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AGING AS AN ENGINE OF INNOVATION,
BUSINESS DEVELOPMENT, AN
EMPLOYMENT GROWTH

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INTRODUCTION

Older adults will drive U.S. population growth over the next quarter century. Projected to grow four times as fast as the total population, older adults will make up 22 percent of the population in 2040, up from 15% in 2015. Growth will be driven by sharp increases in both the native-born and especially the foreign-born senior population, resulting in a far more diverse older adult population in 2040 than exist today. Among older adults, the 85+ population will grow most rapidly. As a consequence, there will be an estimated 193,000 centenarians living in the U.S. by 2040, up from 72,000 in 2015.

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We believe this population aging can be a new engine for innovation, business development, and employment growth in the U.S. Everything in both the person-centered (i.e., residential) and the built environment (i.e., all public, private, and commercial spaces) must change to accommodate an aging population. Consequently, new ideas and innovations, including assistive technologies and the digital literacy training required to use them, are needed to support seniors as they strive to cope with their age-related difficulties while maintaining residence in their homes and their communities. In addition, new models of care are required to address the needs of the oldest old (85+ population).

Unfortunately, few entrepreneurs and business owners are strategically positioned to take advantage of opportunities that undergird population aging. Accordingly, we highlight four specific areas in which BIG opportunities exist to innovate, build and expand businesses, and create jobs in our aging society. We also identify policy prescriptions that are required to facilitate this entrepreneurially driven, age-focused economic development.

STRATEGIC OPPORTUNITIES

THE INNOVATION CHALLENGE--BIG OPPORTUNITY #1

A host of venture competitions and pools of venture capital have been created specifically to support the design, development, beta testing, and launch of innovations designed to

help seniors age successfully in their homes and the broader community.¹ However, to maximize success and impact in this space, three problems/obstacles must be overcome.

First, a strategy adjustment is in order. Most efforts to innovate in this space typically have focused on technological solutions that will enable the “rich and young at heart” elderly to live independently for as long as possible. Both the “poor and weak-of-limb” elderly and the types of creative services that will facilitate successful aging in place have been ignored or neglected. Dedicated business plan competitions and creative financing models—social purpose venture funds and philanthro-capitalism investment pools—are needed to support the design, development, testing and dissemination of innovative products and services for the poor elderly—a group that will likely grow rapidly in the future given the looming retirement crisis among nonwhite older adults.

Second, better innovation management is needed because, even with the disproportionate focus on technological solutions for the well-off elderly, too many products have been developed that do not align with the needs and desires of older adults, especially the poor.² Older adults are not a homogeneous group. Innovation must be anchored in sound research on older adults’ diverse demographics, living arrangements, cultural orientations, and consumer perceptions, attitudes, and behaviors.

Third, given this innovation management problem, a new, data-driven approach to the design and development of products and services is needed. Older adults either should be directly involved as active participants or simulations of their difficulties performing activities of daily living and instrumental activities of daily living should be incorporated in the innovation process. The view is that this approach—defined elsewhere as gerontechnology—will lead to the design and development of more age-friendly innovations.

Two critical constructs should drive this approach to successful aging-focused innovations: empathy and autonomy. In the design of both products and services, it is essential to carefully assess the needs of older consumers and empathize with their age-related challenges—a process called empathic design. Products and services also should be designed to maximize autonomy, that is, to help older adults maintain or regain independence.³

Given the need for both empathy and autonomy in age-related innovations, an opportunity

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¹ Venture competitions include the Stanford Center on Longevity Design Challenge, the National Academy of Medicine Grand Challenge in Healthy Longevity, Silicon Valley Boomer Venture Summit, the Palo Alto Longevity Prize, Aging 2.0 Global Network of Innovators, IAGG Tech Day 2017, and What’s Next Boomer Summit.

² For ongoing reviews and evaluations of technological innovations in aging, see the Aging in Place Technology Watch at <https://www.ageinplacetechnology.com/>.

³ The MIT AgeLab (<http://agelab.mit.edu/>) embraces these two constructs in its approach to developing age-friendly innovations.

exist to strategically leverage the interests, concerns, and desires of a group of older adults who are taking proactive steps to become encore entrepreneurs. Many of these individuals have retired from successful careers. Their primary goal in pursuing an encore career as an entrepreneur is not just to make money; rather, they are keen on leveraging what has been popularly referred to as their double ESP—experience, expertise, seasoned judgment, and proven performance—to address pressing societal issues like poverty, racial inequality, illiteracy, and food insecurity. Encouraging more encore entrepreneurship, particularly age-related encore entrepreneurship, is likely to pay big dividends. Encore entrepreneurs reportedly not only start businesses at a higher rate but their newly launched enterprises also have a higher five-year survival rate than entrepreneurial ventures launched by any other demographic group, including the twenty-somethings.

BOOMER PURCHASING POWER--BIG OPPORTUNITY #2

Most seniors are not obsessing over arthritis, incontinence, or dementia. Rather, many are working past age 65 and a substantial share have both the active/healthy lifestyles and the purchasing power that makes them a formidable consumer market opportunity. The boomer segment of the older adult population—individuals born between 1946 and 1964—reportedly constitutes a \$15 trillion market globally and a \$3 trillion market here in the U.S.

To tap this consumer market successfully, advertisers and marketers need to develop a deep understanding of this heterogeneous age group and adapt their product portfolios and sales approaches to meet the segment’s evolving needs. In the words of The Boston Consulting Group, they must understand “the forces that motivate these consumers, formulate ways to meet their evolving needs, and set a goal to fully capture the opportunity that demographic shifts present.”

To succeed with older consumers, the advertising industry must diversify its employee base by hiring older adults as “copywriters, graphic artists, producers, video directors, and creative directors.” If only people in their 20s and 30s are involved, the industry will “forfeit the natural sensibilities required to generate vital campaigns,” with an end result of mediocrity and outright failure to effectively tap the older adult market.

In addition to more demographic diversity, all advertising and marketing personnel must be trained to develop meaningful and respectful relations with older adult customers. Such training, properly executed, will help them understand the aging consumer paradox: Older adults do not like to be singled-out and reminded that they are old, so “the company that does a great job of making products for seniors takes great pains not to make products of seniors.” It also will help advertising and marketing personnel develop an appreciation of the diverse living arrangements of older adults which will reduce the likelihood of developing advertising and marketing campaigns that are rife with stereotypes.

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Most U.S. older adults live independently as single individuals or older couples. This is particularly the case for white older adult households. However, nonwhite older adults are far more likely than white older adults to live in multigenerational households. Properly understood, this demographic reality creates opportunities for architects, designers, homebuilders, and aging in place specialists. Multigenerational households are more likely than single-generation households to remodel. Moreover, the demand for new construction that will accommodate more than one generation of family members will rise as the foreign born older adult population grows, and as the demand for more flexible space for different stages of life among all older adult multigenerational households grows.

Older adult households that contain multiple generations also create opportunities for food companies to “market healthy-style meals that appeal across the ages,” for financial marketers to create products that “help [multigenerational] families manage budgets and shared expenses,” and for ad agencies to develop advertisements that both reflect and appeal to multigenerational households.

To leverage the older adult consumer market fully, businesses must design, label, and package products in a manner that is age friendly. Given the challenges of aging, including diminished hearing, vision, and other chronic conditions, packaging and labeling must be easy to read, easy to understand, easy to carry, easy to open, easy to enjoy, and safe to use.

DEMAND FOR SENIOR CARE WORKERS: BIG OPPORTUNITY #3

An estimated 1.2 million additional senior care workers will be needed by 2025. Given that many senior care workers are foreign born, meeting this demand will likely be a major challenge owing, at least in part, to the federal government’s unwillingness to create a path to citizenship for otherwise law-abiding undocumented immigrants in the U.S. Moreover, the current proposal to reduce by one-half the flow of legal immigrants into the U.S., if enacted into law, will likely further exacerbate the senior care labor recruitment challenge. Individuals who could potentially fill senior care jobs would not be a priority under the proposed point scheme for entry that would favor well-educated, highly skilled workers.

There are enormous opportunities for existing and new HR staffing agencies that are willing to develop recruitment and retention business models to address this need for both in home care providers and institutional care providers. Firms that are able to overcome the cultural barriers, family challenges, and transportation constraints that senior care workers face will profit from older adult population growth. In addition, to meet forecasted labor demand, firms serving older adults will have to revise workplace policies and procedures to accommodate aging workers as well as their co-workers—both native- and foreign-born—who have elder care responsibilities of their own.

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FIXING SPACES AND PLACES –BIG OPPORTUNITY #4

To accommodate an aging population, major modifications are required in all types (commercial, residential, and public sector) and classes (A, B, and C) of real estate. Considering the kinds of age-related challenges older adults face, existing facilities must be redesigned and new facilities must be designed in ways that substantially reduce the likelihood of costly and possibly life-threatening slips and falls. It is almost certainly cheaper to invest in age-friendly designs and modifications than it is to pay for falls-related litigation and/or to cover the cost of hospitalizations, rehabilitation services, and long-term services and supports.

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Huge B2B opportunities also exist to help business enterprises in all sectors of the U.S. economy to prepare internally for this demographic shift. In 2014, 24.2% of the 65-74 year old population and 6% of the 75+ population were still working. Constraints on immigration will likely tighten the labor supply and force employers to rely even more so on older workers in the future than they do today. Moreover, the looming retirement crisis that many older adults face will force them to either remain in or return to the workforce out of necessity. Firms will have to adapt their workplaces to accommodate these older workers and develop new products and services to address, among other issues, their personal age-related challenges and diverse living arrangements, which oftentimes include extended family responsibilities and obligations.

In addition to age-friendly facilities and institutions, substantial opportunities exist to create mixed income, multigenerational communities that would serve as an antidote to much of the gentrification that is currently pricing older adults out of many urban communities. Given that those most in need of aging in place assistance are predominantly older women who live alone, often in older houses that are beyond rehabilitation, viable business plans are urgently needed to build clusters of affordable, age-friendly houses, including tiny home villages. Infill sites in cities are ideal for such developments. The houses should be constructed around a community center that is designed to promote daily interaction and thereby combat the isolation, loneliness, and abuse problems that affect older adults who live alone today. Similar opportunities exist to develop affordable housing for senior care workers.

Finally, opportunities also exist to redesign/modify the physical infrastructure of our communities. Among other characteristics, age-friendly communities provide easy access to transport systems, offer pedestrian crosswalks with extended walk times, have street signage that is large and readable, and feature older adult or multigenerational playgrounds and fitness parks. Major shifts in transportation and economic development policies and regulations for states, cities, and counties are required to generate the investment dollars required to create age-friendly public infrastructure. However, the long-term financial and

social returns on such investments are likely to be substantial, not to mention the more immediate business development and job creation potential. Age-friendly communities, properly branded and marketed, can become major retiree destinations and magnets for tourism which will positively affect the local tax base.

CRITICAL SUCCESS FACTORS

Population aging will affect all sectors of the American economy and all types of businesses. For both existing businesses and aspiring entrepreneurs who are willing to gather the requisite business intelligence on the older adult market, unlimited opportunities exist to develop products and services as well as transform the built environment to accommodate our rapidly growing older adult population. In a word, aging can be a major source of both economic and social value creation in America.

To facilitate innovation, business development and employment growth in the so-called longevity economy, the following strategic actions are required.

First, the U.S. Congress must implement comprehensive immigration reform legislation, and vigorously enforce the recent U.S. Department of Labor ruling stipulating that homecare workers benefit from the same labor protections as other employees. These are strategic imperatives because immigrants will be needed to fill the demand for the estimated 1.2 million additional homecare and institutional care workers that will be required by 2025 to accommodate growth in the senior population.

Second, current discussions about rebuilding our nation's crumbling infrastructure must be broadened to reflect the realities of population longevity. Policy prescriptions and funding proposals should reflect the planning guidelines and checklists for creating age-friendly communities developed by the World Health Organization and AARP.

Third, the federal government should create an aging in place social innovation fund which would invest in social purpose business ventures that demonstrate the greatest potential or capacity for helping the most vulnerable older adults to age in their homes and in their communities, perhaps through the CMS Innovation Center. The federal government should in turn use its investments to leverage additional philanthropic and corporate dollars, including existing angel investment and social venture pools, to grow the fund. Given the magnitude of the problem, dollars from all of these sources will be required to ensure that aging in place is an option for as many of our most vulnerable older adults as possible.

Fourth, following New York's lead, the federal government should create a guide for age friendly building upgrades in the multi-family rental market. This is important because older adults who are renters, including many for whom housing constitute a cost-burden,

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do not control their local living environment and property owners or landlords are unlikely to make age friendly modifications without government incentives or mandates/directives. In addition to specific recommendations that building owners should follow to make their properties more age friendly, the guide also should include information about existing federal financial incentives, including the Disabled Access Tax Credit and the Business Expense Tax Deduction, which cover at least some of the cost of making age friendly modifications to rental properties. The guide also should provide links to state level incentives.

Fifth, property and casualty insurance companies and their building owner clients should be encouraged to forge mutually-beneficial strategic alliances to facilitate aging in place for older adult tenants. As noted previously, a case can be made that it is cheaper for property and casualty insurance companies to invest in modifications through their charitable foundations than to pay for costly litigation and medical expenses after an accidental slip or fall has occurred. This type of philanthro-capitalism on the part of property and casualty insurers would constitute a win-win-win for all parties involved.

Sixth, the federal government also should expand funding and streamline the application process for the USDA Section 504 Home Repair program that provides “grants to [rural] elderly very-low-income homeowners to remove health and safety hazards.” In expanding the program, the government should stipulate that renovations must be completed by certified aging in place contractors and according to the universal design guidelines recommended by the National Homebuilders Association. In addition, an urban equivalent of this program should be developed. It should be designed to address the needs of elderly homeowners burdened by excessive housing costs, including those involved in multigenerational living arrangements. To scale this program, the government should leverage the capabilities and expertise of Habitat for Humanity, National Church Residences, and other nonprofits, including mega-churches, who are already engaged in efforts to provide safe housing for older adults.

Finally, since a significant number of the most vulnerable older adult households rely on Medicaid for long term supports and services, senior advocates must make every effort to block proposed cuts and lobby forcefully for increased federal funding for the program. States that have not done so should embrace Medicaid expansion, with a specific eye toward leveraging Medicaid Home and Community Based-Waivers Programs to complete home modifications that will facilitate aging in place for some of our most vulnerable older adults. Since Medicaid covers long-term care for many seniors, extension of aging in place will reduce these costs.

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