

# HOW MUCH ARE YOU WORTH??

The Value Proposition and  
Sustainability

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- ▶ What is your biggest business concern today?
  - ▶ \$\$
  - ▶ Participants
  - ▶ Staff
  - ▶ Horses
  - ▶ Volunteers
  - ▶ Board
  - ▶ Other?

WHAT KEEPS YOU UP AT NIGHT?



- ▶ Can I meet payroll?
- ▶ For most of us, securing and maintaining the financial resources to stay in operation is the #1 business concern

SUSTAINABILITY

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- ▶ Do you know the actual cost of service?

HOW MUCH SHOULD I CHARGE?

- ▶ Calculating the True Cost
  - ▶ General and Administrative expenses
    - ▶ What is the acceptable % of G&A Expenses?
      - ▶ What about the Overhead?
  - ▶ Fundraising expenses
  - ▶ Program expenses
    - ▶ Direct vs Indirect Expenses

WHAT DOES IT REALLY COST

- ▶ Define Unit of service
- ▶ How much does it cost per unit of service

WHAT IS A UNIT OF SERVICE?

- ▶ Fixed Costs
  - ▶ Expenses that don't change in proportion to the activity
    - ▶ ie Insurance expenses
- ▶ Variable Costs
  - ▶ Expenses that change directly in relation to the activity
    - ▶ ie Direct instructional expenses

## COST ANALYSIS CONSIDERATIONS

- ▶ How much do you charge?
  - ▶ What percentage of the true cost- 25%  
33% 50%

SETTING YOUR TUITION



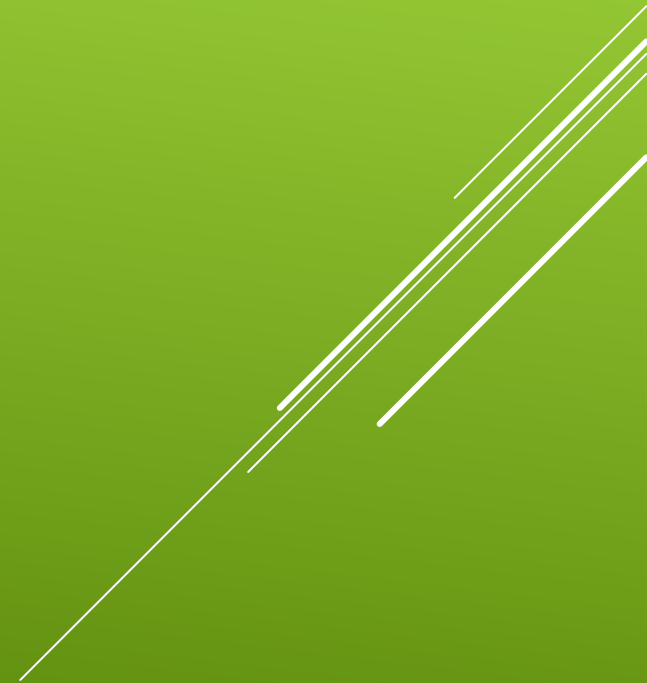


- ▶ Factors to Consider
  - ▶ What will the market bear
    - ▶ Is there local competition
  - ▶ Access to Service
  - ▶ Pricing Elasticity
  - ▶ Financial Aid

SETTING YOUR FEES

- ▶ Different rates for different services based on cost
  - ▶ Group Lesson vs Private Lesson
  - ▶ Hippotherapy vs Vaulting

## DIFFERENTIATION OF SERVICES



- ▶ What is the gap?
- ▶ How big of a gap can you sustain?
- ▶ How do you make it up?

THE TUITION GAP



- ▶ Donor Support
- ▶ Grants
- ▶ Additional Earned Revenue
- ▶ Expense Management
- ▶ Other

FUNDING THE GAP

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- ▶ We need to communicate clearly, consistently and frequently the benefits to the consumer

THE VALUE PROPOSITION

- ▶ Provide outcome measures
- ▶ Articulate the benefits
- ▶ Talk with the consumer
- ▶ Demonstrate impact

VALUE PROPOSITION



- ▶ We need to think differently about how we do business
- ▶ Communicate the need in a deliberate manner which instills confidence in sound business rationale

CHANGING THE PARADIGM

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- ▶ How do you share this information?
  - ▶ To staff
  - ▶ To Board
  - ▶ To participants
  - ▶ To donors
  - ▶ To the Community

COMMUNICATING THE TRUE COST

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- ▶ What can you do now to make a difference?
  - ▶ Stop undervaluing our services
- ▶ Create a plan for sustainability
- ▶ Conduct a true cost analysis
- ▶ Communicate the need
- ▶ Put it into action

TAKE AWAYS