



Strong Business Practices = Cost Savings

Presented by Shannon Stagner,
Associate Director, Civitas Strategies

Phoenix, Arizona | October 2-4, 2023



Question:

What is the biggest
impact of your work?

Helping organizations thrive

CIVITAS

STRATEGIES

**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 $(\text{Net Profit} / \text{Cost of Investment}) \times 100\%$. 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.

A blue wooden letter 'A' is positioned on the left side of the image, resting on a blue grid background. The letter has a natural wood grain texture and is slightly angled. The background consists of a light blue grid pattern with thin, dark blue lines. On the right side, there is a white rounded rectangular box containing text.

This process and priority becomes part of the design of the work.

Consider surveys, interviews, data analysis, tracking emerging themes across programs and organizational tasks and systems, as examples.

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)

ERTC Impact 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 bonuses 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 value your impact in a new way?
- Are there novel ways to communicate and share the work you're doing?



Questions?



Opportunities
Exchange

**Change
NOW!**



For more information, contact:



Opportunities
Exchange

www.oppex.org

Helping organizations thrive
CIVITAS
STRATEGIES

www.civstrat.com

Phoenix, Arizona | October 2-4, 2023