





# Strong Business Practices = Cost Savings

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Phoenix, Arizona | October 2-4, 2023

Question:
What is the biggest impact of your work?

Helping organizations thrive



# A little about us and our perspective

# And: How do you measure and talk about your impact?

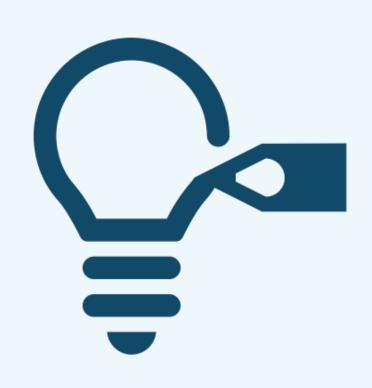
## As we got further into this work, we realized we had a challenge.

- We were doing a lot of work.
- We knew it having impact.
- But how do we convey it?

#### The Challenge: ROI and Calculating Impact

**Traditional ROI Metrics:** Limit the ability to quantify intangible benefits like strategic guidance, risk reduction, and growth opportunities.

Our Dilemma: Without this comprehensive understanding of ROI, efforts like ours can't communicate their true value to stakeholders, funders, decision-makers.



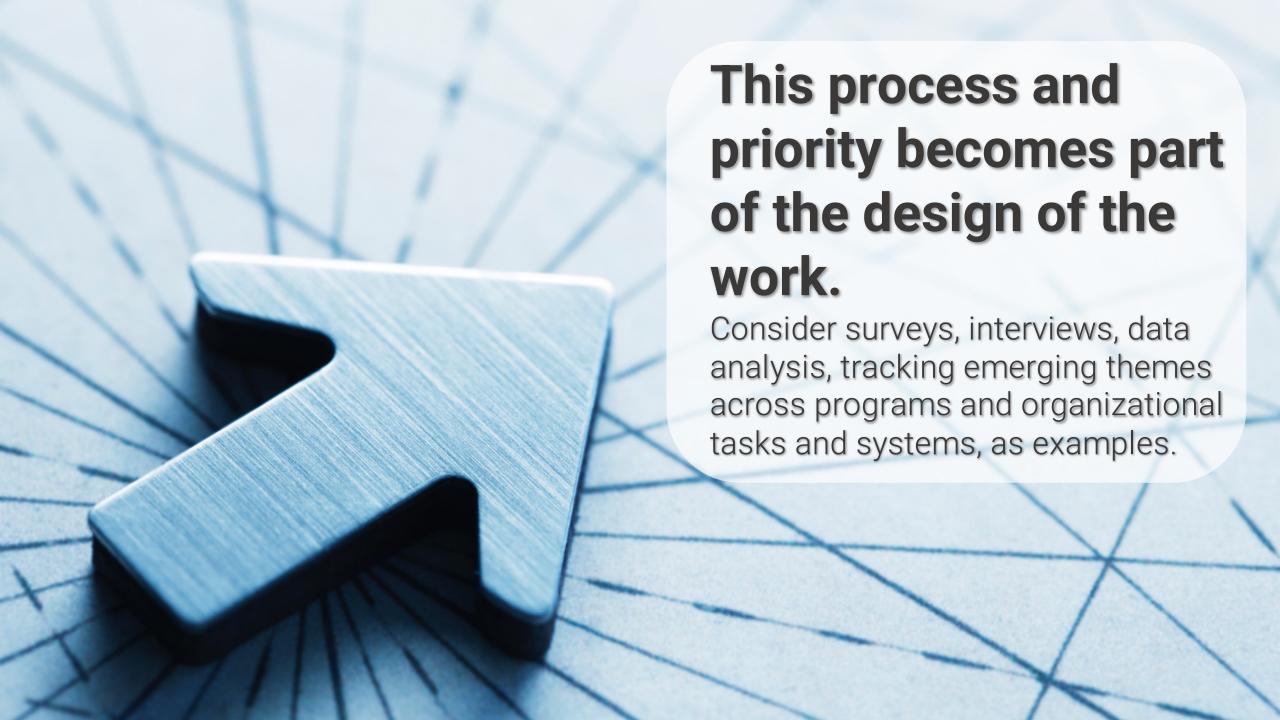
Civitas's Comprehensive Approach: Emphasizing the full spectrum of impact, not just immediate financial returns.

#### ROI: Definition, Calculation, and Application

- **Definition of ROI:** ROI, or Return on Investment, is a ratio that compares the gain or loss from an investment relative to its cost.
- Calculation Method: ROI is calculated as (Net Profit / Cost of Investment) x 100%. It's expressed as a percentage to show the efficiency of an investment.
- Example in Business: If a company invests \$10,000 in a marketing campaign and generates \$15,000 in additional revenue, the net profit is \$5,000. The ROI would be  $(5,000 / 10,000) \times 100\% = 50\%$ .
- Importance in Decision-Making: ROI is used by businesses to evaluate the success of an investment, guide future decision-making, and compare the efficiency of different investments.

#### Understanding (and Reframing) Impact

- Civitas assesses the impact of each engagement with a business owner, delving into all possible implications, considering immediate effects and the likelihood of long-term impact.
- Our evaluation goes beyond the hour-by-hour value of services; we examine the broader impact we create.
- Building a Compelling Case: This nuanced approach enables Civitas to show a strong ROI, reflecting the true value of the work, understanding and communicating broader impact, and building a case for continued investment and support to help small businesses thrive.



#### The Impact of Accessibility

- Accessibility and Unique Value: By emphasizing the accessibility of our services and resources, we provide value that might not exist otherwise, often offering help for the first time to businesses that wouldn't seek it.
- Creating Access to Essential Services: Making consulting services in areas like succession planning, marketing, and business operations accessible to small businesses.
- Providing Value That Might Not Exist Otherwise: Many businesses would not seek out this help on their own; Civitas offers it for the first time.

# Evolving Our Approach: Quantifying Full Impact

- Focusing on immediate benefits, like cost savings and specific hourly value was concrete but limited in scope.
- Recognizing the need to encapsulate the broader and more nuanced impact of our work.
- Practical Judgment Over Strict Formulas: Relying on common sense and practical judgment to tell the right story.
- Aligning Narrative with True Impact:
   Understanding and conveying the full spectrum of value, beyond immediate and easily quantifiable outputs.

# Case Study #1 ERTC

The Employee Retention
Tax Credit (ERTC) provided
an opportunity to go
beyond tangible outputs,
allowing us to articulate and
demonstrate the more
comprehensive results of
our work.





#### **ERTC Impact Metrics**

Actual credit estimates are used for each provider coached, based on information shared in sessions



Additionally, 2% annualized interest was added per year to reflect the effective rate paid by the IRS



Estimates for preparation fees saved by business owner (average of 20% of credit amount)

#### in Texas by the Numbers (as of Aug 2022)

**\$81,726,006** and counting

Total ERTC/FFCRA
estimated returned
to Texas child care providers

655 providers coached

on ERTC/FFCRA

**\$215,450** average estimate

**ERTC** funding per provider

\$13,672 average estimate

**FFRCA funding per business** 

\$13.8 million estimated

**ERTC filing fees saved** 

**\$255,274** estimated

annual tax savings and reduced audit risk.

Texas Child Care Business
Owner Testimonials

"The ERTC will allow the school to increase our teacher's wages and make their lives better. They work hard and deserve every penny. Not to mention the infrastructure that is needed at our facility."

"The ERTC funds are helping us pay our bills and provide additional bonusses for our staff.
The coach helped us go directly through our payroll company and save money that our CPA was going to charge us."



# Case Study #2 Tax Education & Savings

A large amount of our work focuses on tax education and advisement, the goal of which is tax savings on behalf of small businesses.

We focus on two activities: mitigating risk and maximizing profit retention.



#### Tax Education Impact Metrics

Calculated average amount of taxes mitigated from sample tax cases that represented a variety of typical cases



Quantified average tax risk from potential audits, involving fees and assessed additional taxes

# Tax Education & Savings Impact by the Numbers

## \$7,603 average tax savings

based on the typical income range of the business owners we work with (\$35-50,000)

21% average increase in profit for the business from taxes mitigated

\$262.07 in savings per client, over working with an accountant

### \$9,548 monetary risk reduced

by correcting or identifying known "red flags" for a US Internal Revenue Service Audit



### **Communication and Presentation**

- The key is how you share this with leaders, that's the way to maximize your ROI
- Distill your key points: what are the big numbers and what is the story of the numbers



And the Reasonability Test

#### **Group Sharing & Discussion**

- How can you measure and valuate your impact in a new way?
- Are there novel ways to communicate and share the work you're doing?

## Questions?









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