

Ten Reasons Home Care Businesses Fail

A Generations white paper



There can be many reasons why a business fails, yet learning to avoid those pitfalls is the mark of a successful entrepreneur. Here is a list of the most common reasons why home care businesses fail.

Reason 1: It's All About The Money

It's all about how money flows through your home health business. When you are developing a business plan, be sure to focus firmly on the financial. Certainly marketing and human resources play large roles in the success of a business, but nothing helps a business fail faster than the lack of capital. Look closely at the different investments you need to make to get this business off the ground. Consider software, phones, rent, mileage reimbursement, and payroll (and don't forget to pay yourself, too.) Often business owners underestimate how much money is needed and are forced to close before they have a fair chance to succeed.

Reason 2: Be A Great Caregiver

Because owning a business requires a different skill set than being a caregiver, there's no guarantee that if you are an outstanding caregiver you will be a successful business owner. Business training comes from many places, and you should consider every job you've had as training for the challenges of owning your own business. Learn to recognize what you do not do well, and seek assistance from professionals and employees or you may be headed for disaster. Specifically in homecare, you need excellent skills in hiring, managing, accounting, analysis, and marketing.

Reason 3: Go It Alone

Are you doing all of the work in your business yourself? If the answer is yes, then it's time to re-evaluate. Many owners of home care agencies get focused on the day-to-day operation of the business and neglect the bigger business-savvy vision of making the home care organization grow. Perhaps it is time to hire a scheduler, caregiver coordinator, or office manager so you can focus your energy on business strategy and growth. Provided you hire an outstanding team, your business is bound to succeed.

Reason 4: Ignore The Possibilities

How do you respond when a caregiver makes a suggestion to improve the business? How many conferences or industry-based events do you attend? It's a good idea to attend at least one conference a year so you can talk with other home care business owners and share ideas. You can and will learn from others who have gone before you in the home health care business. By the same token, and because you never know where the next great idea may come from, you should keep an open mind when listening to suggestions from caregivers and office staff, too.

Reason 5: Avoid Everything

If Mr. Smith reports an issue with a caregiver, how quickly do you respond to the situation? Do you respond differently to personnel issues and financial issues? Having a pro-active and balanced response to the variety of issues that arise during the course of the business day can greatly enhance your ability to grow your business.

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Reason 6: I'm Better Than Everyone

One sure-fire way for your home care business to fail is to underestimate or ignore the competition in your area. You should know what they are charging, how their business is run, and how to distinguish your business from theirs. You do not need to be the lowest priced provider as customers rarely make a decision on price alone, but you do need a compelling reason for potential clients to select your agency. Features like the staff skill level and training, technology used to verify visits, or some other clear benefit helps you avoid becoming another "me too" business.

Reason 7: Get Rich Quick!

There are many reasons to start a home care business, and getting rich quick should not be one of them. Before you begin your business, check in with yourself. Why are you starting this business? Do you think that if you had your own business you will have more time to spend with your family? Or that perhaps you won't have to answer to anyone else? If so, you'd better think again. Owning a business is demanding in many ways, and though you may get rich eventually, success takes a lot of persistence and hard work.

Reason 8: Marketing Schmarketing

Marketing makes or breaks your business and includes not only advertising to potential clients and caregivers, but also relationships with potential referral sources. To determine what works best in your area, experiment with a variety of marketing techniques. Don't neglect maintaining relationships with people and organizations who can refer clients to you, either. Their recommendations are critical for strong business growth. If you get caught up in the day-to-day running of your business and neglect the marketing, the business will flounder.

Question 9: No Computers Here

All else being equal, an agency that can utilize technology to its fullest will have a distinct advantage over the competition. Home care software programs are designed to support and streamline the variety of activities that an agency encounters during a typical business day. In addition to a software program, the use of telephony puts sophisticated time-keeping in place for more accurate billing and payroll. Ultimately, home care software has the ability to relieve the business owner of day-to-day details, and therefore exponentially increase the time spent on strategic thinking.

Reason 10: Fear Change

Failure to adapt your business as the industry changes gives your competition an advantage and will, no doubt, doom your business. You need to keep current on the changing market conditions and trends. This is relatively easy to do by subscribing to newsletters targeted specifically for private duty home care, and also by attending conferences where you can talk with industry experts and other business owners. Once you sense a change in the industry, take pro-active steps to adapt.

About Generations Home Care Systems

Generations is a leading provider of home care software. The program manages your clients, caregivers, and scheduling, and also interfaces with QuickBooks seamlessly for billing and payroll. To find out more about how Generations can help you with your home care software needs, contact us today via phone (989) 546-4512, e-mail info@idb-sys.com, or web at www.homecaresoftware.com.