



NATIONAL
RURAL HEALTH
RESOURCE CENTER

600 East Superior Street, Suite 404 | Duluth, MN 55802 | Ph. 800.997.6685 or 218.727.9390 | www.ruralcenter.org

Network Sustainability

Examining Sustainability on a Per-Unit Basis

Kap Wilkes
Program Manager II

Sally Trnka
Senior Program
Coordinator

May 2012

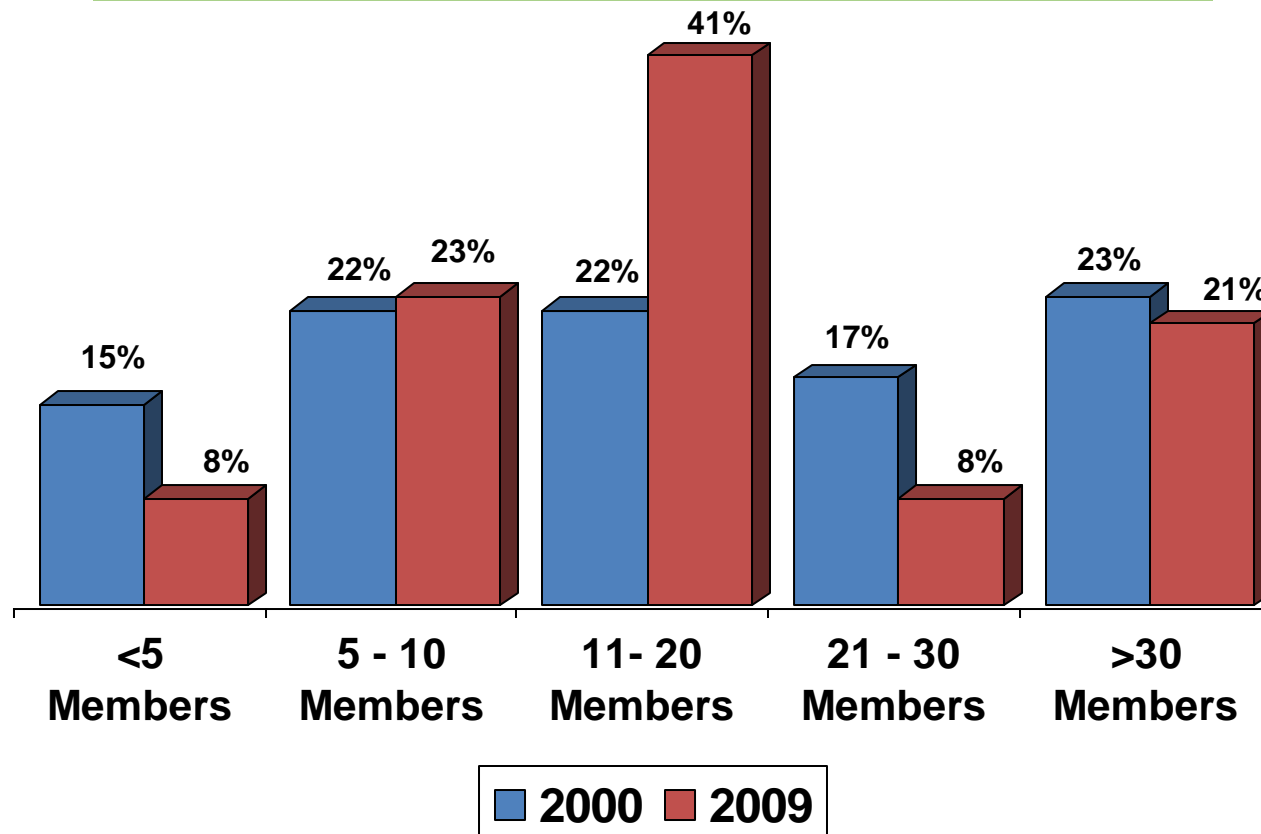


Presentation Objectives

- What we know about networks
- Your business model identifies your unit basis
- Why forecast on a per-unit basis
- Example of forecasting operational costs and finding a per-unit cost

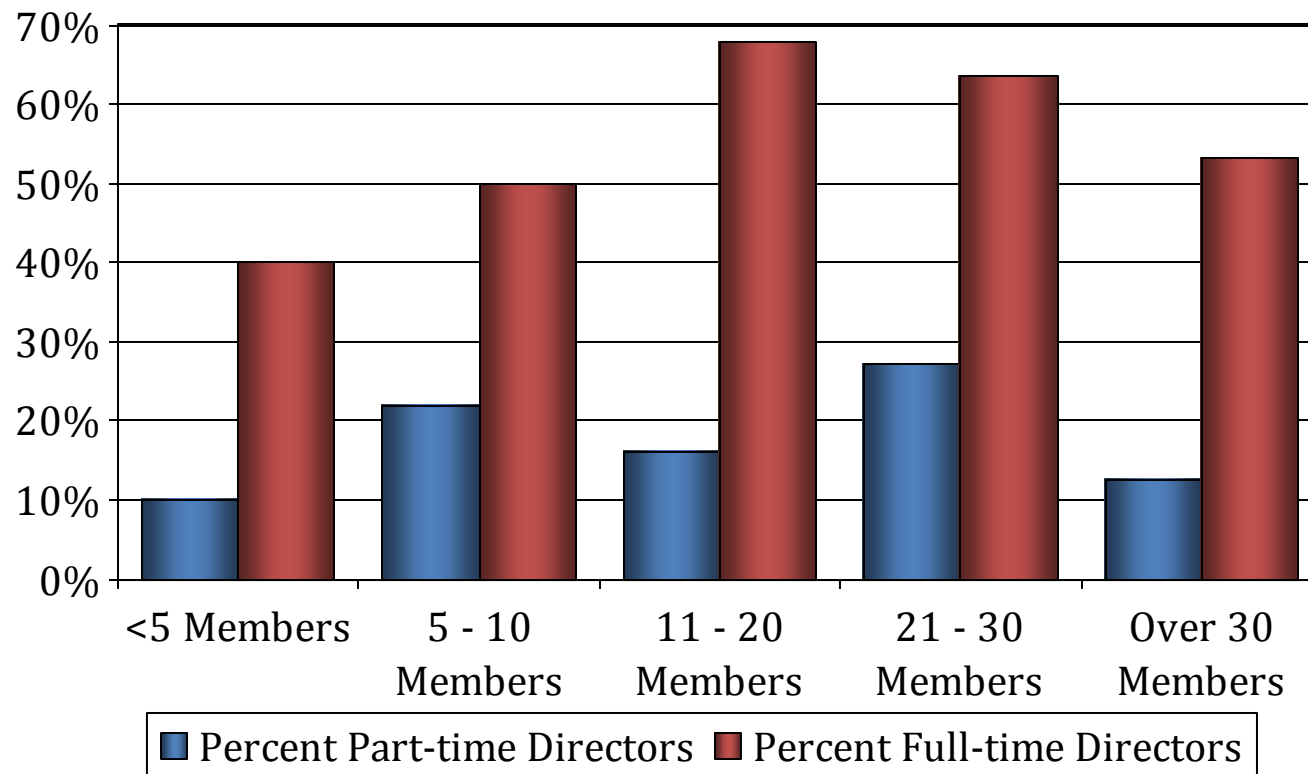


Rural Hospital Network Size



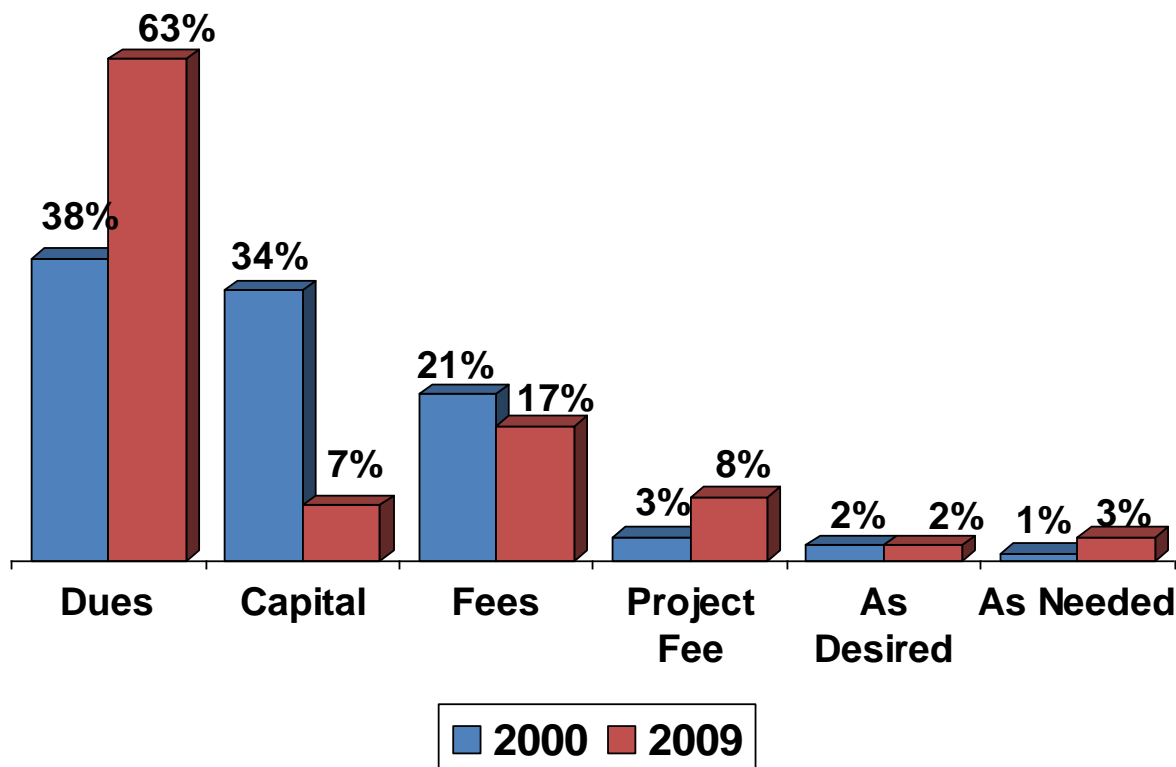


Rural Hospital Network Staffing





Rural Hospital Network Financial Commitments





What Business Are You In?

Facilitated Network

- Connecting people to share information and resources
- Typically paid by grants and/or dues per member

Value-Added Network

- Create and sell a product or service
- Typically paid by price per product or service

Solution Shop Network

- Provide expert advise
- Typically paid by fee per expert hour



Figure Out Your Units

- Facilitate network = **members**
- Value-added network = **products/services**
- Solution-shop network = **expert hours**



Forecasting with Units Makes Sense

- Illustrates the financial picture of each type of business product/service
- Provides an opportunity for comparison



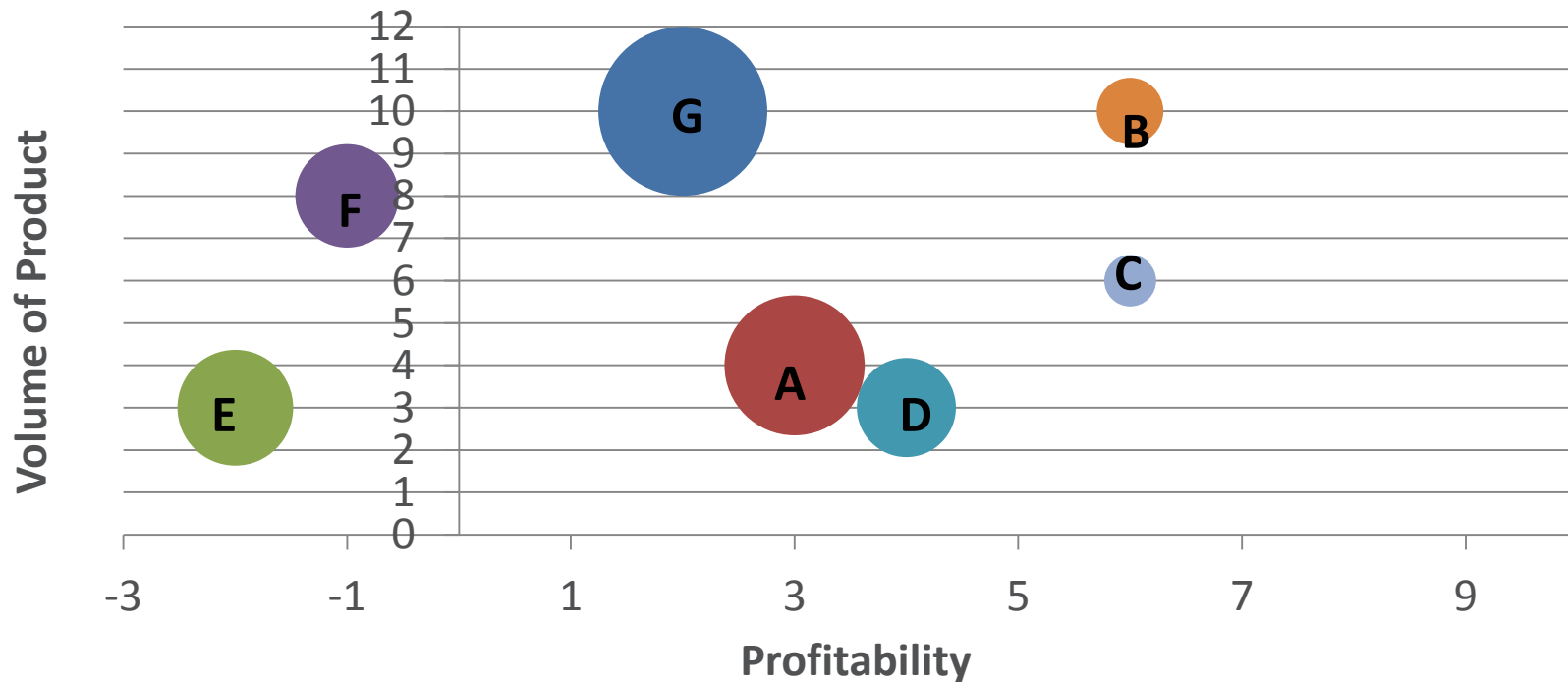
NATIONAL
RURAL HEALTH
RESOURCE CENTER

Product	Cost per Unit	Revenue per Unit
A	3	6
B	4	10
C	5	11
D	6	10
E	7	5
F	8	7
G	9	11

Profit	Volume	% Resources
3	4	0.22
6	10	0.05
6	6	0.03
4	3	0.11
-2	3	0.15
-1	8	0.12
2	10	0.32



Per Unit Resource Requirements by Profitability and Volume





Getting To The Details

To understand your profitability, you need to first understand your unit costs.





NATIONAL
RURAL HEALTH
RESOURCE CENTER

Kap Wilkes

Program Manager II
National Rural Health
Resource Center
600 East Superior Street,
Suite 404
Duluth, MN 55802
(218) 727-9390 ext. (226)
kwilkes@ruralcenter.org

Sally Trnka

Senior Program Coordinator
National Rural Health
Resource Center
600 East Superior Street,
Suite 404
Duluth, MN 55802
(218) 727-9390 ext. (233)
strnka@ruralcenter.org