# INNOVATIVE FINANCE

DEVELOPING FINANCIAL ACUMEN
SO YOUR AGENCY IS READY FOR ANYTHING

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### Today's Goals

- Actionable takeaways to improve the lives of persons with disabilities and their support team
- O Improve financial acumen
- O Improve financial clarity
- Entertaining Adventure



#### 2018 Douthat Strong Adventure Race - Rules of Travel

LEG 01	2.5 miles 730' Gain/Loss	Total Points	Notes			
3.	Collect CPs in any order	5	<ul> <li>Collect as many points as possible on foot.</li> <li>You must stay on trails and roads. No off-trail travel is allowed.</li> <li>Use caution on Rt 629. Travel in single file.</li> </ul>			

LEG 02	12 miles 3600' Gain/Loss	Total Points	Notes			
<b>%</b>	Collect CPs in order	8	<ul> <li>Collect as many points as possible on bike.</li> <li>Off-trail travel is allowed.</li> <li>Use caution on Rt 629. Travel in single file.</li> <li>YOU MUST COLLECT IN ORDER.</li> </ul>			

LEG 03	4 miles 1500' Gain/Loss	Total Points	Notes (m)
-3°	Collect CPs in any order	12	<ul> <li>Collect as many points as possible on foot.</li> <li>Off-trail travel is allowed.</li> <li>Use caution on Rt 629. Travel in single file.</li> </ul>

LEG 04	8 miles 2500' Gain/Loss	Total Points	Notes			
50	Collect CPs in order	7	<ul> <li>Collect as many points as possible on bike.</li> <li>Off-trail travel is allowed.</li> <li>Use caution on Rt 629. Travel in single file.</li> <li>YOU MUST COLLECT IN ORDER.</li> </ul>			

Paddle	1.5 miles	Total Points	Notes			
À	Collect CPs in any order	3	<ul> <li>The paddle leg can be done anytime.</li> <li>Collect as many points as possible via boat.</li> <li>Boats are available on a first-come, first-served basis. If no boats are available, go to the next leg or challenge and return to the paddle later.</li> <li>No time credits will be given if you wait for a boat.</li> <li>One boat per team.</li> <li>You must collect points by boat. No foot travel allowed.</li> </ul>			

#### **CHALLENGES**

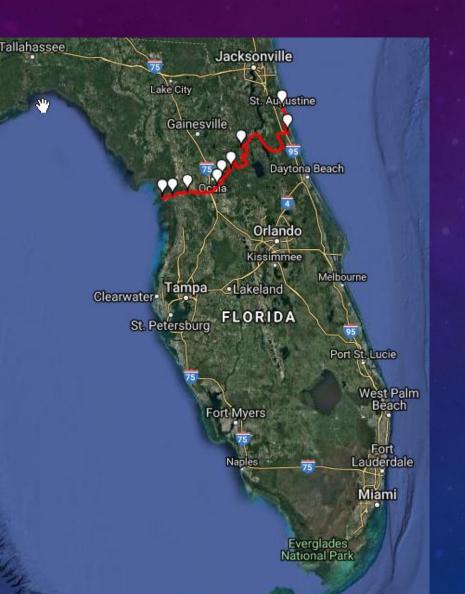


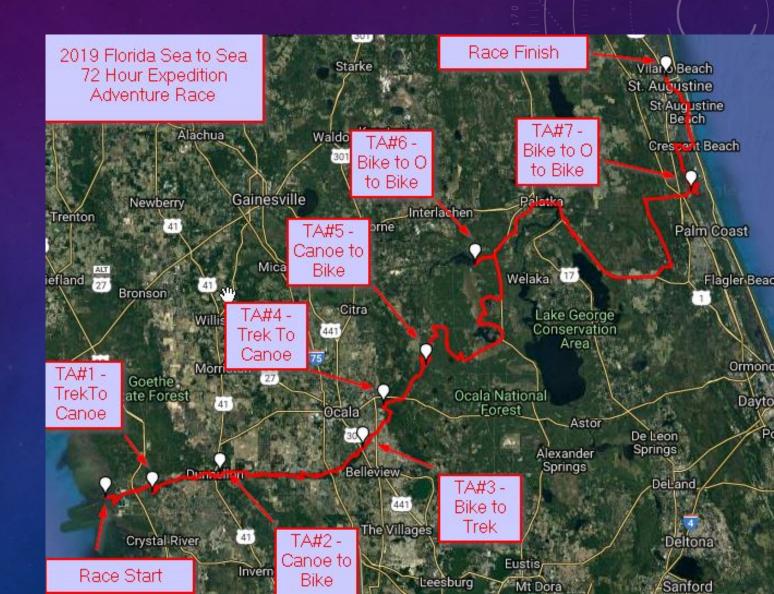
Each challenge is worth 2 points There are three challenges. The challenges are located at the beach area. The challenges are located at the main transition area. Challenges can be done at any point during the race and can be accessed either by bike or foot. Teams start a challenge on a first-come, first-served basis. Check in with the race official for instructions. You are only allowed to attempt the challenge once. Make sure you ePunch once you have completed the challenge. No time credits are given for waiting to complete a challenge.

# WHAT THE HECK IS ADVENTURE RACING??

Adventure racing (also called expedition racing) is typically a multi-disciplinary team sport involving navigation over an unmarked wilderness course with races extending anywhere from two hours up to two weeks in length. Wikipedia

# EXPEDITION LENGTH ADVENTURE RACING IS ANALOGOUS TO BUILDING A BUSINESS

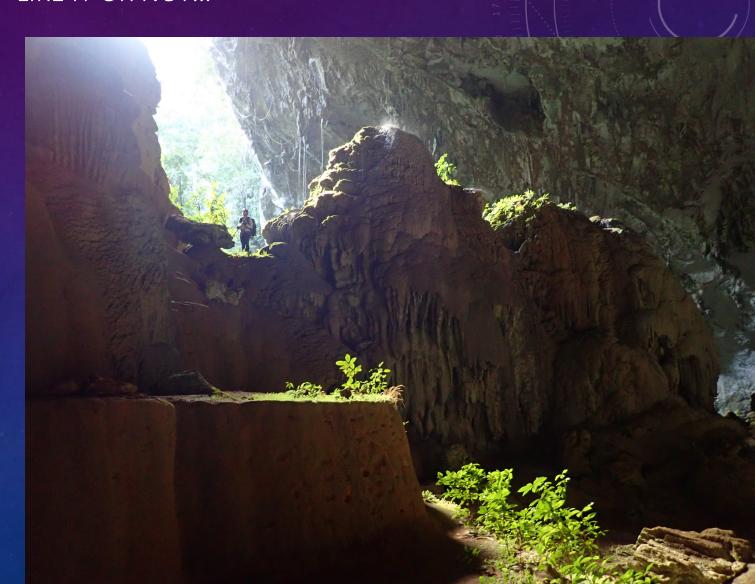






### THE FIELD OF HUMAN SERVICES IS CHANGING LIKE IT OR NOT...

- O Value Based Reimbursement
- O Introduction of Capitalism
- **OMarket Determines Rates**
- Competition
- Efficiency
- Technology
- O Automation
- Consolidation



### THE PURPOSE OF ACCOUNTING IS TO

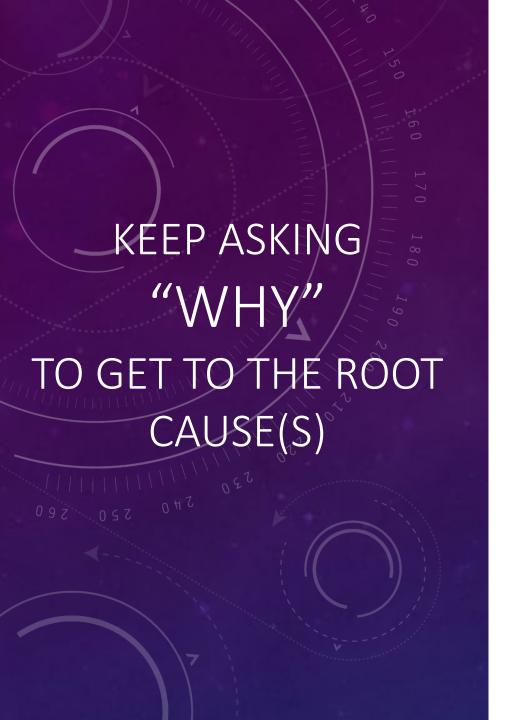
ACCUMULATE AND REPORT ON FINANCIAL INFORMATION ABOUT THE PERFORMANCE, FINANCIAL POSITION, AND CASH FLOWS OF A BUSINESS. THIS INFORMATION IS THEN USED TO REACH DECISIONS ABOUT HOW TO MANAGE THE BUSINESS, OR INVEST IN IT, OR LEND MONEY TO IT.

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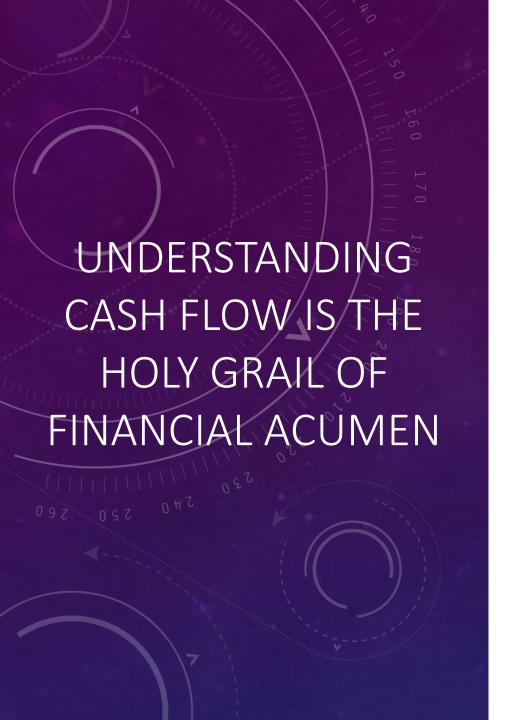


### BACK TO BASICS = BORING!

- Cash vs. Accrual
- O Profit and Loss Statement
- O Balance Sheet
- Cash Flow Statement
- O Calendar Reporting Cycles



- 1) Ted is picking on John
- 2) He was upset about not going to Nauticus during Day Support
- 3) There were not enough staff to send that trip out
- 4) Sally quit yesterday
- 5) She found a better job with higher pay and better benefits



How does the next sale effect your cash?

Push out your accounts payable as far as possible

Bring in your accounts receivable as quickly as possible

How much cash is going to debt service?

Eliminate events that cause volatility in cash flow



# IN EXPEDITION RACES, TEAMS PLAN OUT THEIR FOOD BASED ON THE PREDICTED LEGS OF THE RACE

- O Calories needed
- Various flavors and consistencies
- O Salty, Sweet, Sour, etc.
- O Tons of Nutrients
- O Nothing "new"
- A little extra for emergencies



# FLOW VOLATILITY

- Create separate checking accounts to "ration" cash.
- O Auto draft the proper amount over each week / month
- The goal is to "feel" broke in your operating account to create a sense of scarcity

Income Account

"Prepaid Expenses" Account

Reserve Account (Rainy Day)

**Operating Account** 

Line of Credit with "Sweep" Functionality

Trepara Expense Acce	TIOW T did	Reflettal Month
Workers Comp	3 month payment initially and then monthly, but we don't pay last 2 months -	Nov
Cyber Insurance	Lump sum by check in March - Accrual entries made	March
Employment Insurance	Lump sum by check in Nov - Accrual entries made	Dec
Sponsor Workers Comp	As policies renew, but majority near November	Various
Sponsor Bonuses	Processed in payroll	Quarterly
Health Insurance	Online Optima Portal	Nov
Dental	Paper Check from Office	Nov
Profit Taxes - Chip	Check - Direct Withdrawal	Quarterly and April
Profit Taxes - Andie	Check - Direct Withdrawal	Quarterly and April
Personal Property Taxes	Concur Check	Various
Business Package Insurance (Prop Casualty)	Monthly	February
Business License Taxes	Paper Check from Office	Annually in Feb/March

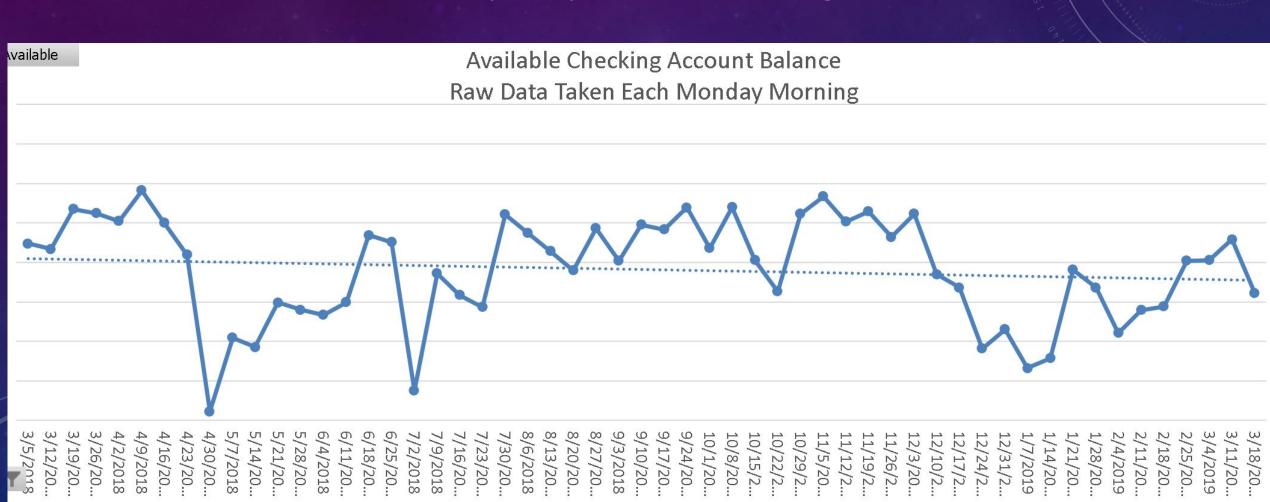
#### "PREPAID EXPENSE" IS WHAT WE NAME THE ACCOUNT BUT THERE IS PROBABLY A BETTER TERM

The account includes anything that meets these criteria;

- O The \$\$ is sizeable enough to cause volatility in the operating account
- The \$\$ needs to be paid out monthly or less frequently
- The item is unrelated to the Cost Of Goods Sold or "COGS"

Now the account balance can be charted weekly and reveal trends

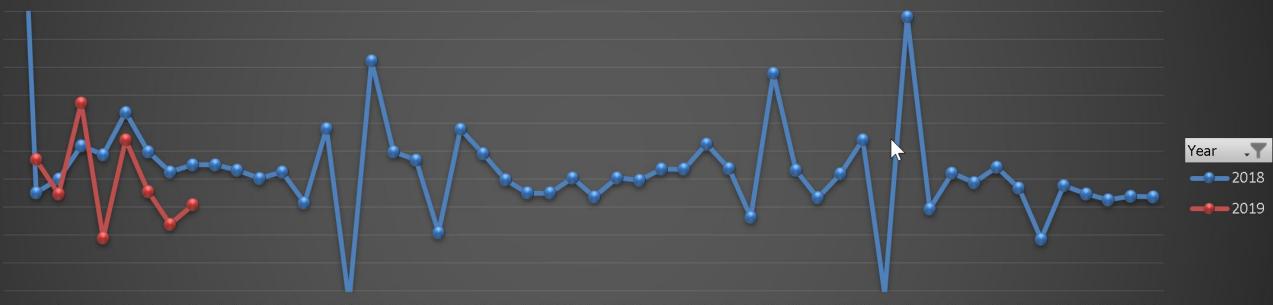
- O Upturns and downturns are "real"
- O Sense of scarcity creates frugality
- O Leadership can be alerted quickly if there are irregularities or concerns





- Weekly Remit (Cash)
- O Accrual Income
- O Accrual Profit
- Account Balances
- Cline of Credit (Debt)

#### Weekly Cash Remit





# PREPARE FOR YOUR "TRANSITION AREAS"

- Go into TA's with a clear strategy
- Communicate
- O Hold each other accountable
- Roles and responsibilities
- Planned Maintenance
- O Don't get comfortable
- Keep an eye on the clock!



# HOW DO YOU TAKE YOUR COMPANY TO THE NEXT LEVEL OF FINANCIAL ACUMEN?

- Information that can be used to strategically plan
- O Information that you can trust to make decisions
- O Information that lets you predict the future
- O Information that lets you see icebergs on the horizon
- Clarity in what makes each service tick



HOW CAN YOU BE READY FOR THE NEXT LEG OF YOUR RACE?

WHAT ARE YOUR KEY
PERFORMANCE INDICATORS?

WHAT DO YOU USE TO MEASURE YOUR SUCCESS?



KPI 3X3

#### **DSP Metrics**

	Number of <u>DSP's</u>	Number of DSP Labor <u>Hours</u>	Total dollars paid to DSP's
Number of <u>Customers</u>			
Number of <u>Hours</u> Customers  are Supported			
Total Customer Billing Dollars			

Customer Metrics

KPI 3X3

### **DSP Metrics**

Customer	
Metrics	

Critical Ratios	Number of <u>DSP's</u>	Number of DSP Labor <u>Hours</u>	Total dollars paid to DSP's		
Number of	Staff to Customer	Number of DSP	Labor Cost per		
<u>Customers</u>	Ratio	hours per customer	Customer		
Number of <u>Hours</u> Customers are Supported	Customer support	Labor Hours	Labor cost per Hour		
	hours per DSP	Percentage	of Support		
Total Customer Billing Dollars	Customer billing	Income per hour	Labor Dollars		
	per DSP	worked	Percentage		

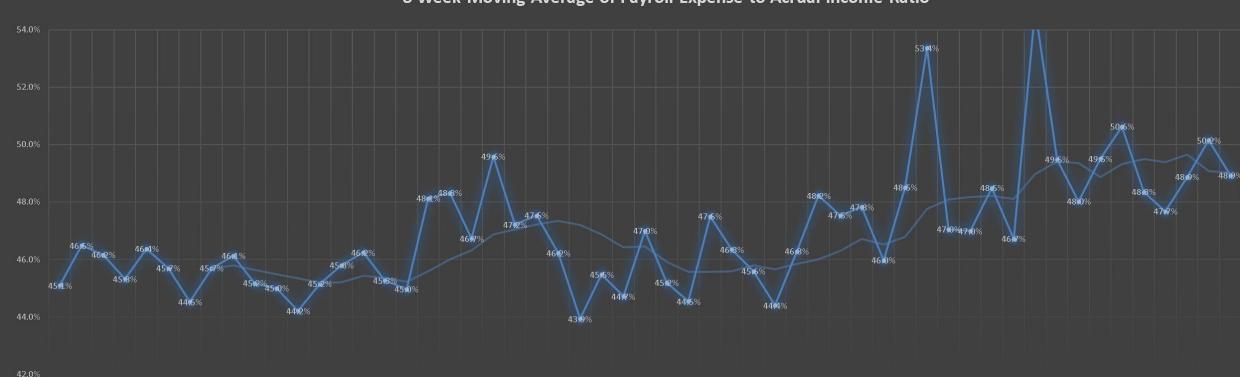
#### RATIO'S ARE MEANINGLESS UNLESS TRACKED OVER TIME

								13 1/
		Crit Rat	ical ios	Number of <u>D</u>	OSP's	Number of DS Labor <u>Hours</u>		Total dollars paid to DSP's
	Critical Ratios	Number of DSI	Nun	Staff to Custonber of DSP bor Hours		Number of DS I dollars paid to I DSP's	•	Labor Cost per Customer
Critical Ratios	Number of <u>DSP's</u>	Number of DSP Labor <u>Hours</u>	Total dollars paid to property DSP's		Labor Cost per Customer			Labor cost per Hour of Support
Number of Customers	Staff to Customer Ratio	Number of DSP hours per customer	Labor Cost per Customer		COLCUMN AN	or cost per Hour ' of Support	ur	Labor Dollars Percentage
Number of <u>Hours</u> Customers are Supported	Customer support hours per DSP	Labor Hours Percentage		st per Hour upport		abor Dollars Percentage		
Total Customer Billing Dollars	Customer billing per DSP	Income per hour worked		Dollars entage				

### CONVERT DATA INTO A VISUAL STORY

#### PAYROLL TO DMAS BILLING RATIO = CASH OUT VS. ACCRUAL IN

#### 8 Week Moving Average of Payroll Expense to Acrual Income Ratio



## OVERCOMING THE FEAR OF THE UNKNOWN

- O Belize CA
- O Midnight
- 12 Hrs into a 4 DayAdventure Race
- O 22 mile jungle paddle
- 4 mph moving rapids
- Mist over the water
- Shotty canoe
- Top-heavy with bikes
- O S#!t is getting real!



### CONGRATULATIONS, YOU HAVE FINISHED THE RACE!



QUESTIONS?

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