The Financial Opportunities Of Understanding Your Unit Costs – A Tool For Driving Competitive Advantage, Margin & Service Development

Demonstration – Building a Dynamic Unit Cost Model

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About CCSI

Not-for-Profit Management Services Organization

Founded in 1992 to support the Monroe County Office of Mental Health

Today - staff of >400 talented individuals working to support customers across Upstate NY – and beyond
We provide the expertise and support organizations need to understand, implement, and sustain practices aimed at improving the way healthcare is provided. Our Consulting Division is made up of two Centers of Excellence - one focused on Trauma Responsive Practice / DEI and the other on Organizational Effectiveness.
Building a Dynamic Unit Cost Model

A **model** is a numerical representation of some aspect of your organization's business.

A **cost model** identifies key cost drivers and service volume drivers to calculate unit cost.

A **dynamic unit cost model** is built in a manner that allows you to manipulate your cost drivers and service volume drivers to build scenarios, understand variable sensitivity and create benchmarks that allow you to manage to the model.
Your organization was asked by a regional psychiatric hospital to provide them with a cost for providing Peer Bridger Support Services for discharged patients. You have carved out a niche in your local market and you are known for your ability to recruit, support, and retain Peers.
Important Considerations and Practical Suggestions

- Do not hard code cell values for any variable that might change because most likely it will
- Distinguish input cells from calculated cells
- Document your assumptions
- Build your model so that it can be used as a scenario building tool and a training tool
- Your tool will only be accurate if you engage your clinical leadership in a discussion of service capacity and involve them in scenario building
- Use your model to determine the key data points that you will need to measure and manage to be successful