

Financial and strategic planning

[Finance](#)



Financial and Strategic Planning at Affiliation: Franklin Healthcare Financial
Statements Franklin Healthcare Income Statement as at 31st December 2011

Notes

2011

USD

2010

USD

Revenue

Patient Revenue

312, 500, 000

375, 000, 000

Third-Party Revenue

625, 000, 000

750, 000, 000

Grants and Investments

312, 500, 000

375, 000, 000

Total Revenue

1, 250, 000, 000

1, 500, 000, 000

Expenses

Marketing

25, 000

25, 000

Operating Expenses and Depreciation

300, 000

500, 000

Total Expenses

325, 000

525, 000

Net Income

1, 249, 675, 000

1, 499, 475, 000

Recommendations

The hospital currently experiences and influx of cash flows and revenue from business with third-parties. This can be seen by virtue of the third-party business generating the largest amount of revenue. Owing to these, it is essential that the hospital retains this form of revenue streams to finance the much needed improvements within the institution.

The patient turnout is currently lower than expected. This can be attributed to the fact that there is a reduced number of patients coming for return services. This points out to either of two possibilities; (1) patients are adopting a much healthier and generally safety conscious lifestyle, or, (2) patients are dissatisfied with the services offered and therefore opt to seek these services elsewhere. There is need for a physical survey and assessment of this situations as it may pose a legitimate threat to the operations of the medical institution.

This situation can be remedied by the use of a more intensive marketing strategy that is well within the boundaries of ethics. This is to ensure that the general public is informed of all the services that Franklin Healthcare provides.

There is great need for the introduction of medical facilities that employ

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modern day technology. This is essential in helping the hospital expand its operations and the services it offers to its clients. These new services will require increased expenditure on hospital equipment, specialized and highly qualified staff and the infrastructure development to support the expansion of services offered.

Franklin Healthcare may potentially increase its services to the customer by developing new services that are geared towards increasing healthcare knowledge for its clients and the general public. This would potentially increase the number of clients that the institution receives.

Financial Health

The facility appears to be financially healthy. This is owing to the fact that the larger part of its income, 50%, is generated from business with third-parties as opposed to dependency on patient revenue and/or grants and investments. Furthermore, according to the information provided, Franklin Healthcare spend less than 1% of its revenue. This is an indication of financial stability in the case of the institutions performance.

Grant Status

The Grant is a considerable portion of the hospitals revenue. However, considering the financial position of the hospital, it is evident that the Hospital does not require the grant to remain operational. Furthermore, the 25% represents the grant and the institution's investments. This means that grants formulate less that 25% of the Franklin Healthcare's revenue stream. Even without the grants, the hospital is still in a position to remain operational while engaging in development activities that would see the hospital expand its operations, increase its asset base and increase its clientele base. It is therefore prudent to conclude that the Foundation would

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best reconsider their grant as the Hospital is financially sound enough to support itself.

References

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