AllMed01

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Final Report

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# Problem Statement

As mentioned in the previously submitted Mid-status Report, “AllMed01” projects the financial variables considered over a twelve quarters period when opening and sustaining the operations of a new community based physician practice.

# Description of the Scenarios

*Scenario 1* – Decrease Productivity Estimates

Users will decrease productivity estimates by manually decreasing the number of Visits/Session input stream (located in the “Inputs” sheet) by 20%, always rounding up fractional visits. Total Physician Salaries for Y1Q3, entire Y2, Y3Q1, and Y3Q2 will decrease as a result of lower incentive figures that are based on volume; base salary will remain constant. Moreover, with the decrease in volume, variable expenses will decrease exponentially. Visits per quarter and, therefore, revenue per quarter will also decrease. Since the decrease in revenue will exceed the decrease in expenses, net income will decrease considerably. Nevertheless, support Salaries and Fixed Expenses will remain constant. Users may clearly note that the new clinic investment is not financially feasible under such scenario unless they consider increasing the revenue per visit (parameter).

*Scenario 2* – Eliminate Nurse Practitioner

Users would eliminate the nurse practitioner position by manually typing zero in the Nurse Practitioner sub-headings of the Support Staff Hire Stream and the Visits/Session input stream (both located in the “Input” sheet). As a result, total support staff salary expense will decrease by the Nurse Practitioner salary figures. Variable expenses will decrease in response to the “lost” Nurse Practitioner visits. Thus, visits per quarter will decrease by the Nurse Practitioner visits, consequently decreasing revenue per quarter. Similar to Scenario 1, the decrease in revenue will exceed the decrease in expenses for most quarters, therefore, decreasing net income significantly. Users could then consider increasing net revenue per visit or increasing visits per session for other providers/physicians to better access the financial feasibility of such scenario.

# Lessons Learned

*Humble Modeling/Lip service.* Do not underestimate the complexity of the simplest model. Having the data and information necessary cannot be assumed as a big part of the planning process. When modeling, it is easier said than done. Do not assume that if it is easily worded, it is easily modeled.

*The execution continuum.* Stronger emphasis and a more continuous recognition of the execution stage (including different scenarios) should be present throughout the planning and modeling stages. Such approach would have facilitated the finalization of a model that is adapted according with its execution rather than an execution adapted according to the model.

*Genetic Formulas.* It is important to ensure that formulas used are functional in all perspective computers. Unless you can assure that a custom formula/function will be available to all users, authors of models should use functions within Excell or the program being used. Thus, authors must have constant consideration to the user. If a custom formula/function allows the elimination of certain steps that include useful information, the “short-cut” proves to be irrelevant and inefficient.