

Podcast Show Notes

Making Sense of Dollars and Cents: Capital Budgeting Best Practices

Before you take a seat at the healthcare leadership table, you'll need to be prepared with knowledge and skills that aren't typically taught in nursing school. In this series, you'll gain practical tips to help you develop – and showcase – your business acumen.

This CE course is relevant to nursing and advanced practice nursing professionals.

Episode 1 – Budgeting Best Practices

Of all the business skills they need to master, nurse leaders report that matters of money, including preparing capital budgets, tend to be the most challenging. Shorten your learning curve with the budgeting tips and real-world examples offered in this episode.

Guest

Pamela Hunt, MSN, RN, NEA-BC, FAAN

- Independent healthcare consultant specializing in productivity, quality and safety, improved organizational performance, caregiver engagement, leadership competence, talent development, and team building
- Associate Faculty, Indiana University School of Nursing and Kelly School of Business
- Nursing Management Conference Chair for Wolters Kluwer in Philadelphia, Pennsylvania
- Former Vice President of Patient Care Services for Community Health Network, Community Hospital North in Indianapolis, Indiana

Host Faith Roberts, MSN, RN

- Former Executive Director of Spiritual Care and Environmental Services for Carle Health in Urbana, Illinois
- Former Executive Director of Magnet, Pathway to Excellence, Professional Practice, Pastoral Care, and Faith Community Nursing at Carle Foundation Hospital and Carle Physician Group in Urbana, Illinois

Episode Key Points

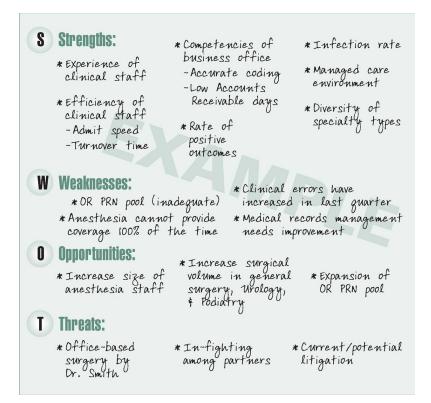
Budgeting Action Steps

- Understand long-range plans and objectives of your organization.
- Understand what your department must do to support the organization's goals and objectives.
- Ask questions.
- Talk with other departments.
- Talk with purchasing and suppliers.
- Review historical data.

Assessing Your Department with SWOT Analysis

- Strengths
- Weaknesses
- Opportunities
- Threats

Sample SWOT exercise for a perioperative team:



Capital Budgeting Defined

- Analysis of potential additions to a business's fixed assets
- Important to a business's future, capital budgeting decisions:
 - Are typically long term in nature
 - Often involve large expenditures
 - o Usually define a strategic direction

Capital Budget Project Classifications

- Construction or remodeling
- Mandatory replacement of an existing item
- Expansion of existing services
- Expansion into a new service

Capital Equipment Budgeting

- Definition varies by organization:
 - o Length of life of the equipment
 - o Purchase price
- Five- to 15-year planning:

- o Predicted replacements
- o Business/volumes
- o New regulations
- o Physician and staff input
- o Fiscal year purchases

Example:

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Information Relevant to Capital Budgeting

Source	Types of Information
Surgeons	 Increased patient population Decreased procedure time Decreased length of stay
Maintenance	 Safety regulations regarding obsolete equipment Repair logs for standard equipment maintained
Biomedical	 Repair logs of specialty equipment maintained Industry standards regarding potential purchases
Vendors	 Equipment specifications Unique features of new equipment/need for each Purchase sources, methods Satisfied customer reference list Service expectations and costs

	 Maintenance contract availability Upcoming planned modifications/models Published research on benefits of equipment use
Journals	 Consumer report information regarding potential purchases Reference hospitals to call regarding reliability
Medical Librarians	 Literature searches on published data about patient outcomes of equipment use

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