

The FORVIS logo is displayed in a bold, red, sans-serif font. To the right of the logo is a large, abstract graphic consisting of several parallel, diagonal red stripes of varying shades, creating a sense of depth and movement. Below the logo, a black paintbrush with a white ferrule and a red brush head is shown, with a red paint stroke extending from the brush tip towards the left.

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Paint a Clear Picture - CFO Strategies for Measuring Performance and Board Communication

May 16, 2024 – Todd Kenney and Ben Schmitz, FORVIS

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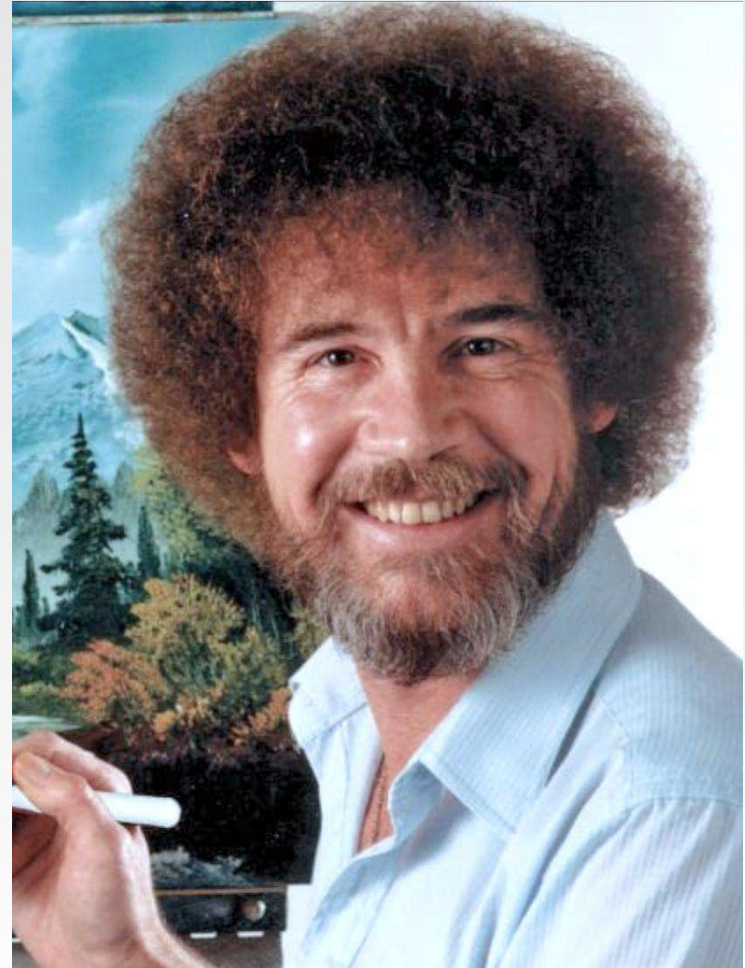
**What are we
going to do
today?**

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Painting – Fun Facts!

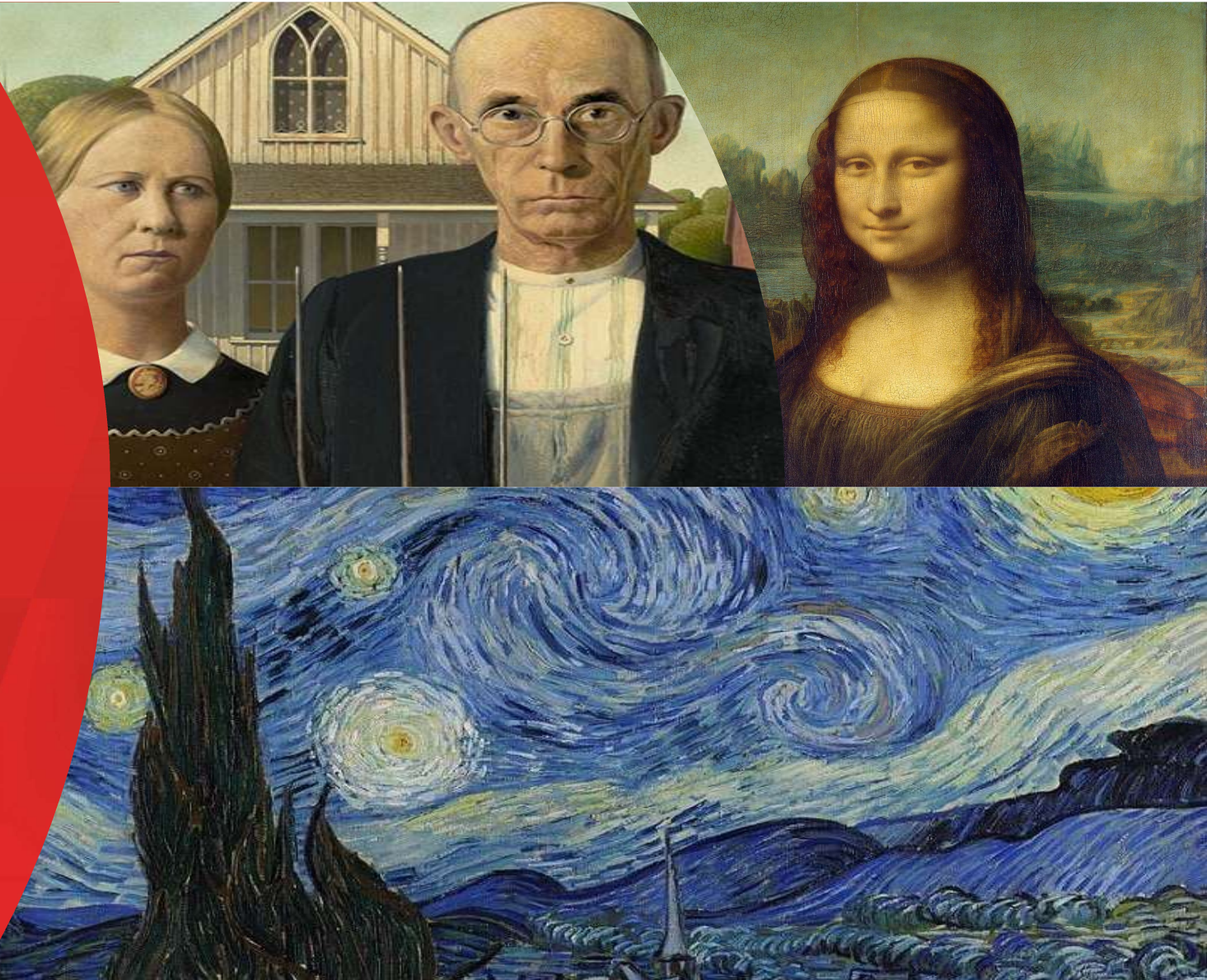
- People have been painting for over 30,000 years (caves, not canvas)
- Painters used to store their paints in the extracted bladders of animals like sheep (gross)
- Oil paint takes over 2 weeks to fully dry (acrylic takes 10 minutes)
- It takes 570 gallons of paint to re-paint the white house
- In Scotland, a painted red door traditionally means your home is mortgage-free



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**What's the
point?**



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Meet the Presenters



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FORVIS' Healthcare Practice



FORVIS Knows Healthcare

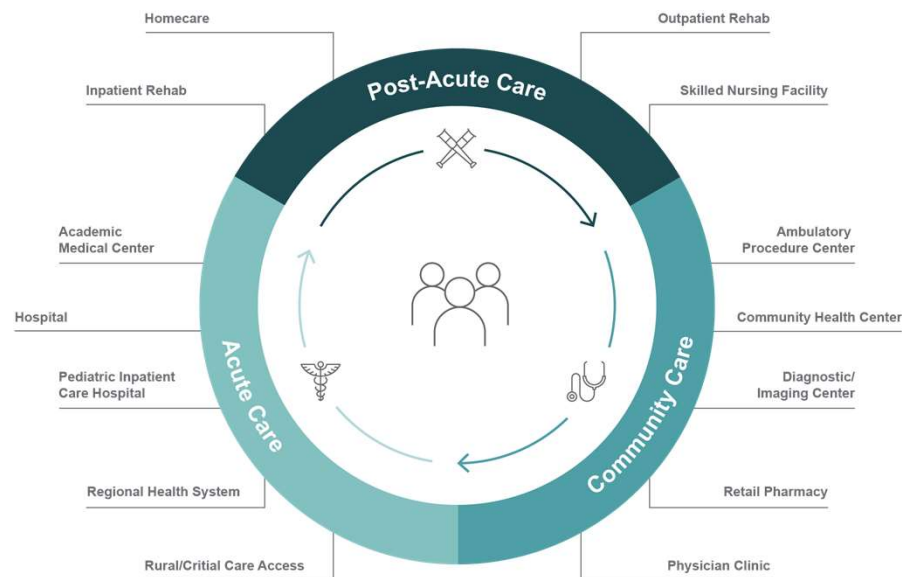
1,030+
team members

6100+
Healthcare clients

175+
PPMDDs

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Serving the Entire Continuum of Care



92

Healthcare Net
Promoter Score

Modern
Healthcare

9th

Largest Healthcare
Consulting Firm



1st

Largest Healthcare
Auditor



2nd

Largest Healthcare
Tax Preparer

Sources: UCX survey NPS score; Modern Healthcare's Largest Management Consulting Firms 2023 ranking; OMB data via the Federal Audit Clearinghouse based on HHS CFDA's for number of Single Audits performed; and Cause IQ based on Form 990s for non-profit healthcare providers

Agenda

- Strategies for Measuring Financial Performance
- Board Communication



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Question

Which of the following is the highest priority for your organization?

- A** / Managing Cash Flow
- B** / Identifying Cost Reductions
- C** / Understanding how clinical operations impact financials
- D** / Physician & provider management



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Strategies for Summarizing Financials & Operations

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Connecting Goals to Financials

STEP 1 – Goal Setting

- Work with the Board and Community to develop
- What do you want for your organization?
 - Stability?
 - Innovation?
 - Improve patient experience?
 - Destination for _____ (cancer care, PT and rehab, OP surgery, etc.)

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Connecting Goals to Financials, Contd.

STEP 2 – Financial Feasibility

- Driven by CFO
- How do these goals impact the financials – is this a good move?
- Pro-Forma, Forecasting

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Connecting Goals to Financials, Contd.

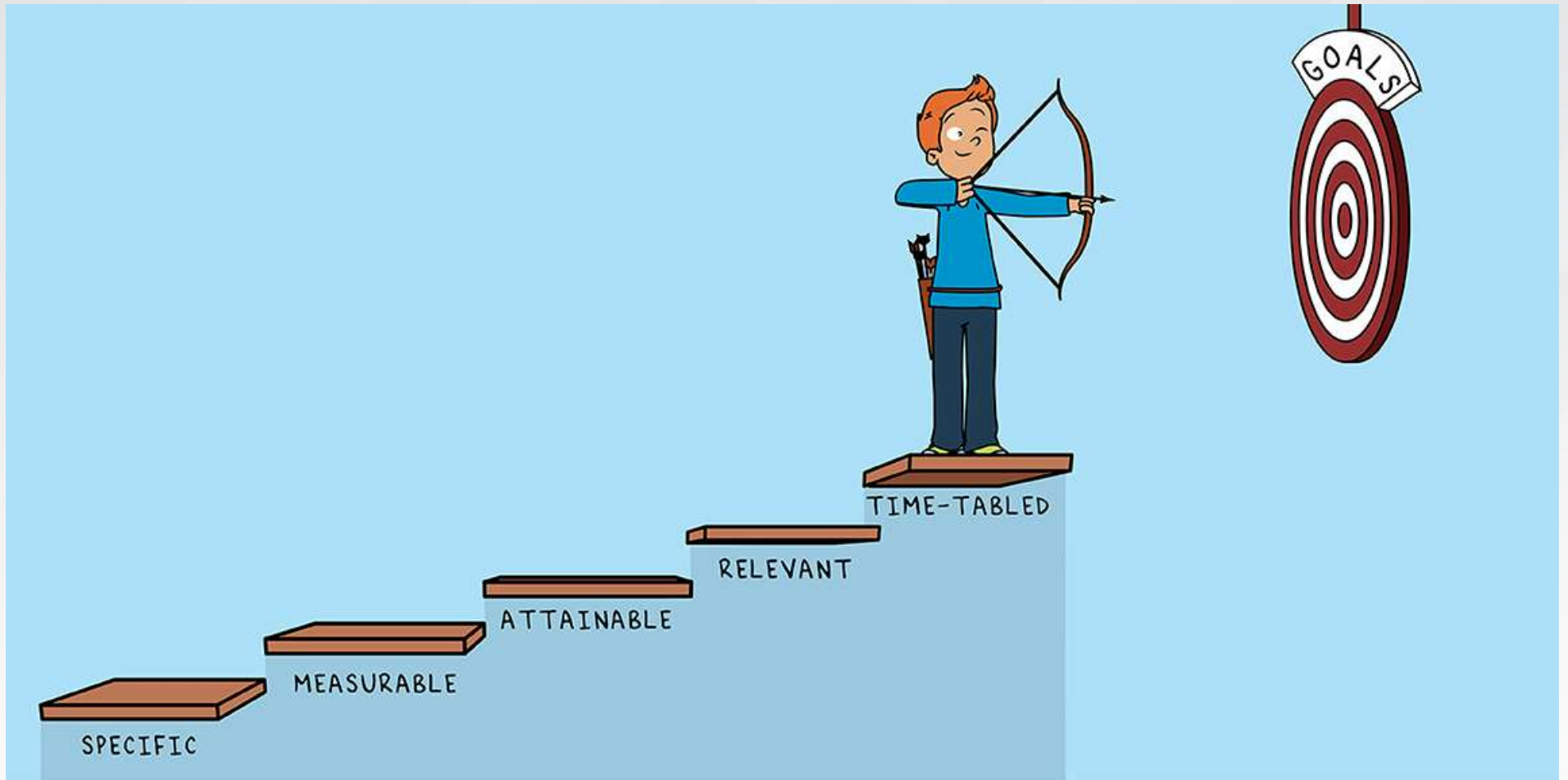
STEP 3 – Strategic Plan

- Moving from ‘goal’ to ‘plan’
- Work with the Board to develop
- Short-Term and Long-Term components

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What are the Drivers?

- Figure out what metric or data point would answer the question as to whether a goal is being met or not
- Show trends – NOT BUDGET TO ACTUAL! Look at PY to CY or, even better, compare 3 years of data
- Charts – yay! Graphs – yay!
Words – nay!

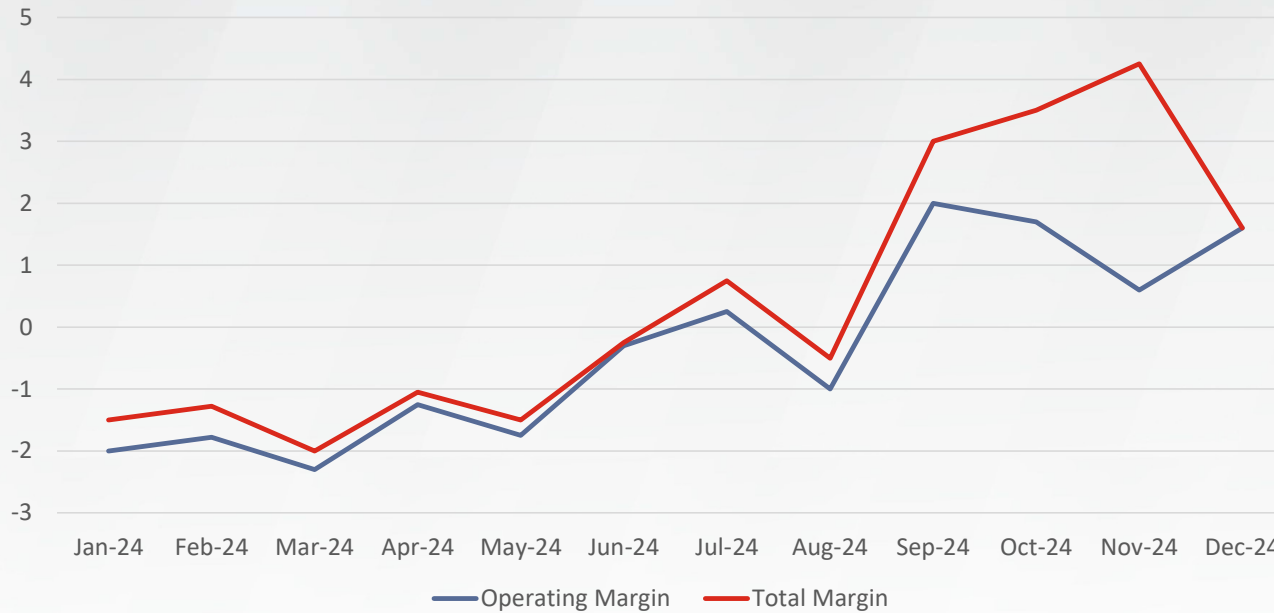
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Measurable Goals – Example 1 (Stability)

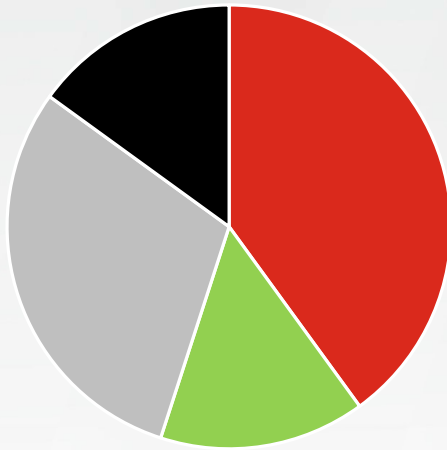
2024 Margins – XYZ Hospital



	Operating Margin	Total Margin
Jan-24	-2	-1.5
Feb-24	-1.78	-1.28
Mar-24	-2.3	-2
Apr-24	-1.25	-1.05
May-24	-1.75	-1.5
Jun-24	-0.3	-0.25
Jul-24	0.25	0.75
Aug-24	-1	-0.5
Sep-24	2	3
Oct-24	1.7	3.5
Nov-24	0.6	4.25
Dec-24	1.6	1.6

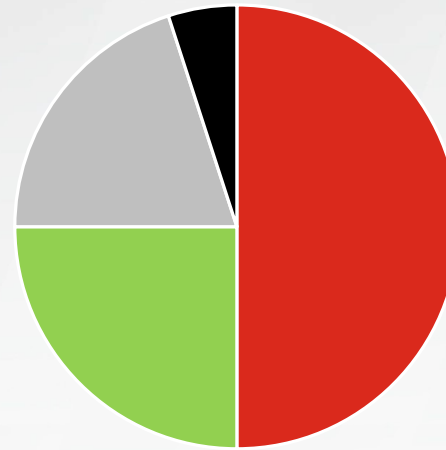
Measurable Goals – Example 2 (Improve Patient Experience)

Patient Satisfaction Survey Results - 2023



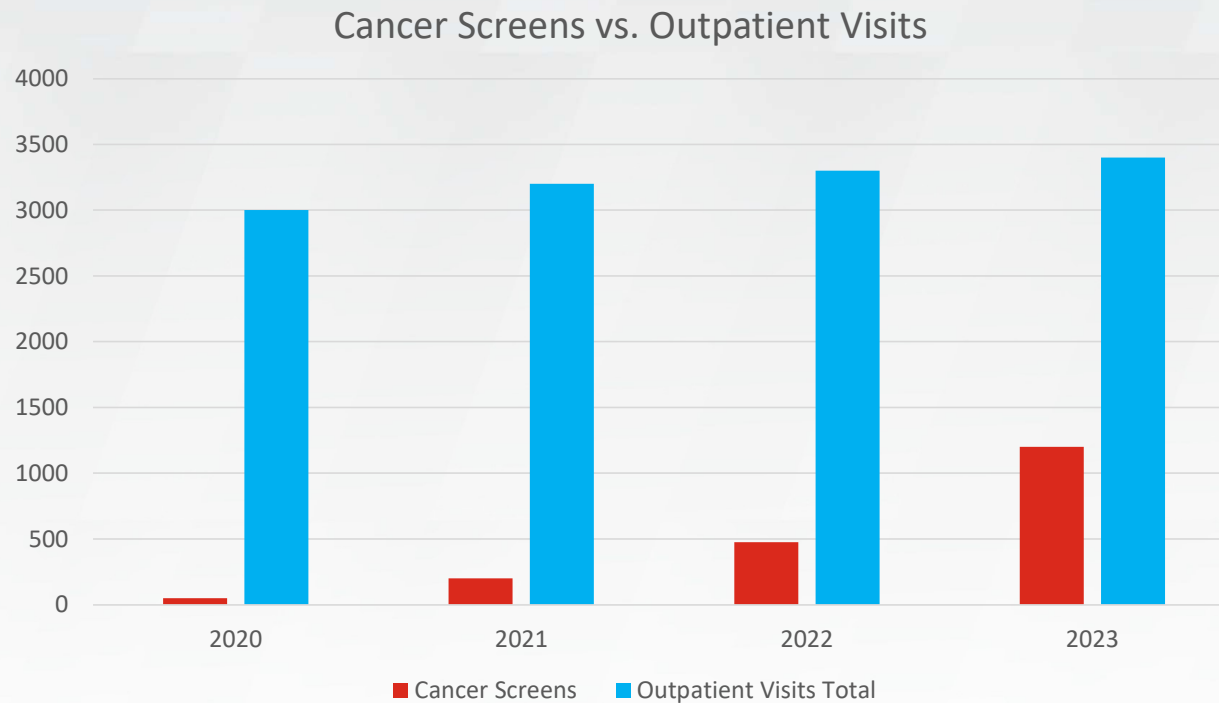
■ Very Satisfied ■ Somewhat Satisfied ■ Dissatisfied ■ Very Dissatisfied

Patient Satisfaction Survey Results - 2024



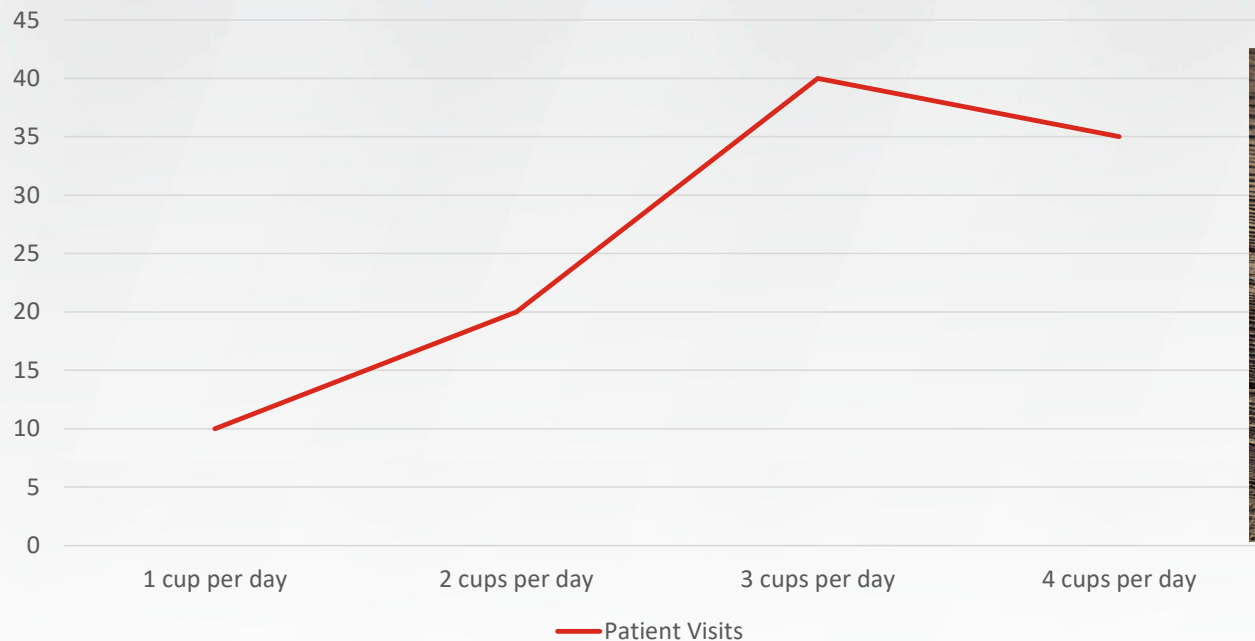
■ Very Satisfied ■ Somewhat Satisfied ■ Dissatisfied ■ Very Dissatisfied

Measurable Goals – Example 3 (Become a Destination for Cancer Care)



Measurable Goals – Example 4 (Increase Physician Productivity)

Productivity – Coffee Consumption



Benchmarking – Do It!

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Question

Which of the following would be beneficial in your financial reports to the Board?

- A** / Benchmarking
- B** / Charts & Graphs
- C** / Comparative Data
- D** / Operational Data linked to financials



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Board Communication

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Roles & Responsibilities of Board of Directors

Establish Vision, Mission & Values

- Guide & set the pace for its current operations & future development

Set Strategy & Structure

- Determine the business strategy & plans
- Ensure the organizational structure is appropriate to implement the strategies

Delegation to Management

- Delegate, monitor & evaluate implementation of strategies by management

Primary Duties of Board of Directors

Establish Longevity

- Provide continuity for the organization
- Long-term planning

Governance

- Govern the organization by broad policies & objectives by continually review its work
- Evaluate results to plan/budget

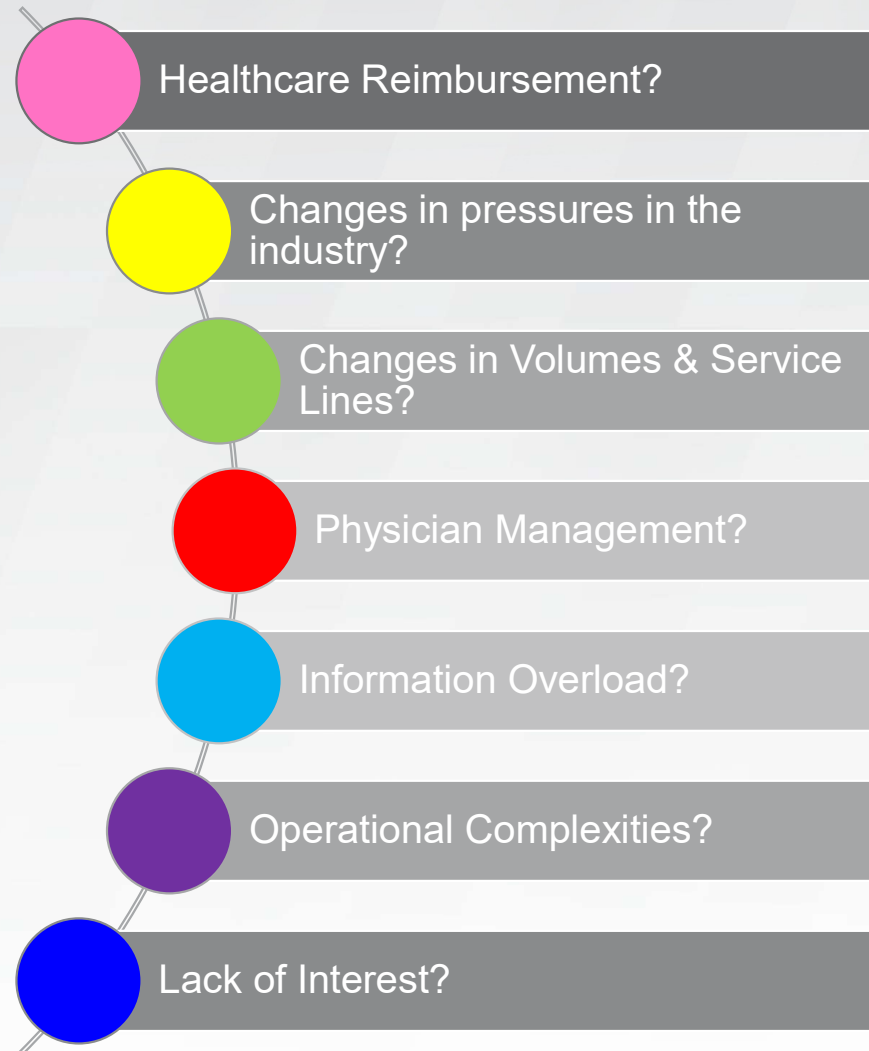
Accountability

- Account to the public for the services of the organization
- Provide for fiscal accountability, approve the budget & formulate policies

Gain an Understanding

When you look at your Board, what is the largest challenge they face in understanding your organization?

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Question

When was the last time you changed your basic financial reporting to your Board?

- A** / Within the last 6 months
- B** / Within the last 6-12 months
- C** / Within 1-3 years
- D** / Greater than 3 years

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Gain an Understanding

- How do you turn these challenges into opportunities?
 - Survey for their interests
 - Education on topics
 - Use of operational metrics & key performance indicators (KPI's)
- “Goldilocks Dilemma”
 - Too much
 - Too little
 - Just right



Strategy

- Know your Board – plan and develop a strategy to reach your audience
- Be clear and concise
 - Use graphs and comparisons
 - Develop the context for them
 - How does this fit in our strategy?
- Transparency is key for Board confidence
 - “Bad news is not like fine wine, it does not get better with age”



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Strategy, Contd.

Gain credibility

- Consistent historical data
- Use clean and well-designed deliverables
- Should support the strategy



Expectations Into Action



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- Over the years, we've seen a wide range of approaches
 - 4 graphs
 - 60 pages
- Neither of these extremes addresses one of the primary problems between Boards and CFOs

Surprising the Board is not a good thing

Expectations Into Action



- Evaluation of your Board needs
- Planning communications to meet the needs
- Ask for feedback
- Experiment with the data
- If your reporting hasn't changed in the past 2-3 years – is the information relevant?

“Simple can be harder than complex: You have to work hard to get your thinking clean to make it simple. But it’s worth it in the end because once you get there, you can move mountains.”

-Steve Jobs

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A person with their back to the camera stands in the center of an art gallery, looking at a wall of various framed paintings. The paintings include a landscape, a still life with flowers, a classical figure, a large fish, a landscape with a tree, a portrait, a landscape with a bridge, and a portrait of a couple. The scene is overlaid with a semi-transparent red geometric shape on the right side.

Questions?

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Assurance / Tax / Advisory