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A Strategic Management Teaching Case

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A Strategic Management Teaching Case

with Discussion Questions

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Abstract: Wilson Senior Care enjoyed stability and growth in the skilled nursing industry in South Carolina beginning in 1947 and through to the present day. The company has evolved into an award-winning rehabilitation and nursing service provider for patients from acute care and for the elderly. The ownership-mentality of the employees, stemming from the Employee Stock Ownership Program (ESOP), provided each staff member the autonomy and incentive to provide the very best care for the patient. Because Wilson's nursing homes were community-based, pride of service and the sense of empowerment through ownership ensured the continued high quality in each facility. In pondering the future of the organization, the leadership team wondered if the strong culture and commitment of its employees could be leveraged to open yet another nursing home without compromising the integrity of the brand.

Topics: Employee-Ownership, Strategic Management, Teamwork, Culture, Healthcare

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This is a working paper case study. Additional versions of this case study may appear in print.

Background of the Case

Wilson Senior Care enjoyed stability and growth in the skilled nursing industry in South Carolina beginning in 1947 and through to the present day. The company has evolved into an award-winning rehabilitation and nursing service provider for patients from acute care and for the elderly. The ownership-mentality of the employees, stemming from the Employee Stock Ownership Program (ESOP), provided each and every staff member the autonomy and incentive to provide the very best care for the patient. Because Wilson's nursing homes were community-based, pride of service and the sense of empowerment through ownership ensured the continued high quality in each facility. In pondering the future of the organization, the leadership team wondered if the strong culture and commitment of its employees could be leveraged to open yet another nursing home without compromising the integrity of the brand.

Overview and History

Wilson Senior Care was the parent company of four skilled nursing facilities in South Carolina offering 24-hour care for short or long-term visits. Oakhaven Nursing Home in Darlington, S.C., was the flagship facility established by the founder, and remains one of the highest-quality and most respected facilities of its kind in the state. The Wilson facilities had a reputation for catering to the individual needs of its residents and offered a variety of indoor and outdoor activities. Long-term facilities included Lorris, Medford, Morrell, and Oakhaven, each offering a variety of skilled nursing care services. Wilson also offered short term rehabilitation aimed at treating the whole patient - physically, emotionally, and socially. The organization assessed each patient and created a tailored plan that followed a dedicated road to recovery.

Dr. John McLean Wilson, a Darlington, SC, native born in 1917, was a graduate of The Citadel and Duke Medical School. He was a highly decorated Captain in the US Army Medical Corps during World War II as a Battalion Surgeon and paratrooper in the 517th Airborne Infantry Regiment of the 82nd Airborne Division. He jumped behind enemy combat lines in Germany and France as part of a team that established a field hospital. He also served with the 13th and 101st Airborne Divisions in the European Theater. His last military assignment was at the Regional Hospital in Fort Bragg, NC, as Chief of the Contagious Disease Section.

Upon his return to Darlington, he and his wife of 50 years, Amelia Talbert Wilson, founded the Wilson Clinic and Hospital in 1947. The first hospital in Darlington, the facility began in a two-story house on Pearl Street. Dr. Wilson was known for performing the first surgical procedure in Darlington and was the first physician to deliver infants in a hospital. He remained President and Chairman of the Board of Wilson Senior Care, Inc., until his death in 2006. His devotion to his patients and employees was a guiding presence throughout his distinguished career and was carried on by his successors in the company. Dr. Wilson was actively involved in this community. He was a championship golfer, avid fisherman, skilled hunter, and master gardener. He served as a member of Darlington City Council, Mayor pro-tem, member and past president

of St. David's Society, member and past president of the Darlington Country Club, and was on the vestry of St. Matthews Episcopal Church for many years.

In 2003, Dr. Wilson decided to sell a portion of the company to his dedicated employees. Several years later, his four children sold their shares to the employees making Wilson Senior Care 100% employee owned. What once was a family-owned business has grown into what became known as Wilson Senior Care, the parent company of Oakhaven Nursing Center, Medford Nursing Center, Morrell Nursing and Rehab Centers, Loris Rehab and Nursing Center, MedWear Uniforms, and Med Center Pharmacy and Medical Supply. The company grew to over 600 employees and serves over 400 skilled nursing residents across the state of South Carolina. One of Dr. Wilson's favorite sayings, "We can never become complacent and stop improving ourselves," proved to be a hallmark of the organization. On February 4, 2016, the Greater Darlington Chamber of Commerce awarded the late Dr. John McLean Wilson (Wilson Senior Care's Founder) with the 2016 Legacy Award.

About the ESOP

The Wilsons decided to sell the company to an ESOP trust to ensure its growth and to benefit its loyal employees. The ESOP was one of many forms of company employee ownership explored by the family. ESOPs were considered a 'defined contribution plan' by the IRS and carried certain tax benefits. One was the deferral of taxes on profits. Similar to placing pre-tax money in a 401k retirement account, a company could place profits in a trust account, called a 401a, that contributed to long-term wealth of the owners. The trust owned the company (or a percentage), and the employees owned shares of company stock through the trust. The employee-owners would then be represented by a trustee who had fiduciary responsibility to the employee owners. Employees would become vested over a period of several years, and would receive an accounting of the value of their company stocks each year when the company was appraised.

ESOPs had various pay out clauses, but generally a person worked for the company until retirement then the shares were sold back to the company at market value on a schedule stated in the organizing documents of the ESOP. When an employee separated from the company, they had the option of moving the proceeds into another tax deferred account or paying taxes on the withdrawal. Because the ESOP could place tax-free profits back into the trust, the Wilson employees' accounts could grow significantly over time. ESOPs were also known for being very profitable due to the 'ownership mentality' of the worker owners. One of the reasons the Wilsons chose, an ESOP was to provide for the long-term growth and prosperity of the organization while providing an avenue for retirement. The owners' equity in the company could be sold to a trust in the same manner it would be sold to an outside buyer.

Wilson Senior Care (WSC) became a 100% employee owned (Employee Stock Ownership Plan) company. In the case of Wilson, an ESOP was an employee benefit plan which made the employees of the company beneficial owners of stock in WSC. The fundamental purpose behind the ESOP concept was to broaden the ownership of wealth, not through taxation and

redistribution, but by broadening access to capital ownership. Dennis Lofe, President and Chief Executive Officer of WSC said “We believe that employee ownership improves competitiveness and increases productivity through greater employee participation, thereby, maximizing our staff potential by enhancing the self-worth, dignity and well-being of our staff.” Employee ownership played a large part in the quality of care enjoyed by WSC clients. WSC staff took pride in going the extra mile for patients, not just because it was their job, but because they owned the company and did everything they could to make it the best it could be. Employees believed that, if their patients and families felt they were getting great customer service, then they would recommend WSC facilities to others. Employee ownership was a win- win for everyone.

Wilson Healthcare Facilities

The Medford facility created an atmosphere of quality that differentiated itself from competitive establishments. The staff was highly committed to meeting the special needs of its residents. Medford was an 88-bed skilled nursing facility offering 24-hour skilled and intermediate care. The residents had access to a complete range of healthcare services, including personal visits from physicians and other healthcare providers covering a number of medical and rehabilitative services. Located on 17 acres in one of Darlington’s most desirable residential sections, the home was known to be comfortable, bright and cheery. Residents and families considered employees at Medford exceptional due to their commitment to excellent care. Among the services provided by Medford are:

- Physical and occupational therapy
- Speech therapy
- Social Workers
- Therapeutic diets
- On-staff attending physicians

Medford staff established a ‘Life Enhancement Department’ which organized a variety of regular programs throughout the month including community outings, trips and religious services.

Loris was an 88 skilled nursing facility located in Loris, South Carolina, that specialized in short, and long-term, care. The facility had served the local citizens of Loris and the surrounding areas for over 20 years. Originally, the facility was a part of the Loris Healthcare System and was known as Loris Extended Care but was purchased by Wilson in September of 2014. Loris was located in the heart of the town and was conveniently located near the local hospital. Residents came to enjoy a robust offering of activities in the facility’s large life enhancement room, socializing in the dining hall, or spending time outdoors in the courtyard. Accommodations included private rooms with private baths as well as semi-private rooms. All rooms had separate entrances. As with other facilities, Loris employees were committed to providing a range of services that best fit the needs of each resident. Individual care plans were tailored for the resident – from rehabilitation to skilled nursing. Residents and family members were encouraged to participate in the care plan process as much as possible. In addition to long-term care, Loris

also offered short-term rehabilitation for the patient eager to regain strength and mobility and return home. Some of the services at Loris included:

- Three nutritious and tastefully prepared meals daily
- Assistance with bathing and personal care as needed
- Medication monitoring
- 24-hour staffing and secured environment
- Daily housekeeping services
- A variety of social & spiritual activities
- Cable television connection
- Social Services
- Laundry service for personal items and linens
- All utilities except telephone

Morrell offered rehabilitation services for those recovering from a serious illness or surgery. Employees focused on treating the whole patient – physically, emotionally and socially. Morrell featured a team process that involved the right mix of rehabilitation professionals and included patient and family input. No one team member was more important than the other, and the employee-owners all worked together to reach a common goal – to return the patient to the highest functioning level. The care providers collaborated with Carolina Pines Hospital and other facilities, which allowed most patients with a smooth and seamless transition from an acute post-operative hospital stay into the rehabilitation environment. With many doctors on both the hospital staff and of the Rehabilitation Center, the patient experienced a continuum of physician coverage. The Rehab Center offered a wide range of short-term rehab and medical services for orthopedic, neurological, pulmonary and medically complex conditions. The staff ensured that skilled rehabilitation and nursing care were provided with what the company called ‘special warmth, attentiveness, and focus of the full range of personal needs’ of its clients.

The Morrell ‘Rehab Center,’ a separate facility, focused on resident’s success in attaining their goals and returning to home with the involvement of their family. To help promote residents’ recovery families of clients were invited to actively participate in resident care and discharge planning. Morrell operated in team environment including the manager and therapists who worked with the patients and their families to ensure a safe transition from the rehab center to home. The goal was to rehabilitate each patient using a customized protocol set by each individual’s physician. The focus was to accomplish the goals in the shortest amount of time. At Morrell, every patient was anxious to return home, so accelerating recovery was essential. The Rehab Center’s medically complex program was administered by an interdisciplinary team that assessed needs and created an implementation plan that promoted optimal recovery.

Oakhaven was founded by the original owner in 1969 and was considered one of South Carolina's most established and respected nursing centers at the time. Oakhaven was an 88-bed skilled nursing facility offering 24-hour care for short- and long-term visits. Oakhaven's reputation for cleanliness, superior nursing, and attention to the special needs and preferences of its residents were among the reasons the facility enjoyed an excellent reputation in the community. Oakhaven's employee owners were committed to meeting the special needs of our residents and this showed in the reputation of the facility. Located in a quiet residential section of Darlington and graced with towering oaks and historical homes, Oakhaven offered its senior residents an active and enjoyable lifestyle. The 'Life Enhancement Program' included music, singing, crafts, and exercise classes, as well as shopping excursions and touring nearby locations. There was a 'Therapeutic Dining Program' which offered meals that were modified for content or consistency for patients with special diets and needs.

Unique Operating Culture

Wilson had a rich set of values and clear mission:

- Vision - To be the preferred provider of quality, cost effective, personalized senior care services.
- Values - Service to residents, their families, and our community required the best attitudes, efforts, and skills – continuously. Respect, compassion and dignity for clients was centered in every day work. This was exhibited by treating residents, their families, and co-workers as they would want be treated. Employee interactions with all constituencies reflected a spirit of caring, concern, and respect of confidentiality.
- Quality and Efficiency - Services were provided through prudent management of resources and encompassed the goal of superior service. Quality of services rested entirely on the quality of the individuals who made up the organization. Every employee continuously strove to be a responsible team member that was flexible, motivated and trained to improve the process by which care was delivered.
- Communication and Teamwork: The organization believed in quality services that met or exceeded expectations and were delivered by a knowledgeable and well-trained staff, who worked together as a team toward the goal of quality senior care for the residents.
- Culture - Put the customer first; go the extra mile; extend courtesy and politeness to all; Possess and show a can-do attitude; anticipate the customer's needs and concerns; put a smile in their voice; look and act professional at all times; and just do it. The employees all 'pulled the wagon together'.

Employee ownership was an important part of the culture and operations at Wilson. With expansion on the horizon, the leadership team sought new ways to integrate and operationalize the unique culture brought about by the ESOP.

Discussion Questions:

1. What elements of employee ownership can be formally taught to employees of Wilson's at all levels?
2. What form would this training program take and who might be the best qualified to teach these principles?
3. After researching further information on ESOPs, determine what the ramifications might be if a new home were purchased by the company. What would likely happen to the shares of existing employee owners when a merger or acquisition took place?

Sources: Aside from the case challenge, which is purely fictional, all portions of this case were written from accounts that are publicly available including the company's website <http://www.wilsonseniorcare.com>, social media, news accounts and other readily-available sources.