

Owner's Discretionary Income: Growing your Home Care Profits

A CEO Round Table

Your Host:

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Chairman & CEO

Leading Home Care

... a Tweed Jeffries company

A key concept that every home care owner and CEO needs to grasp is **ODI – Owner's Discretionary Income**. This is a concept that you can use to measure exactly how much benefit you are getting from being the CEO of a home care company. It's based on proven methods used by thousands of small business owners to assess their return on their investment of time, talents and treasures in their companies.

Objectives: As a result of this teleseminar, you will be able to:

1. Describe and apply the concept of "Owner's Discretionary Income."
2. Identify High Value Activities to grow your business and increase your income.
3. Achieve your Optimistic Revenue Goals.

Building a Better Business Plan

The S R O Formula

The **magic formula** to take your home care company from
Survival to Success to Significance.

Survival – What is the amount of revenue you need each month to Survive?

Realistic – What is the Realistic amount of revenue you need to maintain your business?

Optimistic – What is your Optimistic Revenue Goal to grow your business to success and significance?

What is your Optimistic Revenue Goal for this month?

The Five Mores

More Focus + More Prospects + More Referrals + More Patients / Clients = More Profits (ODI)

The RRR Formula

“What can you Realistically do... on a Regular basis... to Reach your optimistic number?”

RRR = Consistency

Four Dimensions of Activity

1. Need to do – Causes Stress % _____

2. Should do – Causes distress % _____

3. Want to do – Leads to Success % _____

4. Love to do – Leads to Significance % _____

List the activities of your job that fall into each of the dimensions. Estimate how much of your time over the course of an average week you spend in each dimension. What % of your time are you spending in each dimension of activity?

The Business of Home Care

Three Legged Stool

1. Book New Business

2. Provide Care

3. Collect Cash

Planning your High Value Activities (HVAs)

As the owner or CEO of your home care company, there is no one as well equipped to take the actions necessary to grow your business. Because of your position, your knowledge, your experience, and your skills, you are uniquely qualified to take High Value Actions that will result in significant business growth.

Yet, if you are like many home care CEOs, you find your days taken up with activities that fall into the “need to do” or “should do” categories. What are some activities that you can do on a frequent basis from the “want to do” and “love to do” categories that will help you grow your business?

Suggested High Value Activities

Book New Business

- Attend a networking event
- Make a sales call on a key physician
- Write an article for a local magazine or newspaper
- Star in a TV ad
- Be a guest on a radio talk show
- Make sales calls with your sales representatives or hospital coordinators

Provide Care

- Recruit a new nurse
- Make home visits with several of your nurses
- Conduct a leadership training program for your clinical managers
- Get personally involved in improving one outcome on the Home Health Compare results
- Review your clinical outcomes with all of your managers
- Do an analysis of your patient satisfaction data and develop an improvement plan

Collect Cash

- Meet with your billing department to review accounts receivable
- Review the results of your OASIS Assessments for timeliness, accuracy, and acuity
- Make a personal call to a payer who owes you money

Implementing Your HVAs

A.M. question – “What am I going to do today to book my Optimistic Revenue Goal?”

Three HVAs – “High Value Activities”

“What are three High Value Activities that I will use today?”

1.

2.

3.

P.M. question – “What did I do today to book my Optimistic Revenue Goal?”

Increasing your ODI – “Owner’s Discretionary Income”

Four Financial Thresholds for Private Duty Owners

Within a twelve month period ...

- Generate \$100,000 in Gross Profit Margin
- Generate \$100,000 in Personal Income
- Invest \$100,000
- Donate \$100,000

Owner’s Discretionary Income – ODI

One of the biggest challenges owners of Private Duty Home Care businesses face is defining exactly how much “profit” they are making from their business. The reason this is such a challenge is that every small business owner has discretion in spending that affects the bottom line. Many legitimate business expenses also benefit the owner.

ODI is a way of calculating all of the ways you can use your discretion in spending money in your company that may also have personal benefit to you, the owner.

On the next page you will find a sample ODI calculator.

An interactive *Owner’s Discretionary Income Calculator and Scorecard* is available for you to download at www.privatedutytoday.com.

**Home Care Owner's Discretionary Income
for
Individual Owner**

	Model Month	2004 Actual
Total Revenue		
Cost of Sales		
- Field Staff Wages		
- Field Staff Taxes & FICA		
- Field Staff Benefits		
- Field Staff Travel		
- Field Staff Recruiting		
- Field Staff Orientation		
- Field Staff In-service Education		
Total Cost of Sales		
Gross Profit		
ODI		
Owner's draw or salary		
Owner's tax payments		
Owner's retirement		
Owner's health insurance		
Owner's auto lease		
Owner's auto gas, oil, maintenance		
Meals & Entertainment		
Company Travel		
Meetings		
Dues & Personal Development		
Books & Periodicals		
Donations		
Capital Investments		
- Real Estate		
- Information Systems		
- Other		
Total ODI		
ODI % of Gross Profit		

Other Resources from Leading Home Care to Help you Grow Your Business

Audio Learning Programs

Leading Home Care has become the leader in distance learning for the home care industry. We have produced over 30 audio teleseminars on sales, marketing, customer service, leadership, staffing, and Private Duty Home Care.

Each of these teleseminars is available to you as an audio CD. Whether you use the complete learning package to conduct a seminar for your staff, or just to listen in your car while driving back and forth to the office, you'll find our audio CDs to be valuable tools to expand your knowledge, skills, and experience in home care.

For a complete list of our past teleseminars which are available on CD, go to www.leadinghomecare.com/teleseminars.

Private Duty Tools

The fastest growing segment of home care is Private Duty Home Care, and particularly "non-medical" home care. At Leading Home Care, we have conducted research, designed learning programs, and worked extensively with owners of successful Private Duty businesses. As a result of this extensive knowledge base, we have developed a number of business tools expressly for owners and CEOs of Private Duty Home Care businesses.

For a detailed look at these Private Duty Tools, go to our new web site at www.privatedutytoday.com.

E-Manuals

Leading Home Care recently pioneered the use of Electronic Manuals in the home care industry by publishing three new books online. For detailed information on Home Care Marketing, Home Care Staffing, and Selling to Bank Trust Officers, go to www.leadinghomecare.com/books/index.html.

About your Leading Home Care Teleseminar Team

Stephen C. Tweed, CSP



For the past 20 years, Stephen Tweed has worked with home care companies around the country that want to grow their businesses, and with home care leaders who want to multiply performance. He is currently Chairman and CEO of *Leading Home Care ... a Tweed Jeffries company*, the center for home care strategy and leadership. Stephen has served on the Boards of Directors of three different home care companies, and as the Interim President and CEO of a \$25 million home care company with 400 employees.

Annie Yoho - Teleseminar Producer



Annie Yoho has helped write, produce and emcee numerous audio learning programs. She served as Vice President and Marketing Director for a top-name professional speaker for 10 years, where she developed a unique telemarketing system for business development. Annie's roots represent a long line of professional speaking talent. Her father, father-in-law and husband are all professional speakers. Being surrounded by speakers, she's thrilled to finally have a chance to say something!