



How a Leading Private Senior Living Service Provider
Leverages Variable Resourcing to Grow Its Business

AN AXIOM CASE STUDY



Peter Tarsney
Executive Vice President
and General Counsel
Enlivant

With Ongoing Acquisitions, Enlivant's Focus Is on Fast, Compliant Integrations

Privately held Enlivant is taking on the senior living industry. With \$50M in private equity from parent company TPG¹ and expertise from TPG Real Estate, the company's real estate platform, Enlivant's leadership group is growing the company's national presence and operating platform swiftly. This period of business growth follows a transformation journey where the company's leadership team purchased Assisted Living Concepts for \$280 million in 2013 and took the company private to solve its "self-inflicted wounds,"² which included cultural and leadership issues, negative press, and the specter of losing the company's license in multiple states due to substandard care.³ In the process, the company was rebranded as Enlivant.

Chicago, Illinois-headquartered Enlivant was ranked #12 on the 2016 annual *Senior Living Executive* list of the industry's largest providers.⁴ With the September 2016 acquisition of 45 more communities,⁵ the company has leapfrogged into position as the industry's fifth-largest company.⁶ The company now owns and operates 230 communities that provide independent living, assisted living, and memory care to private pay patients in 27 states.⁷

Balancing "Margin and Mission" with Careful Growth

While the company has growth on its menu, its goal is not to be the biggest provider in the industry but the most trusted.⁸ In an interview, Enlivant CEO Jack Callison described the company's mission as a call to balance "margin and mission."⁹ Peter Tarsney, Executive Vice President and General Counsel, says Enlivant has pushed into new states such as Delaware, Kansas, North Carolina, Oklahoma, Tennessee, Virginia, and West Virginia, as well as increased its footprint in the ever-important Florida market. The company is still actively scouting new targets.

A New Model for Integration and Operational Support

As Tarsney surveyed his legal services needs, he realized that he needed a different model to support the company's acquisition strategy. "The way we approach this from a legal services perspective is almost like a service aggregator, where we identify the work that needs to be done and the best professionals to do it in a cost-effective manner," he says.

While Enlivant uses law firms to negotiate deals, Tarsney believes they don't provide him with the most effective model for handling other duties, such as providing due-diligence and financing support; and handling integration and operational needs, such as assigning contracts, gathering data, handling enforcement opinions, and executing application filings and reporting required to ensure state-by-state compliance. "It is almost like running a sales funnel. The documents are the documents, but you need to find the best way to manage that process," Tarsney states. With Axiom's help, Enlivant completed the integration of 45 communities in just four months.

Axiom Lawyers Accelerate Work by Becoming Part of Enlivant's Team

According to Tarsney, "It is very difficult for external counsel to embed themselves as adjuncts to your team. The days of seconding a lawyer in from a law firm are over. I don't think that model works anymore, if it ever did."

"Axiom lawyers have the same acumen and capability as large law firm lawyers or members of my in-house team, and they sit with us to understand how the business operates," states Tarsney. "When you think about it from a logistical manner, it is naturally faster because the Axiom attorney who works on financing sits next to the finance person who is driving the deal. The fewer emails and phone calls you have improve the fluidity of your motion. That is why having colocation on a project is so important. You take so much white noise out of the process."

Tarsney also appreciates the cost benefits of Axiom's variable resourcing model. "Paying \$150 an hour versus \$600 an hour is a no-brainer," he says.

Reengaging Axiom After a Successful Collaboration at GE Healthcare

Tarsney first encountered Axiom when he served as General Counsel for Healthcare IT and Performance Solutions at GE Healthcare. "I brought in an Axiom lawyer to do commercial contracting for our consulting business. He did a very good job acting as that business's lawyer for a long period of time." Thus, it was natural for Tarsney to re-engage Axiom when he moved to Enlivant.

Enlivant Invests in its Partnership Model with Axiom

Axiom's variable resourcing model is ideal for companies facing rapid business change. "The last thing I want to do is hire full-time employees on certain assumptions, have those assumptions change, and have those employees say, 'This is not how I wanted my career to grow,'" states Tarsney. "That is not good for the business. Axiom's adjunct approach gives us a lot more flexibility." While Tarsney does believe in hiring employees when needed, he acknowledges: "When you take on new headcount, you take on fundamentally more risk and more commitments that may not be optimal when your business is changing so rapidly."

Axiom Attorneys "Pivot" to Meet More of Enlivant's Business Needs

Tarsney interviews Axiom attorneys as if he was going to hire them full-time, looking for experts who not only have legal talent but are a good cultural fit with Enlivant. Then he helps foster their development. "I learn what Axiom lawyers want to accomplish with their careers and how they could be stretched," he says. "Once you gain credibility that you can get things done and be proactive and pivot, our business leaders

are more than willing to say, 'Yes, the Axiom attorney can do this and this as well.' For a 10-Q, you need an expert who can slam-dunk that process. However, Axiom attorneys can do things they might not have done previously because they are good and smart and understand the organization and the people they have been working with. Good lawyers are inquisitive people and want to learn new things."

When asked how he measures success, Tarsney says: "The main metric I use is whether I get good or bad feedback from my clients. When I go down the hall and I say, 'How are the Axiom attorneys working out?' and my business partners say, 'It's going great; thank you for bringing them in,' that is the only metric I need. That tells me the insourcing model is working."

Tarsney concludes: "With Axiom's help, we have been able to execute on schedule and get everything done. I could always send work to outside firms, but it would be a lot more painful. Axiom saves the business time, and in our industry, time is money."

Variable Resourcing Fast Facts

- Enlivant is using private equity to make ongoing acquisitions of senior living communities in key markets
- Axiom provides attorneys on a variable resourcing model to support transactions, financing, and integrations
- Axiom helped streamline the integration of 45 communities in four months, accelerating time to revenue and reducing business risk

1. "The Leadership Series: Jack Callison, CEO of Enlivant," *Senior Housing News*, February 1, 2016, <http://leadership.seniorhousingnews.com/jack-callison-ceo-of-enlivant/>.

2. Ibid.

3. "The SHB Interview: Jack Callison, CEO, Enlivant," *Seniors Housing Business*, July 28, 2016, <http://www.seniorshousingbusiness.com/industry-voices/the-shb-interview-jack-callison-ceo-enlivant>.

4. Angela Hickman, "2016 Largest Providers," *Senior Living Executive*, September/October 2016, page 11, <http://content.yudu.com/web/406u7/0A40767/SLESept.Oct2016/html/index.html?page=10>

5. "Enlivant and TPG Announce a Series of Acquisitions to Expand the Company's National Platform," *Company Press Release*, September 15, 2016, <http://www.prnewswire.com/news-releases/enlivant-and-tpg-announce-a-series-of-acquisitions-to-expand-the-companys-national-platform-300328908.html>.

6. Interview with Peter Tarsney, Executive Vice President and General Counsel, Enlivant.

7. "Enlivant and TPG," *Press Release*, *ibid.*

8. Ibid.

9. "The Leadership Series," *ibid.*