



## *JWI 533: Saving Money, Saving Lives*

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### Assignment 3

#### **Strategy and Capital Budget Presentation**

**Due: Sunday, Midnight of Week 9 (30% of total grade)**

#### **Background**

You have made great strides in financial leadership in the first few months in your new role and have done a terrific job aligning your organization around a vision of *pay-for-value* Healthcare.

Your success has not gone unnoticed. You have been asked by the Board of Directors whether you have any ideas for strategies that can take the organization forward in its pursuit of pay-for-value. As it turns out, you have an idea for a technological innovation you have been reading about, but it requires a significant capital investment to make it happen. You have a strong feeling that your idea could make a big difference, but you know you can't go to the Board with just "feelings." Your pitch must be grounded in facts and numbers; a plan that cannot demonstrate financially viable will never get approved. So, you need to present not just your strategy, but a budget to support that strategy.

#### **Instructions**

The Board has invited you to give a 5-minute presentation outlining your proposal. They want you to explain your idea, walk them through the reasons you think it's needed, explain how it will be funded, and how success will be measured. That's a tall order, but you're up to the challenge!

You've decided to organize your presentation around a 5-slide PowerPoint deck (plus one slide for references) as follows:

1. **Executive Summary:** Explain the proposed technology investment and give a synopsis of what the Board can expect in the slides that follow. Explain why this is a meaningful innovation that takes the organization forward.
2. **Data Synopsis:** Identify 5 budget inputs with estimated financial details that must be considered when evaluating this project. Examples can include (but are not limited to):
  - a. Additional patients served
  - b. Changes in staffing
  - c. Variance in clinical outcomes
  - d. Operating revenue/profit increases
  - e. Additional space or renovation required

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3. **Run the Numbers:** Build and explain a budget to support the project and give a clear summary of the relevant financial data based on the following:
  - a. You have up to \$2 Million to spend.
  - b. The proposed capital investment must be for a *technology* solution. This could include things such as: health records data management tools, robotics, telemedicine, etc.
  - c. You must secure a “reasonable” estimate for the costs associated with the capital expenditure. This can be accomplished through contacting vendors, speaking with your finance department or a bit of research on the Internet.
  - d. You must consider a “lease versus buy” evaluation for this project. You can obtain bank loan for 100% of the purchase. Lease terms set payments at 15% of the purchase price annually, to be paid annually at the end of each of the next 5 years. Your facility has no use for the equipment beyond the expiration of the lease and has an estimated residual value of 40% (of initial purchase costs) at the end of the 5<sup>th</sup> year.
  - e. You must identify competitive interest rates in your local area for similar projects.
  - f. You must identify Federal and State Tax rates for your facility.
  - g. 5 Years MCARS (depreciation table) must be used for this project.
  - h. Identify the Net Present Value for Leasing vs Buying.
  
4. **Reflections on Other Capital Budgeting Methods:** The Board has specifically asked you to explain why Net Present Value has been used for this project versus the Payback Method, Internal Rate of Return and Accounting Rate of Return.
  
5. **State your Financial Conclusions**
  - a. What is your recommendation to the Board as to whether the organization should Lease vs Buy?
  - b. Are there other non-financial factors you should consider that need to be conveyed to the Board?
  - c. How will the project be monitored for ongoing assessment of performance?
  
6. **References and Citations Appendix Slide** (include sources for rates, prices and other data used in the presentation)

### Submission Requirements

This assignment is to be submitted as a recorded live presentation using the Zoom recording tool. Your presentation should be delivered in a professional manner and must make use of your PowerPoint deck for support. You must make your pitch in 5 minutes or less.

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### RUBRIC: Assignment 3

CRITERIA	Unsatisfactory	Low Pass	Pass	High Pass	Honors
<b>1. Executive Summary</b>  <b>Weight: 5%</b>	Did not provide an overview of how the presentation is organized and did not state its purpose; did not explain how the proposed project supports the organization's mission	Provided unclear overview of how the presentation is organized OR did not state its purpose OR did not explain how the proposed project supports the organization's mission	Provided a good overview of how the presentation is organized and clearly stated its purpose; provided a satisfactory explanation for how the proposed project supports the organization's mission	Provided an excellent overview of how the presentation is organized and clearly stated its purpose; provided a clear explanation for how the proposed project supports the organization's mission	Provided an exemplary overview of how the presentation is organized and clearly stated its purpose; provided a compelling and inspiring explanation for how the proposed project supports the organization's mission
<b>2. Data Synopsis</b>  <b>Weight: 20%</b>	Data was missing, unclear or irrelevant to the capital budgeting project being proposed	Data was overly basic, too general and/or inadequately connected to the capital budgeting project being proposed	Data was good, but basic; the data that was provided, however, was clearly presented as rationale for the capital budgeting project being proposed	Data was very good demonstrating discernment of what matters and how it supports the need to for the capital budgeting project being proposed	Data was comprehensive and well-chosen demonstrating excellent discernment of what matters and how it supports the need to for the capital budgeting project being proposed
<b>3. Run the Numbers</b>  <b>Weight: 30%</b>	Budget was missing key components, did not discuss how the project would be paid for and did not identify variables that could impact the project	Budget was missing key components of cost and provided only a basic explanation of financing options and variables that could impact the project	Budget addressed all key components of cost and provided on a good explanation of financing options and variables that could impact the project	Budget provided a clear picture of costs, options and variables and offered a concise picture of all components and their potential impact on the project	Budget provided an extremely clear and accurate picture of costs, options and risks with the right amount of detail for a Board-level presentation
<b>4. Reflections on Other Capital Budgeting Methods</b>  <b>Weight: 10%</b>	Missing, unclear or off-topic explanation	Basic reflection on options, but consideration of only one alternative	Good reflection on why Net Present Value has been used for this project versus two alternative methods	Very good analysis of why Net Present Value has been used for this project versus the Payback Method, Internal Rate of Return and Accounting Rate of Return	Exemplary analysis of why Net Present Value has been used for this project versus the Payback Method, Internal Rate of Return and Accounting Rate of Return
<b>5. State your Financial Conclusions</b>  <b>Weight: 10%</b>	Presentation did not recap main points AND did not explain the plan for ongoing project evaluation	Presentation included unfocused recap of main points OR did not explain the plan for ongoing project evaluation	Presentation included good recap of main points AND basic explanation of the plan for ongoing project evaluation	Presentation included excellent recap of main points AND specific benchmarks for ongoing project evaluation	Presentation included strong and passionate recap of main points tying them directly to mission AND included specific benchmarks for ongoing project evaluation
<b>6. Citations.</b>  <b>Weight: 10%</b>	No data or citations were proved to support the facts and figures used in the presentation	Some data and citations were proved to support the facts and figures used in the presentation, but verifiable sources were not included	Sufficient data and citations were proved to support the facts and figures used in the presentation, but verifiable sources were not included	Excellent data and citations were proved to support the facts and figures used in the presentation with all sources documented	Comprehensive data and citations were proved to support the facts and figures used in the presentation with all sources verifiable and documented
<b>7. Presentation</b>  <b>Weight: 15%</b>	Did not make use of PPT deck or used deck that did not follow prescribed format; did not present in a professional manner and/or did not adhere to time limits	Communicated somewhat professionally, but showed evidence of lack of preparation resulting in poor timing and delivery; PPT deck and presentation of material only partially followed formatting instructions	Solid, but basic presentation; covered all presentation components in allotted time; PPT materials followed prescribed format and made good use of visual design to support presentation	Presentation delivered very professionally; PPT deck was very well designed and made excellent use of bullets, charts, colors and other design elements that supported the presentation without being too complex to be easily understood	Presentation delivered very professionally; PPT deck was very well designed and made excellent use of bullets, charts, colors and other design elements that supported the presentation without being too complex to be easily understood

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