apartments or to a skilled nursing bed. Another important meeting, they attended was resident town hall where administration met with residents and shared events, plans that affected the community and where residents have opportunity to voice their questions and concerns (a glimpse of the democratic process).

Another element that positively attributed to the success of the certification experience was the exposure to some aspects of the organizational and American culture. We had the opportunity to host them at cultural events like professional athletic games (NBA Warriors Basketball and Giants baseball) or visiting a Napa Winery for wine tasting and dinner. We discovered that some of the Chinese participants were avid shoppers and thoroughly enjoyed spending their time-off shopping in the malls. I remember one executive spending thousands of dollars on suits and needing to buy additional suitcases to take them home. Although some of these experiences were

available during their free time, it also enhanced deeper friendships and professional work-related relationships during these events. One group of residents felt such a positive connection, they gave each participant a Bible as an important personal gift after checking with the Chinese leaders if this gift might be offensive. The Bibles were gratefully received. Through our research and experience, trusting relationships are very important to do business in China.

The last aspect, and most important, element that attributed to the success of the certificate program was the strong emphasis on learning and education. Early on we identified that education is extremely important to the Chinese culture. For example, in China the high school testing is a three-day process and determines one's lifetime career by either attending the University or not. Therefore, the certification program stressed the importance of the learning process within each module and including a graduation certification component, accentuated the significance of the learning program. The graduation ceremony was complete with the CEO of ABHOW shaking hands, presenting the diploma and taking formal pictures of them receiving their certificate; which on later visits was often found hanging in their offices.

One area that would have boosted the success of the training program would have been to ensure the consulting organization had greater control over the interpreters. The consulting team learned as the program was repeated that it was important to provide interpreters who knew the program and terminology to better explain the concepts. When Taikang brought their interpreters, we did not know the quality of the interpretation, nor if our communication was being interpreted accurately or not.

However, after extensive review, much of the success of the experience was attributed to the certification program. The training was well scheduled and organized including Limousine transportation and hotel accommodations. The training sessions were professionally prepared, delivered through PowerPoint slides and well received. There was good interaction between the presenter and listeners with many questions, answers and additional documents supporting the presentations.

The second component that contributed to the success of the China experience was the attention to detail in the consulting notes and translated documents such as policies and procedures, meeting notes, and contracts. After Appendix A documents were translated which included the policies and procedures, many meetings with different departments were scheduled for me to answer their questions as the primary consultant. I had the opportunity to meet with the healthcare department, the finance department, the marketing department, the human resource department, the facilities department, the dining department, the quality assurance department and many more. These conversations were recorded and summarized in reports. After the consulting trips, there were numerous follow up phone calls, reports and emails answering additional questions. Each of these encounters appeared to be helpful as the Chinese leaders prepared to open their first CCRC.

The third component that was most meaningful in the China experience, and in my view attributed to the success of the endeavor, was the ability to communicate our Christian mission and values as an organization. I was able to share our faith story regarding the beginning of ABHOW wanting to take care of pastors and missionaries when they retired from their Christian service. I was able to share the journey of my own

parents, as a pastor and pastor's wife, and how the CCRC model aided them in their later years.

I also had the opportunity to share our Christian values and mission statements from our foundational documents. In touring and during training, they were able to see the compassionate care we gave to residents in every level of care especially those who suffered from dementia. In my visits, I witnessed that those who suffered from dementia were often hidden in homes or in some cases treated like prisoners in some institutions that I visited because the disease was not understood. Taikang was very interested in our "Best Friends Program" for dementia residents and they adopted our approach in their designs and programs for their residents who had dementia.

Project Analysis: What I Would Do Different

After reflecting on my experience in China, there are a few things I would have done differently if I had the chance to re-do the project. First, I would have hired a Chinese business consultant at the beginning of our venture. Since relationships are so important in international business, this individual could have introduced me to a network of people, places, and cultural do's and don'ts more extensively and to others who had experience doing business in China. For example, I would have contracted with Ben Shobert early in the adventure to meet his medical and elder services network in China instead of waiting until the third year of our venture. The networking trip he set up visiting many cities in China including Hong Kong and Singapore was invaluable to extend CAI's budding reputation, meet new friends, develop new resources and it enabled me to share our story about helping Taikang open their first CCRC.

Secondly, I would have followed Stanley Chao's advice in his book, *Selling to China*, to not get involved in a Joint Venture with the "wrong partner." The company Cornerstone did sign a contract with did not deliver what was promised. The company was not able to produce the contacts or projects with key city officials in Tianjin after we hired employees and opened an office in the Tianjin business quarter. Therefore, we dissolved our partnership and dismantled the office. It would have been better to start CAI as a Wholly Owned Foreign Entity Consulting and Management Company than to partner with the wrong company. The other option would have been to partner with Taikang, if they were open to it, but when we proposed a JV with them, they were not able to accept at that time.

The third area that would have increased the success of the consulting experience from my perspective would have been to have had more open conversations in personally explaining the purpose of each policy and to spend more time discussing the differences between cultures. This was recommended on a few of my consulting reports but was met with opposition from the contracted company. After reflecting on this experience, the reason the company may not have shared more deeply with us could have been caused by the concept of "keeping trade secrets." We attempted many times to form a Joint Venture with Taikang, but we were unable to negotiate that important next step. During that time, we had formed a different Joint Venture Consulting and Managing Company with other individuals, and this may have been interpreted as an offense against the business relationship.

Fourth, I would have hired experienced Executive Directors of CCRCs from the US to move to Beijing and open the Cornerstone Affiliates International office. I had the

opportunity to meet with many developers and companies in China that wanted a consultant to help them develop and open senior service programs, yet they were unwilling to commit to a company who did not have a physical presence in China. A CAI office in Beijing would have demonstrated that we were committed to be an international consultant and managing business in China to help build the nascent senior services industry.

Final Observations

As I reflect on this dissertation journey, I am reminded of the passage of scripture in Proverbs 16:9, “A man’s heart plans his way, but the Lord directs his steps.” Little did I know when I signed up for the George Fox doctoral program, that this step would lead me down a new path in China. Learning about the needs of other elderly individuals in a foreign country has inspired me to seek new possibilities for more individualized care in the states and to continue to advocate for the growing needs of the older adult throughout the world. Other lessons specifically learned are:

1. The deductive-cognitive approach worked to orient and train Chinese executives by developing the Cornerstone International CCRC Operations Certification program. Three groups graduated from the program, and I was privileged to attend the grand opening ceremony of their first CCRC in Beijing. Many of my students took jobs in other companies to help open other similar type CCRCs.
2. Biblical values can be shared by sharing our story, our mission, our values and our compassionate programs. I had the privilege to share ABHOW’s story to many companies and government agencies and to share how we

compassionately cared for our seniors through our programs while moving them through the continuum of levels of care as needed.

3. The cultural challenges were many as we worked to implement our CCRC model in China. Among the challenges were language, the new position of a Certified Nurse Assistant, educating families about the values of a CCRC in contrast to centuries old filial tradition and the complex diversified regulation system.
 - a. Converting American/English concepts into Mandarin will always be a challenge. We worked diligently with a Chinese translation company to convert our document. We also found it was best to use our own Chinese interpreters who worked for ABHOW and who had gone through our certification program. They could accurately translate and field questions in Chinese.
 - b. Another significant cultural barrier was the lack of formal CNA training and recruiting care givers. Taikang worked with the formal city school system to develop CNA care giver training to students they recruited from rural communities. These students, in many cases, came from other regions and lived in dormitories built by Taikang to care for CCRC residents. Dormitories were also built into the CCRC design so care givers would live at the CCRC.
 - c. My observation was that the centuries old filial system of taking care of parents by the oldest son impacted the parents the most. The reality of families not being able to afford to take care of both parents in their urban

homes was tragic when it was expected for centuries. The Chinese historical past of filial piety viewed children who could not take care of their parents as disgraceful and negligent. Therefore, education and marketing were very important to convince families that CCRCs were a viable and loving way to care for parents. Taikang, being an insurance company, had a unique position to share the values as one would sell insurance. Consequently, wealthier parents saw the value and invested in Taikang's new insurance product, the CCRC or long-term care insurance.

- d. Finally, another significant cultural challenge was the government regulations. The government saw the CCRC as a hospital program. Therefore, regulations and getting licenses were onerous. Not only was it expensive to get a hospital license, different regions and cities had different and sometime contradicting regulations. Coming from a different culture where the regulations were consistent, it was difficult to understand the many different regulations as construction finished and residents and team members were ready to move in.

Future Research Recommendations

Reviewing the findings, limitations, and project analysis of this study leads to several recommendations for future research. Healthcare and senior care in China is evolving and is presenting many exciting and different international models and concepts for future exploration. One future recommendation could be to study the implementation of memory support programs and facilities as the nation becomes educated about Alzheimer's disease and begins to understand more deeply the various compassionate

ways to care for dementia worldwide. Another area that merits additional research relates to the evolution of assisted living and home care services in China. As the population ages, there are various levels of care that need to be offered to individuals and their family members. Assisted living specifically provides services for those needing minimal assistance with activities of daily living. Each are evolving and are also challenged by the above issues.

My favorite recommendation for future research would be to return to Taikang's first CCRC for a follow up evaluation. This evaluation would include an opportunity to compare how the Chinese CCRC is similar and different from an ABHOW CCRC, and any additional lessons learned from their project.

Final Reflections

As I reflect on this dissertation journey, I am reminded of how my own Christian values and experiences in China helped me to understand more deeply the Chinese values for eldercare. My motivation for going to China was my Christian career calling to serve the older adult in need and improve the quality of care and housing for the elderly. However, my Christian values to follow Jesus' commands to: Love your neighbor as yourself (Matt. 22:39); go into all the world to make disciples (Matt. 28:19-20) and to help the needy found in the parable of the good Samaritan (Luke 10:25-37), was foundational to my decision to go. It was the right thing to do – to help the Chinese develop a Continuing Care Retirement Community model to care for their growing elderly population. Furthermore, although the impetus for this study was my own experience in deciding to work in China, the inspiration to follow my vocational purpose

and goals was strengthened by the stories and experiences I encountered while being there.

Once the decision was made to accept this new role within ABHOW as President of China Operations, the mission was clear; to learn the Chinese culture and help Taikang open their first CCRC. It was a slow journey to understand the Chinese values toward eldercare, but the findings from this study identified three important factors that most contributed to this process. The factors were: a) a better understanding of the Chinese culture, b) a deeper knowledge of the current status of eldercare, c) and further insight regarding the present social and business needs surrounding this project.

First, I quickly discovered that to understand the Chinese values toward eldercare one needed to understand their culture. I read many articles about US businessperson's doing business in China does and don'ts – what actions and behaviors were offensive or desired in the culture. Working with a Chinese translator was another challenge to pace my conversation to make translation easier. I took careful notes and observed how my new Chinese friends ate, conversed and acted. After 15 trips and three years of travel, I learned that understanding a culture takes many skills and takes time.

Secondly, through this process I found it was very important for me to understand the current status of eldercare in China. I had the opportunity to see many new programs being developed in the cities by government employees. In my position, being a foreigner, it was sometimes difficult to see the care given to the average elderly person who could not afford a higher level care. I would ask many questions and read articles about the current care practices to begin to understand what was normal. It wasn't until I

met et Alex, who invited me to see his skilled nursing facility in Guangzhou, that I truly understood the real needs of the elderly and how I could use my experience to help.

Alex presented me an opportunity to tour a 10-year-old skilled nursing facility which was four stories in size. It was a newer building which prided itself with marble floors. The floors hallways were open to the outside. The tour took place in winter and there was snow on the ground. I was informed that at this latitude, these kinds of facilities did not need hot water so the ladies I met who lived there were bundled up in warm coats. I was told, this is the life they have always been used to. The marble floors exposed to elements outside had a partial green carpet to stop the slips and falls when wet. The corporate shower rooms on the fourth floor did not have hot water so cold showers were taken. On the third floor where dementia and down syndrome residents were taken care of, the hallways had prison bars on them to protect and confine the residents. Now I understood why the CCRC model could make a significant difference to care for these residents. The home design and the Best Friends program for dementia care would be a safer alternative and bring additional dignity to these residents in a Guangzhou skilled nursing facility. This was my mission and the reason for me to help in any way appropriate and possible.

In contrast, I encountered another moving experience which was to visit the Prince of Peace Orphanage Home in Tianjin which cared for handicapped orphans. This orphanage was developed by a Chinese Christian who lives in the United States in partnership with the city of Tianjin. It was also managed by World Vision International. It was inspiring to see the modern care and programs they had for multiple levels of

handicapped children and babies. This was a good example of how a foreign model could work with the government to improve the lives of this needy group of children.

Thirdly, to understand the social and business needs towards the elderly in China was also an important part of my journey. The Chinese economy has transformed from an agriculture society to an industrial/technological society where filial piety, children are responsible to take care of parents and grandparents is not economically feasible. I learned that this problem was compounded by the one-child-policy. In addition, it was apparent that this nascent industry was not prepared to take care of the elderly with new models. For example, families have used untrained housekeepers for centuries to take care of elderly parents. I developed a proposal to open home care with trained care givers to an existing apartment complex that was aging. The two problems we ran into was finding care givers to train because caring for the elderly is not a desirable job. The other barrier was that trained care givers were paid more versus the wage of a housekeeper, so the demand was low if not nonexistent. The challenge I was faced with was that the marketing study showed home health care was not a profitable business at the time. Much marketing and education would be needed to start this business in the future. In my frustration, I could see the need and the quality improvement of home health care could make caring for the elderly in homes better, but it would take dedicated long-term perseverance to make it work. I concluded it was not the right time and we did not have the resources to make this improvement work.

The final factor in understanding the Chinese values for elder care was to understand the business needs. This factor was the easiest to understand as my direct experience with Taikang was motivated by passion to help the elderly and profit. The

President of Taikang had a compelling story to share that he wanted his company to be the new model of care for the elderly and he had a big vision to open 15 CCRCs in 10 years. To teach business operations through common financial principles and common departmental policies and procedures. Certainly, language was a barrier, but I found most Taikang employees can read English quite well.

The challenge I felt was to communicate why the model and its proven programs worked and most importantly, was to help Taikang understand the underlying motivation of these programs were the Christian values of love and compassion. An example of this would be caring for people with dementia. In a society where many families may not understand the disease, families were often embarrassed by the disease and tended to hide the demented elder from public view. Once the disease is understood and that compassionate care for dementia can result in a home environment and a Best Friend approach program. This approach demonstrates dignity for the memory impaired older adult versus the embarrassment experienced by the family. Again, it is the right thing to do in our culture that I hope will be more fully adopted in the Chinese culture.

Finally, as I reflect on this experience, helping Taikang open their first CCRC and starting a Joint Venture in China was an adventure of a lifetime! This was a pinnacle in my career: to take my passion to care for the elderly and improve the quality of programs, services and housing for the elderly to China where the need is immense. This was a great opportunity to demonstrate Christ's love to care for the widow and the poor (Proverbs 31:8,9). This was also an excellent example for me that the Lord determines the steps of a person. I had never dreamed, I would spend so much career time in China. The experience of orienting, training and consulting another company in another culture

was a significant test of my knowledge, experience and love of teaching. I am thankful to my wife who traveled with me several times to China and supported me while I was away. I do admit, at times, it was unnerving having to take a taxi for the first time in China with a driver who could only speak Mandarin. After a while, travel in China became familiar and I enjoyed visiting new places.

I have learned from this study that God truly does use all of our experiences to help us grow and further His purposes to love others, go into the world and make disciples, and to help those in need. In addition, conducting this study was a reminder that my identity as a leader and the lens in which I view the world are critical components in my vocational pursuits, and by being open to new opportunities expands the work that God may be wanting to do in all of us.

In conclusion, this dissertation study offered insights and a deeper understanding into one persons' experience to start a business in China. Furthermore, as businesses continue to grapple with issues of developing continuing care retirement communities and retaining quality workers, it is imperative that we learn from the experiences of others to improve future practices within the industry. The events shared in this study contributed to a deeper understanding of the practices used that influenced opening a CCRC, and ultimately to the lessons learned for possible future endeavors.

APPENDIX A:
TAIKANG CONSULTING EXECUTIVE REPORT



Taikang Consulting Executive Report

March 23-27, 2015

Mark Steele, MBA

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Executive Summary

The third consulting trip of Cornerstone Affiliates International to Taikang in Beijing occurred in the fourth week in March from Monday the 23rd to Friday, April 17, 2015. The trip was cut short by one week instead of two weeks as planned due to new leadership orientation and training at Taikang. Therefore, Memory support was not presented on this visit. Mark Steele met with the quality department and Yan Garden leadership team on Friday who will be opening the first Yan Garden CCRC in Beijing.

Based on the previous agreed upon training goals, Mark Steele focused his consulting on answering questions from the Quality Department and training on risk management, emergency and disaster planning, quality management for operations and nursing, key performing indicators and CARF-CCAC accreditation process and system (see Appendix B and C).

During the consultation Mark had the opportunity to train multiple new leaders recently added or promoted to the CCRC department. Mark also had opportunity to talk with the Yan Garden leadership team to discuss their organization chart and ideas on how Cornerstone opens new CCRCs. A few observations about the organizational chart:

1. A significant difference between Cornerstone CCRC organization chart and Yan Garden's is the management of levels of care.
 - a. Cornerstone's Organizational Chart is organized in the following way:
 - i. Finance reports organize around the cost center of each level of care to monitor the revenue versus the expenses in each level.
 - ii. Each level has an operational manager focused on efficient operations and service to residents. Each Department Director is responsible for resident satisfaction, managing expenses to the monthly and yearly budget and responds to resident and family questions and complaints.
 - iii. Each level of care focuses on a social model of care (activities are centered on individual interests and a home environment).
 - b. Yan Garden's Organizational Chart (see Appendix C):
 - i. Finance reporting is organized through operation processes of business, service and maintenance.
 - ii. The levels of care are managed by the nursing department.
 - iii. Each level of care will have a tendency to drift towards a nursing clinical model instead of a social (home) model. Note: the Assisted Living and Memory Support building designs are modeled after a social model level of care program.
 - c. **Recommendation:** To divide the nursing department into levels of care (Assisted Living, Memory Support, Skilled Nursing and Hospital) with a supervisor nurse responsible for the operations of the level of care (department) including resident satisfaction, nursing care, activities, operations, responding to resident complaints and financial management. The activity department can help move programing towards a social model of care through a balanced approach toward activity planning including intellectual, physical fitness, social and spiritual activities.

In preparation for the fourth consulting trip, please send:

1. A more detailed organizational chart that diagrams managers, supervisors and line staff.

2. The pre-opening project check list for each department for us to review and comment on as well as to offer consulting guidance to prepare staff for opening.
3. Updated policies and procedures for us to review so we can prepare our training and consulting to be efficient and helpful preparing managers and staff for opening.

Cornerstone Affiliates International recommends the following prior to the next consulting visit:

1. Three weeks training and consulting focused on preparing the management team to open Yan Garden starting on June 1-19. The team will include Mark Steele, lead consultant; Alex Candalla, CCRC GM expert and Kathy Chao, RN, nursing expert.
2. The first two weeks will summarize and train managers about corporate management and individual CCRC management.
3. Kathy Chao will work with Lan the first two weeks to train nurses for each level of care.
4. The third week will be open for additional training and consulting as needed to prepare for Yan Garden to open June 27, 2015.

Mark Steele to arrive June 1 , 2015

Kathy Chao will arrive June 1, 2015

Alex Candalla will arrive June 8, 2015.

Daily Consulting Summary Report

First Day Meetings – March 23, 2015

Met with Gerry and quality team

- a. We reviewed overview of Cornerstone Affiliates International and ABHOW.
- b. We reviewed an overall presentation of risk management exploring where the risk is, the importance of knowing the contract and strategic goals, fees, services promised. Also reviewed the definition of risk management as well as the tools, systems and committees we use for risk management
- c. Discussed where quality standards come from: resident satisfaction, regulations, competition, self-metrics and

benchmarking. Reviewed goal setting in ABHOW and one-page plans.

- d. Began discussion on key performance indicators (KPI) and disaster and emergency plan.

Recommendations:

To review and list all possible Key Performance Indicators, define each KPI then prioritize by most important to least important. Then answer the question why each KPI is prioritized at its location on the priority list.

You may want to reprioritize the KPI list from the perspective of important leadership roles. For example: What are the most important KPIs for the GM of Yan Garden to monitor? Why? What are the most important KPI for the Director of facilities to monitor? Why?

March 24, 2015

Met with Gerry and quality team:

- a. Began the discussion of Nursing quality control and the care planning process.
- b. Reviewed Customer satisfaction KPI
- c. Reviewed Resident life services and masterpiece living program
- d. Reviewed customer complaints and concerns; where they come from and how they are resolved.
- e. Reviewed "Proposal of Structure of Quality Management System in CCRC from Quality and LEAN Department.
- f. Discussed the KPI of each CCRC department
- g. Reviewed organization chart of Corporate Office and CCRC and Taikang CCRC operations organization chart
- h. Discussed the quality management process for Taikang CCRC management

Recommendation:

Observation: Quality Management can become complex and overwhelming based upon the education and background of employees who are delivering service.

Recommendation: Design quality monitoring dash boards with simplicity and clarity based upon the employees who will use them to improve their service and care for residents. For example: hands on care givers in Assisted Living and Skilled Nursing may have limited college education, therefore, design quality indicator reports that are easy to understand like

using a graph or power point slides to explain what indicators are most important to track against benchmarks and standards.

March 25, 2015

Met with Gerry and Quality team:

- a. Discussed how resident health is monitored in every level of care.
- b. Reviewed the Resident Assessment Committee responsibilities and identified the members who attend
- c. Reviewed Quality Assurance committee function, purpose, nursing KPI, forms used and Quality indicators
- d. Discussed the CARF-CCAC accreditation process versus JCI
- e. Discussed the principles of the process management team and the process management circle diagram
- f. Also discussed the Quality Management Team organization chart

Recommendation

Review the US Federal Government Quality Assurance policy and procedure and work with Kathy Chao to adapt QA program to China customs and government regulations.

March 26, 2015

Met with Gerry and Quality team:

- a. Continued our discussion regarding Nursing Quality care and reviewed reasons and situations requiring a transition move from one level of care to another
- b. Reviewed resident aging issues
- c. Explored 5 case study examples for moves
- d. Explore a typical rehabilitation office design
- e. Reviewed Human Resources
 - a. Organization Chart of Hr
 - b. Staffing ratios
 - c. Benefits
 - d. Training processes and plan
 - e. ABHOW Advantage basics
- f. Discussed pre-opening plan and staffing plan to open

Recommendation:

To develop a strong customer service program that is taught before employees work and is monitored and rewarded monthly and yearly. CAI can give guidance in next consulting visit in June 2015.

March 27, 2015

Met with Mr. Ger and Yan Garden Leadership Team:

- a. Discussed pre-opening plan and ideas about how CAI has opened new communities
- b. Discussed Yan Garden organizational chart
- c. Toured Yan Garden Building
 - a. CAI is impressed with the colors and quality of the interiors
 - b. One observation is the tiled floors in large common areas appeared to be slippery. The slippery texture may be caused by dirt on the floor.
 - c. Concern is for all furniture to be delivered on time to open. Often ordering and receiving FFE (Furniture, Fixture and Equipment) can be a problem.

Recommendation:

If nursing is responsible for every level of care, organize and train nursing supervisors to oversee the operations of the cost center of that level of care and to respond to resident's questions and concerns. If the levels of care are grouped together, it may be difficult to identify and isolate expense problems in that individual level of care.

Overall Observations and Recommendations

1. CAI was very impressed by the quality and progress in the construction of Yan Garden.
2. The Quality Management Team (Risk Management and Emergency Group) were highly professional, kind and helpful team to work with. The quality department is an improvement from my last visit and I believe will make a significant improvement on services and quality of care.
3. A recommendation to help improve the turnover of employees is to develop an "employer of choice" employee environment based on ABHOW Advantage principles to help reduce employee turnover. CAI can help with this during June consulting trip.
4. CAI recommends each department to review Cornerstone 6 month preopening plan
5. CAI recommends each department to develop their own 2 month preopening plan

6. CAI recommends to review and update policies and procedures based upon their department goals and preopening plan
7. CAI recommends to coordinate preopening plans and unite within a master preopening plan to be reviewed at least weekly and report progress and solve problems implementing the preopening plan.
8. CAI recommends Taikang to send pre-opening plan and updated policies and procedures to help us prepare for June consulting visit.

Concerns

1. Increased Turnover-Many former trained employees have left: this hurts effectiveness of preparations to open effectively
2. As of my last visit, a multi-department pre-opening project goal list was not available and was being updated. December 2014 starts the 6 month pre-opening check list countdown to open in June 2015.
3. In order for CAI to be most effective, it will help CAI to review updated policies and the pre-opening check list to best prepare Taikang leadership to open well.

Next Consulting Visits

I recommend developing a CCRC operations refresher course available for new employees who have not gone through our Academy program in the US as many Taikang leaders are new and some have only heard portions of the training.

June 1-5 training by Mark would include: Overview

1. Overview of Cornerstone
2. Overview of Leadership: CEO, GM of CCRCs job descriptions summarized and organization chart
3. Strategic planning process and components
4. Operations, COO job description, processes, Regional VP job descriptions, hiring practice, ED standards, KPI, One Page Plan, staffing ratios
5. CFO job description, financial processes like budgeting and reporting and KPI (key performance indicators and ratios)
6. HR-job description, processes and KPI, ABHOW Advantage
7. Legal – Risk management, job description, risk management plan, corporate compliance
8. IT-job description, Basic infrastructure, systems used, KPI

9. Marketing processes, org chart, pipeline management, marketing plan management

June 8-12 training would be team led by Mark and Alex on Leadership development and CCRC operations at the community level

1. Leadership development for leaders at CCRC
2. Overview of CCRC, organization chart, GM job description, responsibilities and routine schedule
3. Goal setting, One Page Plan
4. Finance department, budgeting and KPI
5. HR management and KPI
6. Facilities management and KPI
7. Health Care management
 - a. IL
 - b. AL
 - c. MS
 - d. Skilled Nursing
8. Marketing

June 15-19 training and consulting will be need based on opening. This training will be developed as we work with you to identify areas to prepare the Yan Garden team to open. Also, there may be topics from the first two weeks that need additional time.

Future Consulting

After opening of Guangzhou, CAI recommends convert consulting contract into: developing audit program, Just-in-time consulting as needed, ongoing training and joint research projects

Consulting Time Used

1. Preparation Time for consulting visit
 - a. Mark Steele:
 - i. Answering pre-questions and developing power point training
 - ii. 24 hours
2. Consulting time at Taikang (Appendix A)
 - a. Mark Steele 47:30 hours
3. Post Consulting Time-Final Report
 - a. Mark Steele 16 hours
4. Total Consulting Hours for March 23 Consulting trip – 87:30 hours

APPENDIX A – Consulting Hours on Site

CAI PROGRAM CONSULTING HOUR					
date		start	end	consulting time (hour:minute)	preparation time (hour:minute)
20150323	am.	9:30	12:30	3:00	2 hours preparation on 20150322 1 hour for Lunch-consulting 2 hours for next day
	pm.	13:30	17:30	4:00	
20150324	am.	8:30	12:00	3:30	3 hours for next day
	pm.	13:30	18:00	4:30	
20150325	am.	8:30	12:00	3:30	2 hours prep for next day
	pm.	13:30	18:00	4:30	
20150326	am.	9:30	12:00	2:30	2 hours prep for next day
	pm.	13:30	18:00	4:30	
20150327	am.	----	----	----	
	pm.	13:30	19:0	5:30	

APPENDIX B Consulting Schedule

CAI Consulting Program Stage III								
	Time	Mon (3.23)	Tue (3.24)	Wed (3.25)	Thu (3.26)	Fri (3.27)	Sat (3.28)	Sun (3.29)
1st week		9:30-10:00 Welcome meeting and discussion about consulting arrangement No.16 meeting room (5F, Taikang Financial Building)						
	9:30—11:30	10:00-11:30 Risk control and emergency plan No. 16 meeting room Interpreter: Clarice Gao	Quality management No. 16 meeting room Interpreter: Clarice Gao	Quality management No.16 meeting room Interpreter: Clarice Gao	Health Management Yan Garden Interpreter: Clarice Gao	Resident Service Yan Garden Interpreter: Clarice Gao		
	11:30—13:00	Lunch	Lunch	Lunch	Lunch	Lunch		
	13:30—17:30	Quality management No.16 meeting room Interpreter: Clarice Gao	Quality management No.16 meeting room Interpreter: Clarice Gao	Quality management No.16 meeting room Interpreter: Clarice Gao	Human resource Yan Garden Interpreter: Clarice Gao	13:30-16:00 Operations, health management, memory support etc. 16:00-17:30 Summary meeting Yan Garden Interpreter: Clarice Gao		

APPENDIX C Quality Department Questions

Training Needs of CAI Consulting Stage III

1. Risk control and emergency plan:

The system and content of each part

2. Quality management:

The system, indicators or KPI and the application

3. Introduction of health management in CCRC

4. Materials about assessment, forms and procedures of Memory Support

5. Other:

Opening plan of Independent Living;

Customer psychology and different behavior modes of seniors in CCRC;

Fluctuation of population model in CCRC (in related to moving in, discharging, transferring or death)

Quality Department Questions

Quality Team



1. Is there any quality management system implemented in Community? What is that and what is the requirement in this system?
2. Is there an separate quality team in Community? If yes, how many team members in this team? And what are the daily activities of this team? We'd like to see the documentations of the description of the daily activities.
3. If there is no separate quality team, how the quality management organization is defined? And how the quality responsibilities are distributed in the Community?

Quality Goals and Indicators



1. What are the general quality goals for the Community? How are they defined and measured?
2. Is the Resident Satisfaction measured in Community? How it is measured? With an approach of questionnaire? What are the questions in it? Normally how long time is need to answer this questionnaire?
3. What are the detailed quality goals for each part of work? How are they defined and measured? And who are responsible to measure these goals?

Routine operation



1. Besides the Manual of Policy and Procedure, is there other operation instruction for each very detailed daily work? We'd like to read it, if we can not have a copy.
2. How many residents one caregiver needs to serve? And what about the butler? How to make sure that the resident can easily find the caregiver or butler when they are in need?
3. How to record and analyze residents' complaints? How to handle the customers' complaints?
4. How to deal with the emergency residents issues in night?
5. From your experience, what kind of issues may always be neglected but important during CCRC operation process?

Health Nursing



1. What kinds of risk incidents happened most about old people? What are the countermeasures? Please take examples at least 5-6.
2. What indicators do you use in health nursing quality control & assurance system?
3. How about infection control? Easily to be monitored? And which department or what kinds of things easily risk for infection? What need we pay more attention to? How many infection incidents outbreak annually (or on average, how many cases per year? And what reasons?)?
4. How about dermatosis for the old? Which kinds of dermatosis happened mostly?

Safety Management



1. What is the safety goals defined and measured in Community?
2. What is the safety management policy and safety case handling procedure?
3. What is the safety risk evaluation procedure? As I can see there is one policy to evaluate the safety risks for employees, but I didn't see similar policy and procedure for residents.

Supplier Management



1. How to evaluate the suppliers, especially food supplier and medical suppliers?
2. How to audit the food supplier? Is there any assessment list we can reference?
3. How to do the process improvement for the food supplier?
4. What's the details of the Incoming Quality Control plan for food supplier? Do you have any check list?
5. How to define the "black list" of the supplier?

Employee Competence



1. People vary from one to another, so how can you guarantee and what will you do to ensure their services are in the same level?
2. How often will you train the caregivers? And in what ways?
3. Do you have any suggestion to get along well with the old, especially the ones in middle and upper classes who were senior cadres or professors or enterprisers, etc.?

RISK CONTROL & EMERGENCY PLAN DISCUSSION AGENDA

1. Resident instance
 - 1.1 24 hour emergency response
 - 1.2 Missing Resident
 - 1.3 Falling Resident
 - 1.4 Aggressive Behavior of Resident (Resident to Staff, Resident to Resident)
 - 1.5 Self-injury/Suicide of Resident
 - 1.6 Death
 - 1.6.1 Resident Found Dead in Apartment
 - 1.6.2 Sudden Death/Cardiac Arrest
2. Disaster
 - 2.1 Environmental Safety
 - 2.2 Fire Control
 - 2.3 Natural Disaster
 - 2.3.1 Earthquake
 - 2.3.2 Thunder and Lightning
 - 2.3.3 Blizzard/Hail
 - 2.3.4 Flood/Flashing
 - 2.3.5 Thunderstorm
 - 2.4 Fire
 - 2.5 Hazardous Spill
3. Engineering
 - a. Engineering Safety
 - b. Elevator Accident
 - i. Elevator Breakdown

- ii. Elevator Emergency in Power Failure
 - iii. Elevator Emergency in Fire
 - iv. Water Flashing in Elevator
- c. Utility Loss
 - i. Electrical Service
 - ii. Water Service
 - iii. Natural Gas Service (if needed)
- 4. Public Health
 - a. Food Safety
 - b. Food Poisoning
 - c. Infectious Disease/Sudden Epidemic Situation
- 5. Security
 - a. Theft
 - b. Violent Situation
 - c. Criminal Case
 - d. Explosion/Bomb Threat
 - e. Emergency Evacuation
- 6. Nursing Service
 - a. Nursing Safety
 - b. Sudden Illness
 - c. Psychiatric condition
 - d. Choking
 - e. Scald
 - f. Nursing Incident
 - g. Needle Stick Injuries of Nursing Staff
- 7. Others
 - a. Activity Safety
 - i. Activity Place
 - ii. Activity Organization
 - b. Staff Position Risk
 - c. Working Place Safety

d. IT System Safety

(Consulting report from March consulting trip sent April 16, 2015)

APPENDIX B:

TRAINING PROPOSAL OUTLINE

The Certification Training was requested by a large Insurance Chinese company looking to enter in the nascent beginning senior care industry in China. This company was searching for an international model of senior care and chose ABHOW's CCRC model. After interviewing many different international models, ABHOW dba Cornerstone Affiliates International was chosen to help this company train corporate and operational personnel, help develop systems, policies and procedures and consult to customize the ABHOW model to the Chinese culture. Therefore, the Certification Program was developed to lay the operation systems foundation and educate Chinese employees how the model works in the USA. . This training outline reflects 3 different training modules: Module 1) General Orientation to the Operating of the CCRC – 1 week; Module 2) Advanced Operations Training - which adds two additional weeks to the General Orientation including Shadowing an Executive Director at a campus for one week and one additional week of advanced training at the CCRC regarding the management of Health Care systems; 3) Advanced Marketing and Sales Training - for 2 weeks at the Home Office and on site at one of our top performing CCRCs.

Module one - General Orientation: Total hours – 24 @ 6 hours a day; one day tour a CCRC (1 week at Home Office)

- 1) History of CCRCs and high-level view of operations – Dave Ferguson, CEO/Mark Steele, VP Regional Operations Manager (1 hr)
- 2) Mission, Purpose and Goals – Kay Kallander, SR. VP Strategic Planning (1 hr.)
 - a) Governance
 - b) Cornerstone/ABHOW foundational documents
 - c) Strategic planning process
 - d) One Page Plans
- 3) Operations overview – Jeff Glaze, COO
 - a) Overview of CCRC operations and levels of service-Jeff Glaze (1 hr.)
 - b) Transitions process-Tara McGuinness, VP Regional Operations Manager (1 hr.)
 - c) Health Care components-Jean McGill, Director of Clinic Services (2 hr.)
 - i) Levels of Care from nursing perspective
 - ii) Point Click Care, Information systems that help manage multiple health care programs and transitions
 - d) Metrics-Jeff Glaze (1 hr.)
 - i) Executive Director standards
 - ii) Weekly/monthly financial reports
 - iii) My InterView, Resident and employee satisfaction surveys
 - e) Dining overview-Yannick Himber, Sr. VP Dining Services (Sodexo) (2 hr.)

- i) Basic principles to manage a high-quality dining program with multiple levels of health care
 - ii) Managing food costs and procurement of quality food
 - iii) Managing production of quality meals
 - iv) Hiring, training and managing employees
 - v) Opening new restaurants and communities
 - f) Facilities overview-Gary Johnson, VP Financial Operations (1 hr.)
 - i) Planning and Budgeting for Apartment and Remodel Expenses in CCRCs
 - ii) Managing apartment remodel process
 - iii) Managing major redevelopment projects
 - iv) Managing Capital Expenditures
 - g) One Page Plan-Mark Steele (1 hr.)
 - i) The Strategic planning process in operations
 - ii) Developing annual goals for multiple CCRCs
 - iii) Managing the execution of Goals
 - iv) What to do when goals are not achieved?
 - h) Masterpiece Living-Melissa Hoeing, VP Clinic Services (1 hr.)
 - i) The basic components of high functioning Healthy Living program and Activities
 - ii) The science behind Healthy Living
 - iii) Metrics tracking each component
 - iv) The multiple programs within each component
 - v) Developing new ideas and staying creative
- 4) Sales and Marketing-Sloan Bently, President of Seniority Marketing and Seniority (3 hr.)
 - a) Marketing overview
 - b) Sales process management
 - c) Sales hiring and training process
 - d) Opening a new CCRC process
 - i) Basics of successful opening
 - ii) Timetable of events
 - iii) Standard metrics and targets of fill up
- 5) Human Resources-Terese Farkas, Sr. VP Human Resources (2 hr.)
 - a) Overview of corporate HR organization and systems
 - b) Hiring, orientation and training practices
 - c) Ongoing education and training
 - d) ABHOW Advantage
- 6) Legal-Louise Rankin, Legal Counsel (2 hr.)
 - a) Contracts
 - b) Overview of risk management
 - i) ECRI – Risk Management Program
 - ii) Corporate Compliance program
 - iii) Legal updates
 - c) Lawsuit management
- 7) Information Technology-Joe Gerardi, Sr. VP of Information Technology (2 hr.)

- a) Overview of Department
- b) All systems used in HO and in CCRC
- c) How to manage and update systems
- 8) Finance-Andy McDonald, VP Financial Controller (2 hr.)
 - a) Overview of Department
 - b) SAP-Financial Information System
 - c) Budget process
 - d) Tracking reports
 - e) Bad Debt and AR management
- 9) Policy and Procedure Overview-Mark Steele (1 hr.)
 - a) Purposes of Policies and Procedures
 - b) Overview of SharePoint system
 - c) Process of customizing Policies and Procedures to Taikang
- 10) Recommended Reading: *Senior Living Communities: Operations Management and Marketing for Assisted Living, Congregate, and Continuing Care Retirement Communities* by Benjamin W. Pearce

Module 2 – Advanced Operations Track

- 1) Shadowing Executive Director (ED) of a Single Site CCRC (1 week)
 - a) A month in the life of ED-Shadow ED for 2 days
 - b) Rotate to every Department (2 hrs. each)
 - i) Marketing
 - ii) Human Resources
 - iii) Assisted Living
 - iv) Memory Support
 - v) Skilled Nursing Facility
 - vi) Residential Living Clinic Services
 - vii) Facilities
 - viii) Dining
 - ix) Finance
 - x) Information Technology
 - c) Experiences
 - i) ABHOW Advantage
 - ii) Team Leadership Meeting
 - iii) Resident Review
 - iv) Resident Counsel/Town Hall
 - v) Quality Assurance Meeting
 - d) Safety Committee
- 2) CCRC Levels of Health Care Advanced Training and Shadowing (1 week)
 - a) Advanced Leadership development – Mark Steele, VP Regional Operations Management (1 day)
 - b) Advanced Transitions - Clinic Nurse (1 Day)
 - c) Advanced Assisted Living Management - Director of Assisted Living (1 day)
 - d) Advanced Memory Support – Director of Grove (1 day)
 - e) Advanced Skilled Nursing – Nursing Home Administrator (1 day)

3) Recommended Reading:

- a) *Assisted Living Administration and Management: Effective Practices and Model Programs in Elder Care* [Paperback] Darlene Yee-Melichar EdD , Andrea Renwanz Boyle DNSC , Cristina Flores PhD RN (2011)
- b) *A Dignified Life, The Best Friends Approach to Alzheimer's Care* By David Troxell and Virginia Bell (2013) Chinese version
- c) *The Principles of Health Care Administration* by Winborn Davis and Joseph Townsend (2010)
- d) *The 7 Habits of Highly Effective People* by Stephen Covey (2004)
- e) *Go Put Your Strengths to Work* by Marcus Buckingham (2007) Chinese Version
- f) *The 5 Dysfunctions of the Team* by Patrick Lencioni (2002) Chinese Version
- g) *Good to Great* by Jim Collins (2001) Chinese Version

Module 3 – Advanced Sales and Marketing Track (2 weeks)

- 2) Sales Director Training
- 3) Site Visit
- 4) Detailed training of opening a new Community (**See Attachment A for details of training**)

Fee Structures:

- 1. Module one: \$_____/person
- 2. Module two: \$_____/person
- 3. Module three: \$_____/person
- 4. SOP: Policy and Procedure customization
 - a. Price of SOPs: \$_____ for SOPs and customization on SharePoint plus Level of Care Assessment customization and set up
- 5. ABHOW Advantage Program
 - a. \$_____ per person for one-week training
 - b. Cost and Customization of Program: To Be Determined (TBD)
 - c. Annual consulting fee and training material development: TBD
- 6. Price of other operation systems: TBD
 - a. Level of Care assessment system
 - b. Metric monitoring systems
 - i. Weekly key indicator report
 - ii. Monthly key indicator report
 - iii. Sales dashboard
 - c. Set up of SAP systems
 - d. Set up of Point Click Care system
 - e. Set up of Marketing and Sales systems
- 7. Management Contract Fees: TBD
- 8. Co-Branding and on-going managing, annual updating and Consulting (20% of Tiakang management fee at stabilized occupancy)
- 9. Interpreter cost per day: TBD

Typical Day agenda:

Morning session: 9am to 12 with a 15-minute break

Lunch: 12 to 1:30

Afternoon Session: 1:30pm to 5pm with a 15-minute break

Attachment A

**Tiakang
Sales and Marketing
Training & Orientation Process
(Date)**

WEEK ONE
Seniority Orientation:
Training and orientation agenda
Seniority history and mission
Seniority brochure and overview
Senior Housing 101 – Communities and residency agreements: STM (Standard Training Module)
Resident demographic and lifestyle
Sales and Marketing Overview:
Rules of Engagement -Sales Team Manager (STM) (Greenfield sales and marketing overview) <ul style="list-style-type: none"> • Pre-sales set up • Priority • Conversion • Grand Opening
Sales and Marketing Plan –Table of Contents (TOC) and overview
Marketing collateral material – Use of and examples

Incentives and sales promotions: <ul style="list-style-type: none"> • Time limited • Specific • Examples- Season of Savings, Make Your Move 13
Involving residents (depositors) in the sales process: <ul style="list-style-type: none"> • Resident referrals • Resident ambassadors • Resident marketing committees
The Sales Team – Roles and responsibilities
Sales Metrics and Reports:
Metrics and reporting: <ul style="list-style-type: none"> • Dashboard Report • Occupancy Report • Sales and Attrition • Sales Calculator (tool)
The Occupancy Board – Pipeline
Monday Matrix
Sales Training:
Individual Training Templates (tool)
Vocabulary of Sales - STM
The Sales Process - STM
Spin Selling - STM
Mapping the Sales Process
Understanding the Senior STM
Matching Personality styles STM
Overcoming Objections - STM
Keys to the Close - STM
Selling Benefits vs. Features - STM

Lead Fulfillment - STM
Conducting a competitive analysis – STM
Develop scripted transitional statement for use in presentation
Community Outreach - STM
<p>Computerized Lead Management: Customer Relations Management (CRM) technology, we use a system called REPS</p> <ul style="list-style-type: none"> • Purpose • History; Notes and Attachments • Word Processor: Mail merge letters; memos, faxes, letters, labels and envelopes • Contact reports • Calendar • Scheduling activities • Completing activities • Task lists • Preferences • Scan for duplicates • Queries (look up by example, keyword, advanced queries) • Metrics and activity reports

WEEK TWO
General Orientation:
Review of the first week training and orientation
Site visit agenda

Sales Training:
Review the Seniority's sales office Standard of Operations Manual
Marketing Events
Product knowledge- review services and amenities
Features and benefit review
Review the move-in coordination process
Creating a USP (Unique Selling Proposition)
<i>MarginMagic</i> financial qualification process
Review resident approval process

Site Visits:
Spend three days in the marketing office of another Seniority sales office. This will include shadowing a sales director, reviewing collateral, phone call techniques, appointment setting, tours, and closing sales [as applicable]
Learn the concept and use of the information center
Tour of three ABHOW Communities
Shadow sales calls and appointments
Observe resident activity
Attend and observe marketing event

Dine and Discover, Q and A
Resident Presentation, Q and A
Sales and Marketing Q and A

(white paper articulating Cornerstone Academy International Operations Certification Program 4-10-13 by Mark Steele)

The actual schedule we used in November 2013:

TAIKANG HOME OFFICE AND TLG TRAINING NOVEMBER 4, 2013

Monday Nov. 4 at Home Office

	TOPIC TO COVER	TRAINER
8:00		
9:00	Welcome and tour of Cornerstone	Dave Ferguson CEO
10:00	ABHOW/Cornerstone Introduction	and Mark Steele VP
10:30	Memory Support and Alz. Basics	David Troxel Consultant and
		Kay Kallander CES
12:00	Lunch	
1:00	CCRC Operations Overview and Care Levels	Jeff Glaze COO
2:00	Levels of Care Transitions	Tara McGuiness VP
3:00		and LaDonna RCN
4:00	CCRC Operation Metrics	Jeff Glaze COO
5:00	Working Dinner on Alzheimer's Care and Design @ 6-8	Dave T. and Mark

Tuesday Nov. 5 at Home Office

	TOPIC TO COVER	TRAINER
8:30	ABHOW Advantage	
9:00	Finance Overview	Pam Claassen CFO
10:00		
11:00		
12:00	Lunch	
1:00	HR Overview (Pam will continue individually with 3 members of Property Investment group)	Terese Farkas CHR
2:00		
3:00	Facilities Management	Gary Johnson VP
4:00		
5:00	Wine Tasting and Dinner	Mark and Eva Lin

Wednesday Nov. 6 at Home Office

	TOPIC TO COVER	TRAINER
8:00	ABHOW Advantage	
9:00	Risk Management	Louise Rankin CLO
10:00		
11:00	CCRC Contracts	Louise Rankin
12:00		

Thursday Nov 7 at Home Office

	TOPIC TO COVER	TRAINER
8:00		
9:00	Meet with ED for tour and	Alex Candalla ED
10:00	Overview of Independent Living	With Nelson
11:00		
12:00	Lunch	

1:00	IT	Joe Gerardi CIO
2:00		
3:00	Policies and Procedures	
4:00		Mark Steele VP
5:00	TPI and TM-to travel to Terraces of Los Gatos (TLG) for two days training: IL, AL,SN,AH and Shadow Alex (ED)	

1:00	Overview of Assisted living	Bernadette Flores,
2:00	resident transitions to other levels	
3:00		
4:00		
5:00	Back to Hotel	

Friday Nov. 8 at Terraces at Los Altos

	TOPIC TO COVER	TRAINER
8:00		
9:00	Grove (memory support)	Steve Cheregosha
10:00		
11:00		
12:00	Lunch	
1:00	Skilled Nursing Orientation	Tyler Ichien, NHA
2:00		
3:00		
4:00	Certification Ceremony	Mark Steele and Alex Candalla
5:00	Back to Hotel	

Saturday/Sunday Off – travel to TLG

	TOPIC TO COVER	TRAINER
8:00		
9:00		
10:00		
11:00		
12:00		
1:00		
2:00		
3:00		
4:00		
5:00		

TAIKANG TLG TRAINING AGENDA* NOV. 11

Monday: Nov 11

	TOPIC TO COVER	TRAINER
8:00		
9:00	Meet ED-His view of ABHOW Advantage and MPL	Alex Candalla ED
10:00	Meet Directors and their view and use of ABHOW Advantage and MPL	
11:00		
12:00	Lunch	
1:00	Lifestyle Director	Jennifer and Steve

Tuesday: Nov 12

	TOPIC TO COVER	TRAINER
8:00	ABHOW Advantage	
9:00	Masterpiece Living Overview and Principles of healthy living program for older adults ALL DAY TRAINING	Teresa Beshwate VP Trainer from MPL
10:00	ABHOW Advantage	
11:00		
12:00		
1:00		

2:00	Half day training about Activities and MPL programing at TLG	
3:00	Masterpiece Living- assessments,	
4:00	Programs, Healthy living philosophy	
5:00	Dinner in San Jose	

2:00		
3:00		
4:00		
5:00	Bus to Hotel	

Wednesday: Nov 13

	TOPIC TO COVER	TRAINER
8:00	ABHOW Advantage	
9:00	Shadow and participate in Activities in all levels of care(Will share preparation before the activity and debrief after activity)	Jennifer
10:00	ABHOW Advantage	
11:00		
12:00		
1:00	HR overview and ABHOW Advantage and MPL impact on hiring and employees	Kristi McKinney, HR Director
2:00	Facilities, dining and transportation coordination with activities	Dining and Facilities Director
3:00		
4:00		
5:00	Bus to Hotel	

Thursday: Nov 14

	TOPIC TO COVER	TRAINER
8:00	ABHOW Advantage	
9:00	Seniority Spirit Overview	Sloan Bentley President Seniority Inc
10:00		
11:00		
12:00		
1:00	Shadow and participate in Activities in all levels of care	Jennifer
2:00		
3:00		
4:00		
5:00	Bus to Hotel	

Friday: Nov 15

	TOPIC TO COVER	TRAINER
8:00	ABHOW Advantage	
9:00	Shadow and participate in Activities in all levels of care	Jennifer
10:00	ABHOW Advantage	
11:00		
12:00		
1:00		
2:00		
3:00	Debrief with ED and Certification Ceremony	ED

Saturday/Sunday

8:00		
9:00		
10:00		
11:00		
12:00		
1:00		
2:00		
3:00		

4:00			4:00		
5:00	Bus to Hotel		5:00		

*TLG subject to change based on CCRC Activities and Directors schedule

Below is the evaluation of training questionnaire used after completion of each Certification Training Program:

Cornerstone International CCRC Operations Certification Training Evaluation

Please score the overall training experience on a scale from 1 to 10 (10 = excellent).	Score _____ Why?
Please score week one (1-10) CCRC Corporate Office overview.	Score _____ Why?
Please score week two and three (1-10) in-depth training at Terraces of Phoenix.	Score _____ Why?
Please score week four (1-10) Seniority Spirit customer service program.	Score _____ Why?
What subjects covered were most helpful to you and why?	
What subjects would you liked to have more time with or subjects we did not cover that would have been helpful?	
What can we do to improve the training in the future?	
How do you score the quality of the presenters (1-10)?	Score _____ Why?

What future training would be helpful to you in the future?	
Would you recommend this training for friends who would like to learn about CCRC operations?	

Please send any questions you have for clarification. I look forward to our conversation tonight. After we confirm the schedule, I will send a more detailed agenda with transportation and more detail regarding talking points. I am now back in California for two weeks and can devote most of my time preparing for your visit in November.

Best Regards,

Mark Steele

VP and GM China Operations

Cornerstone/ABHOW

(Letter sent October 14, 2013)

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