



Cash flow forecasting

Healthcare provider

Developed a comprehensive forecasting model for business to forecast the cash balances and test multiple scenarios to tweak business strategy

Healthcare provider company needs to Cash flow forecasting

Picture this...

You're looking to build a comprehensive and consolidated Cash Flow forecasting Model with Risk & Opportunities Analytics and scenario analysis.

You turn to Accordion.

We partner with you to develop a comprehensive forecasting model for business to forecast the cash balances and test multiple scenarios to tweak business strategy, including:

- 1) Developing an integrated cash flow summary excel tool that allowed users to input planned adjustments that facilitated variance analysis between new and planned forecasts to aid executive level decision making
- 2) Building a fully automated 4-year forecasting model through seamless integration of cashflow inputs from disparate systems (bank activities, check registers, payrolls, and budget files), along with the flexibility to tweak the forecasts delivering at both cash inflows and outflows
- 3) Integrating comprehensive risk & opportunities and scenario analysis summary views to help the executive team to make key strategic decisions

Your value is enhanced.

Your cash flow forecast model helped compare near-term forecast against overall business plan to tweak the business strategy accordingly. Your scenario analysis gave the you the flexibility to test multiple scenarios to predict possible/favorable outcomes on the cash flow. Your risk & opportunities analysis helped you in building an expenses payout strategy and take decisions to maintain high cash position

HEALTHCARE PROVIDER

KEY RESULT

- Optimized the cash conversion cycle to ensure cash liquidity
- Delayed cash infusion by ~6 months which was needed to sustain operations

VALUE LEVERS PULLED

- Cashflow forecast modeling
- Scenario analysis
- Risk & opportunity analysis

Cash flow forecast model for a healthcare provider

Situation

- Client was undergoing critical inorganic changes, resulting in the need to monitor cash balances through centralized FP&A model for cash flow forecasting to aid broad review of performance across the functional areas
- Partnered with the client to build a comprehensive and consolidated Cash Flow forecasting Model with Risk & Opportunities Analytics and Scenario Analysis

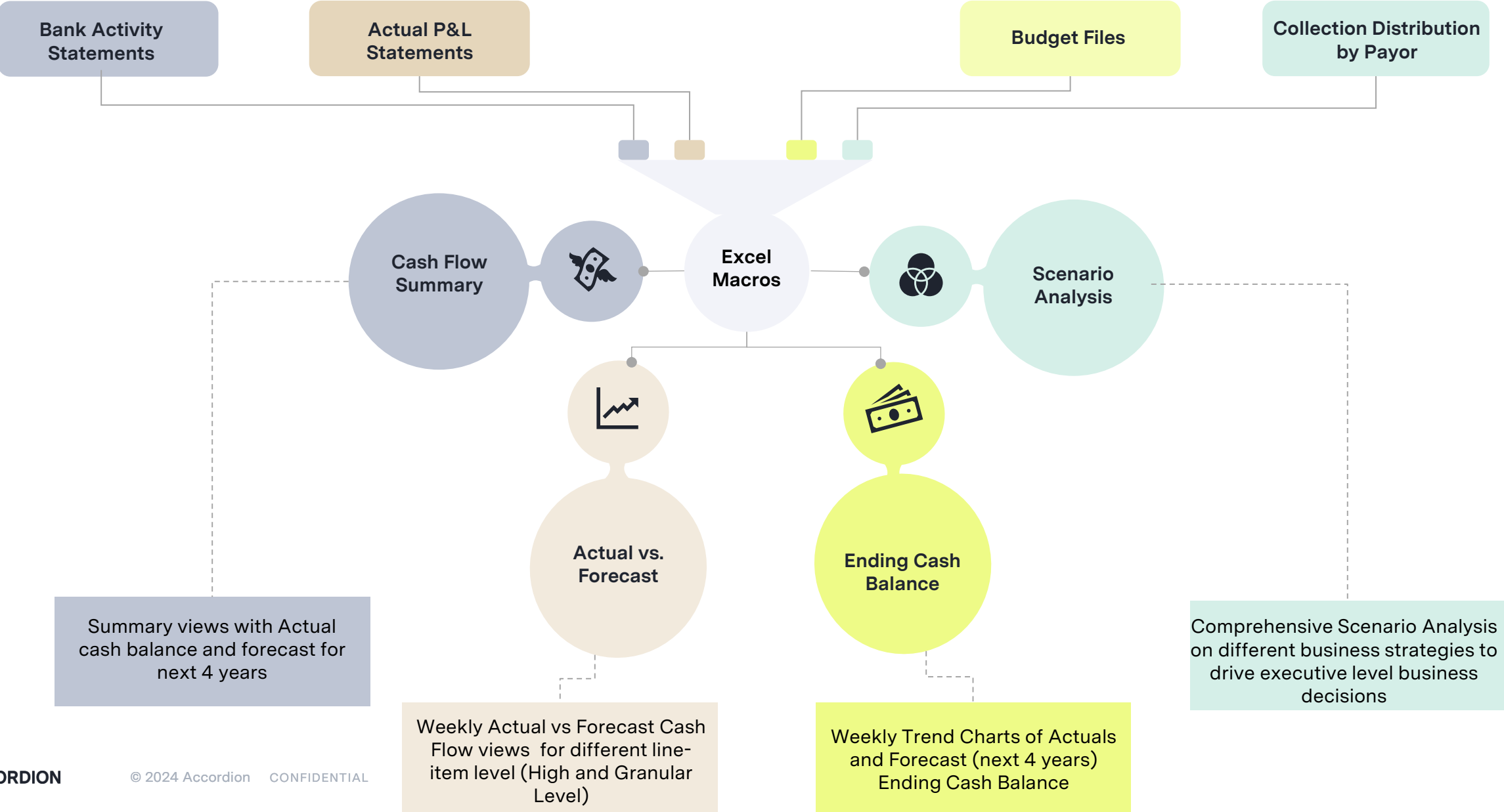
Accordion Value Add

- Developed an integrated Cash Flow Summary Excel tool that allowed users to input planned adjustments that facilitated variance analysis between new and planned forecasts to aid executive level decision making
- Built a fully automated 4-year forecasting model through seamless integration of cashflow inputs from disparate systems (bank activities, check registers, payrolls, and budget files), along with the flexibility to tweak the forecasts delivered at both Cash Inflows and Outflows
- Integrated comprehensive Risk & Opportunities and Scenario Analysis Summary views to help the executive team to make key strategic decisions

Impact

- Cash Flow Forecast model helped compare near-term forecast against overall business plan to tweak the business strategy accordingly
- Comprehensive Bank Activities consolidation and calculated Ending Balance helped the client to identify and correct their erroneous bank statements
- Scenario Analysis gave the users the flexibility to test multiple scenarios to predict possible/favorable outcomes on the Cash Flow
- Risk & Opportunities Analysis helped the client in expenses payout strategy decisions in order to maintain high cash position

Methodology/ Approach



Cash flow summary

Weekly Cash Flow Summary
views with actuals and forecast
at granular (line item) level

		Select Week's Starting Date										
			Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
		Week	Week 1	Week2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10
Beginning Cash		Beginning Cash	\$ 8,505,784	\$ 7,767,245	\$ 8,314,169	\$ 7,314,286	\$ 7,310,677	\$ 6,001,582	\$ 6,397,282	\$ 5,385,395	\$ 5,613,899	\$ 4,563,563
Inflows	Collections	BHPN	\$ 165,086	\$ 163,117	\$ -	\$ 125,533	\$ 129,876	\$ 151,774	\$ 121,419	\$ 151,774	\$ 186,929	\$ 195,718
		Regional Center/Govt	\$ 3,066	\$ 8,507	\$ 54,539	\$ -	\$ 5,080	\$ 67,455	\$ 67,455	\$ 53,964	\$ 67,455	\$ 83,080
		Commercial/Medicaid/School	\$ 277,349	\$ 526,229	\$ 283,620	\$ 282,123	\$ 349,623	\$ 352,687	\$ 313,034	\$ 313,034	\$ 313,034	\$ 250,427
		Total Inflows	\$ 445,501	\$ 697,853	\$ 338,159	\$ 407,655	\$ 484,579	\$ 571,917	\$ 501,909	\$ 518,772	\$ 567,419	\$ 529,225
Outflows	Payroll	Deposits	\$ 1,032,859	\$ (4)	\$ 1,137,636	\$ 67,051	\$ 1,194,081	\$ -	\$ 1,337,016	\$ -	\$ 1,369,304	\$ -
		Check Clearances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,476	\$ 10,039	\$ 10,180	\$ 10,180	\$ 10,180
		Total Payroll	\$ 1,032,859	\$ (4)	\$ 1,137,636	\$ 67,051	\$ 1,194,081	\$ 9,476	\$ 1,347,056	\$ 10,180	\$ 1,379,484	\$ 10,180
	Bonuses	Severance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,450)
		Standard Administrative Bonuses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Total Bonus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,450)
	Benefits/Taxes	Health Insurance (Medical, Dental, Vision)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		401(k)	\$ -	\$ 387	\$ 68,474	\$ 62,409	\$ 62,543	\$ -	\$ -	\$ -	\$ -	\$ -
		Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Workers Comp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Other (student loan, relo, dependent car	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Total Benefits/Taxes	\$ -	\$ 387	\$ 68,474	\$ 62,409	\$ 62,543	\$ -	\$ -	\$ -	\$ -	\$ -
	Compensation	Total Compensation	\$ 1,032,859	\$ 383	\$ 1,206,111	\$ 129,460	\$ 1,256,624	\$ 9,476	\$ 1,347,056	\$ 10,180	\$ 1,379,484	\$ 1,730
	Opex	Non Compensation Expense	\$ 151,181	\$ 150,547	\$ 131,931	\$ 281,805	\$ 537,049	\$ 154,553	\$ 154,553	\$ 273,588	\$ 231,771	\$ 231,771
		Total Opex	\$ 151,181	\$ 150,547	\$ 131,931	\$ 281,805	\$ 537,049	\$ 154,553	\$ 154,553	\$ 273,588	\$ 231,771	\$ 231,771
	Capex	Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		De Novo Capex	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,188	\$ 12,188	\$ 6,500	\$ 6,500	\$ 6,500
		De Novo Cash EBITDA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Capex	Total Capex	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,188	\$ 12,188	\$ 6,500	\$ 6,500	\$ 6,500
	Total Outflows	Total Outflows	\$ 1,184,040	\$ 150,930	\$ 1,338,042	\$ 411,265	\$ 1,793,673	\$ 176,217	\$ 1,513,796	\$ 290,268	\$ 1,617,755	\$ 240,001
Net Cash		Net Change in Cash	\$ (738,539)	\$ 546,923	\$ (999,883)	\$ (3,609)	\$ (1,309,095)	\$ 395,700	\$ (1,011,887)	\$ 228,504	\$ (1,050,336)	\$ 289,224
Ending Cash		Ending Cash	\$ 7,767,245	\$ 8,314,169	\$ 7,314,286	\$ 7,310,677	\$ 6,001,582	\$ 6,397,282	\$ 5,385,395	\$ 5,613,899	\$ 4,563,563	\$ 4,852,787

Actual vs forecast – high level & line items level

Weekly Actual vs Forecast
on High Level and granular
Line Items Level

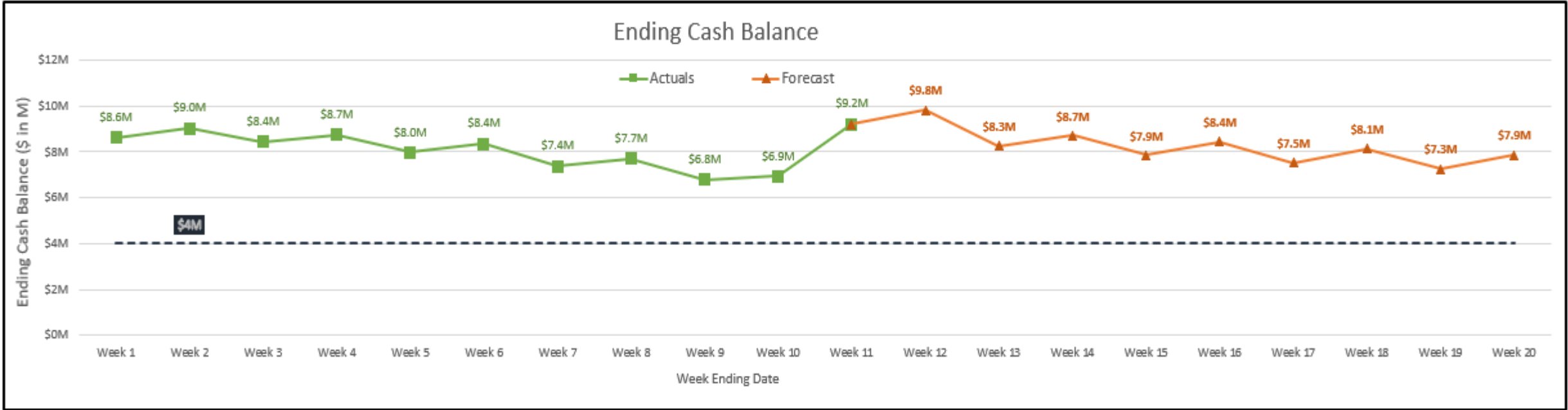
Actual vs Forecast (High Level)			
Select Week's Starting Date <input type="text"/>			
	ACTUAL	FORECAST	Variance (\$)
Beginning Cash Balance	\$ 6,900,221	\$ 6,900,221	\$ -
Inflows Collections	\$ 680,813	\$ 815,726	\$ (134,914)
Outflows	Payroll	\$ 75,221 \$ 10,967	\$ (64,254)
	Bonuses	\$ - \$ -	\$ -
	Benefits/Taxes	\$ - \$ -	\$ -
	Compensation	\$ 75,221 \$ 10,967	\$ (64,254)
	Opex	\$ 390,706 \$ 146,796	\$ (243,910)
	Capex	\$ - \$ 16,250	\$ 16,250
	Total Outflows	\$ 465,927 \$ 174,013	\$ (291,914)
Financing Total Financing Activities	\$ -	\$ -	\$ -
Net Change in Cash	\$ 214,885	\$ 641,713	\$ (426,828)
Ending Cash Balance	\$ 7,115,107	\$ 7,541,934	\$ (426,828)

Actual vs Forecast (Line Items Level)				
Select Week's Starting Date <input type="text"/>				
Week Commencing Monday				
	ACTUAL	FORECAST	Variance (\$)	Variance %
Inflows				
BHPN	\$ 175,970	\$ 191,543	\$ (15,573)	-8%
Regional Center/Govt	\$ 144	\$ 38,309	\$ (38,165)	-100%
Commercial/Medicaid/School	\$ 504,699	\$ 585,875	\$ (81,176)	-14%
Total Inflows	\$ 680,813	\$ 815,726	\$ (134,914)	-17%
Outflows				
Payroll				
Deposits	\$ 75,221	\$ -	\$ (75,221)	NA
Check Clearances	\$ -	\$ 10,967	\$ 10,967	100%
Total Payroll	\$ 75,221	\$ 10,967	\$ (64,254)	-586%
Bonus				
Severance	\$ -	\$ -	\$ -	NA
Standard Administrative Bonuses	\$ -	\$ -	\$ -	NA
Total Bonus	\$ -	\$ -	\$ -	NA
Benefits/Taxes				
Health Insurance (Medical, Dental, Vision, etc.)	\$ -	\$ -	\$ -	NA
401(k)	\$ -	\$ -	\$ -	NA
Taxes	\$ -	\$ -	\$ -	NA
Workers Comp	\$ -	\$ -	\$ -	NA

Ending cash balance trend chart

Weekly Ending Cash Balance
Trend chart of Actual along
with the Forecast

Numbers	Time Frame
Actuals	Week 1 to Week 10
New Forecast	Week 11 to Week 20



Ending cash balance – scenario analysis

Weekly Ending Cash Balance
Trend chart based on different
business Scenarios

Numbers	Time Frame
Actuals	Week 1 to Week 10
Top Side Adj	Week 11 to Week 20
Normal Forecast	Week 11 to Week 20
Downside Adj	Week 11 to Week 20

