



**Own Your Own Practice**  
business plans you can take to the bank

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## **Special Report**

# **Making the Right Decisions: How Your Business Plan Can Make or Break Your Business**

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## **SUMMARY**

# **Making the Right Decisions: How Your Business Plan Can Make or Break Your Business**

## **BEFORE WE GET STARTED**

### **Introduction**

First off, congratulations on taking the first step toward making your dream of owning your own practice a reality. I've prepared this report to help you start you thinking about some of the decisions you'll be making as you work toward your goal of opening and operating your own business.

Over my career as a lending officer at various banks, I've seen many entrepreneurs present business plans that are full of great ideas and wonderful projections of success. However, I also saw some patterns in the quality of the plans I was asked to approve. I realized that many of these hopeful business people were operating under some misconceptions about what a business plan needs to accomplish. This was especially true for medical professionals seeking to open their own practices.

When I became a full time business consultant and business plan developer specializing in the medical profession, I was finally in a position to assist these entrepreneurs to get the loans that they so often deserved. However, I discovered that while my clients were brilliant at what they did professionally, they had gaps in their understanding of the details of running a successful business. And creating a successful business plan fell into that gap.

That is why I've created this report. I saw in the marketplace that there was a lack of no-nonsense information about what it takes to produce a comprehensive business plan specific to the operation of a medical specialty practice.

So, while this report is an obvious pitch for you to contact us at Own Your Own Practice (OYOP) and let us help you make your medical practice a reality, it is also full of solid information that will get you thinking about the practice you want.

That is why I want you to take about ten minutes and read this whole report right away! This will get your mind percolating. Then reread it and start envisioning the practice of your dreams. Once you start envisioning your ideal practice it is easier to create a comprehensive business plan that will turn your dream into a reality.

Keep in mind that a skillful business plan does more than just secure a lender so that you can open your doors. It is a living, breathing document that with periodic adjustments will be your guide for your business as long as you own your practice.

So, let's get started with a reality check about the process of building your business plan.

## **Establish Your Personal Cash Flow**

There is a fair amount of time that passes from the moment a business plan is conceived and the time that it is submitted to a multitude of interested lenders. Expect to spend a substantial amount of time researching, documenting and finalizing the business plan. To give this process the attention it deserves, you want to have adequate personal funding to see you through this preparation phase.

That usually means being an employee of an existing practitioner for a while as you prepare your plan. In addition to providing you with sufficient cash flow, working with another practitioner gives you hands-on experience in the operation of a practice. This is a valuable opportunity to see what works and what doesn't work, to consider the kinds of equipment and software being used in your specialty and to understand the importance of the personal dynamics between the staff members. Use this time to take advantage of this kind of exposure to learn from other's mistakes as well as their successes.

## **Work With An Experienced Business Planner**

While this report will help you understand some of what goes into creating a comprehensive business plan that you can take to the lender with confidence, you don't want to prepare your business plan alone.

I sat behind a lender's desk for two decades and saw a lot of business plans accompanying requests for business loans. Unfortunately, most of those plans

were prepared by the person requesting the loan or were generated from templates. These plans were simply inadequate and were not approved for loans.

That is why I maintain that any new business owner needs to recruit an independent third party to prepare their plan and that that party have a substantial business background. The preparer should also understand the industry involved and the lender's expectations.

Remember that a lender will be the person reading your document and will ultimately be the person who approves your loan request. Therefore, it is prudent for the new business owner to select someone with an extensive lending background to help them draft their plan.

You want to work with someone who can help you stay on track in completing this complex document, someone with experience preparing plans for medical practices, someone who has worked on the lender side and who understands what a lender needs to see in order to approve a loan request.

You'll find that expertise at OYOP and hopefully, after you've reviewed this report, you'll feel confident in letting us help you create the business of your dreams.

## **BREAKING DOWN THE BUSINESS PLAN**

All business plans contain some basic sections with different industries requiring additional specialized documentation. Below are the main sections of a business plan for a medical practice in the order they would ordinarily appear in the final document.

### **Cover Page**

This should include the preparer's name, telephone number and company name. It should also include your name, the name of your proposed business, and of course, how you may be reached.

### **Table Of Contents**

This section helps the lender and any others privy to decision making capabilities help find various parts of your business plan faster.

### **Summary Analysis And Introduction**

This is the crux of your business plan. This section is the last thing that is written after the rest of your business plan is fully completed and draws on all the research and decisions that have gone into the plan. This section answers the questions of "who, what, when, why, where and how" of your loan request. It needs to be well thought out and well written. Typically does not exceed a page and a half. However, it is carefully designed to lead your lender to the conclusions you want them to draw, which is that your plan justifies your loan request.

### **The Physician's Mission Statement**

This area is devoted to goals and objectives of establishing the practice. Personal goals and objectives are listed here and how they overlay onto your intentions with community involvement such as Rotary and any other nonprofit activity that you may have planned. For instance, many physicians dedicate a certain amount of time to *pro bono* work, which could be a strong element in their personal mission statement.

## **The Physician's Credentials**

This is where your resume belongs. Make it enticing and thorough. Emphasize accomplishments. If there is a substantial deviation from your emphasis as an M.D. prior to the selection of your specialty, explain it.

## **Goals And Objectives Of The Physician And Practice**

We are presuming the above terms are synonymous for both the physician and the practice. The exception may be the practitioner has objectives in building practices and selling them. While this is an unusual method of operating it is not unheard of. If that is your direction, you'll need to expand on how you intend to accomplish that.

## **Marketing Plans And Patient Targeting**

This section is of major importance to the basis of your forecast. A comprehensive overview of your market and your methods of reaching that market will indicate to the lender that you understand the importance of this aspect of running a business. A good business planner will provide a check list of ways to develop this section.

### ***Location***

What is attractive about the location for your practice? Why have you chosen a location? How does this location help you create the customer base you need for a successful practice? Address your research that led you to the conclusion of your location.

### ***Patient Demographics***

This section deals with the particulars of the patients you are targeting. What are their age groups? What is their cultural, economic or social profile? Are they dealing with specific health issues? In what ways is your location conducive to serving this population?

### ***Referrals***

Who will be your referral sources and how do you intend to approach them? Describe the specifics of your outreach plan. For example, referral resources prefer one-on-one contact. Will you call on your referrals with a brochure

emphasizing your practice location and what your specialty is? Will you drop off material or will you make a point to leave a business card and pamphlet with the receptionist? Or will you set up a meeting with the principal doctors on staff to introduce yourself? Will you golf on Sundays when you know your best referrals will be taking exercise? Will you work from the top down or will you make a point of getting to know the clerical staff at your referring offices, maybe bringing them an introductory vase of flowers?

### ***Website***

Your website needs to be professional, but does not have to be elaborate. You are merely using your website as an online presence for your brick-and-mortar practice and will be one of many marketing tools you'll end up using to making to your practice known. Describe how you will create your professional profile on the internet and how you will use it to market to your core clients. Will you hire a web developer, a marketing manager or other business professionals to help with this?

### ***Office Literature***

Describe what office literature you will provide your patients. Will you have your marketing person design and prepare a brochure to be placed in your lobby for patients and visiting doctors as well as to be used in your solicitation efforts? Will you include articles on your specialty? Pamphlets on supportive services. A biography of the principle physician(s).

Will you provide magazines? Which ones? For example, you would be advised to subscribe to magazines that will be of interest to your patients--not you! Provide an assortment of hobby, sports, crafts and publications traditionally geared specifically for men, women and children. For the few dollars that this costs, it certainly gives a positive feeling to your clients.

### ***Office Appearance***

How your office appears makes a statement about your practice and who you are. It should be comfortable, warm and inviting. What decisions have you made regarding interior design of your practice? How will you tailor your office to appeal to your clientele? Will you hire an interior designer to select your color scheme, lighting and furnishings?



For example, will you scale your furnishings and arrangements to fit your clientele? Will you avoid low-slung sitting that is difficult to get in and out of? Will you provide tables for beverages and magazines?

### ***Office Atmosphere***

What will you do with your office to create a unique and positive impact on your patients? Will you provide coffee, hot water or other warm beverages? Fresh fruit juice? Distilled water? A vending machine with fresh fruit and yogurt? Will you have an aquarium to create a calm atmosphere? Or children's furniture?

If periodic waiting in between procedures is a standard of your practice you might consider providing Wifi or making one or two laptops available for your clients. Catering to your patient's preferences will encourage them to return.

Will your staff be outgoing, positive and knowledgeable? Will you provide extended hours?

Doctor's reputations for timeliness are well earned. Your patient's time is as valuable to them as yours is to you. How will you demonstrate this? One way you can show your respect for your patient's time would be by creating a buffer in your schedule to accommodate the inevitable longer appointments and keep your other appointments on track.

Will you provide a suggestion/anonymous feedback box in the waiting room and encourage your customers to use it to make their experience better?

You might consider doing something unique for the patient that is not usually done. For instance, as a matter of policy you might make follow-up phone calls after an office visit to gauge satisfaction and check on any instructions. This doubles as positive customer service and provides valuable feedback on your business habits.

The atmosphere and environment you create for your patient's visit to the doctor contributes to their loyalty and to their willingness to refer you to others. Will you provide cards for your patients to give to others? Will you send a thank you for each referral? Will you offer some kind of incentive for multiple referrals while you are building your clientele? Will you offer a free service as a birthday gift?

## ***Hospital Relationship***

Keep in mind the location of your practice relative to a hospital if you have a need for a hospital's services. Make sure that your credentials are accepted by the hospital and that you can in fact practice there. Make sure you understand their rules and usage of staff and tools. Describe how you will address these factors in this section.

## S.W.O.T. ANALYSIS

You may be familiar with this acronym, which stands for Strengths, Weaknesses/Limitations, Opportunities and Threats. Each heading is self-explanatory and deserves a thoughtful review.

Address each of these topics with straight-forward objectivity and be brutally honest about each of them. Address each aspect of your business, your experience, your finances, etc.

An experienced business planner will be able to help you identify the key areas of your actual business and experience that need to be assessed in this section. For example, it would be appropriate to address the expectations you have of your staff and what skills and characteristics you feel are needed in their roles.

While this focuses primarily on the actual business situation you are creating your personal characteristics also play a part. You need people skills to manage your staff and deal with difficult patients. You need to be able to prioritize tasks, stay organized and manage your funding. Are you a strong leader? How do you handle stress or conflict? What is your history with your personal finances?

When it comes to your personal strengths and liabilities, you might talk to people who know you well for their input about what they perceive as your strengths and weaknesses ... and remember that you asked them to be objective! Or you might talk to past instructors or employers for their assessment of your skills, strengths and/or areas that need improvement.

Use this section for an honest evaluation of your particular situation. Do not skim over weaknesses or threats. This is not the time for a sales pitch or "blue sky projections." Pretending the 900-lb gorilla is not in the room won't prevent it from trashing your office! If there is no way to totally offset weaknesses you've identified, address what you are doing now or intend to do to minimize their impact until a permanent solution is found.

This type of analysis uncovers a great deal of information and is invaluable not only for the planning stage of your practice, but for its on-going success. A well thought out S.W.O.T. analysis can help you avoid potential pitfalls. Remember, that understanding what the problem is, is the first step toward solving it.

## **FINANCES**

### **Personal Financial Statement**

Ask your lender for a Personal Financial Statement Form, make a copy of the blank form and complete it in its entirety. The copy is for you to practice on as you fill in the data. You may screw it up. In fact, plan on screwing it up. Skip nothing presented in the form and address all the issues you have introduced in the rest of the plan. Make all your mistakes on this “rough draft” then transfer the correct/hard data to the original form, which will then become part of the Financial Exhibits in your completed business plan. OYOP has a blank form available, should you wish to proceed with us.

### **Credit Report**

Your lender will want to order a credit report upon the submission of your package. I advise that you draw your own credit bureau report and include it. Make comments on any negatives in the credit report or anything that stands out that you feel deserves addressing. You have three credit bureau locations that you should be drawing credit reports from. Usually when you go through a website the bureaus of all three will be included. By the way, you are entitled by law to a free credit bureau every year.

### **Projected Balance Sheet And Profit And Loss**

Creating a forecasted balance sheet and income statement over a period of two-years-plus is not an easy task. This area is where most business plans fail; they simply do not have adequate projections.

This section requires using a sophisticated computer generated projection model that can run the calculations for you. It also requires a knowledgeable operator, who is able to insert the correct information into a forecasting model and complete an analysis based on a “what-if” scenario.

Should you hire OYOP to prepare your business plan, you can be assured that not only do we have the sophisticated software necessary to run long-range forecasts, we have the professional expertise to analyze and interpret the data and give you a forecast you can take to the lender with confidence.

## **Financial Analysis**

When you submit your business plan to your potential lenders, your financial analysis will be a significant part of your Summary Analysis and Introduction at the front of your business plan. This financial analysis section will be devoted to your practices' ability to service debt and determine borrowing capacity. This analysis will be performed based upon the results of your financial forecasts.

As part of that process "what if" exercises are an integral part of the lender's analysis, therefore it must be a part of your analysis. All of this minimizes the amount of work the lender will have to perform to evaluate your request. Doing a lender's work for them can also work to your advantage.

## **TIPS TO GET YOU STARTED**

Presuming that you will be working for another medical professional while preparing to open your own practice, it is extremely important that you maximize your time and become a keen observer of what works and what doesn't work in an actual business.

In addition to leveraging your time in this manner, you'll want to review the following tips and ideas to get you thinking in terms of opening and operating your own medical practice.

### **Equipment And Suppliers**

- Monitor how your employer handles their own practice. How do they interact with their staff? How do they handle operations and vendors?
- What equipment is your employer using and how much will it cost to purchase? Is it standard or specialized?
- If your practice needs the latest and greatest in electronic equipment, don't skimp. Ask the manufacturer about available financing. Or if appropriate, look into refurbished equipment.
- Unless you are limited to one manufacturer, shop around. Ask other specialists for their recommendations.
- Leases can oftentimes be used to acquire equipment and, if done correctly, can be kept off your balance sheet, which can reduce your leverage. In other words, leasing equipment has some benefits and advantages, especially when starting out.
- Collect a list of potential suppliers as you work on staff and get to know their products. Always remember there is more than one supplier for just about any product you need.
- Also, knowing the players and the prices lets you negotiate from knowledge, rather than in response to the sales pitch. Remember, the next person will always promise to save you more; you want to be in the position of knowing the best price out there.

## **Communication Equipment**

- Computer equipment: How much will you need? Locations? Networking?
- What kind of phone system do you need? Give this some thought as all phone systems are not created equal.
- When purchasing computer equipment, make sure you get upgradable equipment, so when it is time to upgrade you are replacing a component not the whole computer. Again, consider leasing as an option to avoid costly upgrades.
- Do not skimp on your IT tech person. Listen to what they have to say. Failure to do so could cost you dearly in the future.
- Make sure your network person is accessible and charges reasonable fees for immediate response. You cannot afford to be down.

## **Location and Space**

- Look at your existing employer's office and square footage and compare to what you want to do.
- Do you want your office to be larger, smaller and what would you prefer the layout to be?
- Do you need more than one operatory? How many at the onset? Do you want room to expand into or have to move when your practice maxes out?
- Do your research on your new offices' location, even if it is not in the same city or location.
- When seeking a location partner with a Realtor and have them shop for you. Be specific about your criterion for a location.

## **Demographics**

- What are the demographics that are necessary to make your practice successful? Give this serious thought. Who are your patients?
- Look to the Census Bureau statistics. Do the demographics support your chosen location? Would another city or state be more appropriate?

- Each state has its own employment department that can provide you with statistics on demographics, jobs, job types and unemployment rates for any given area.
- Watch business and trends in other industries. For example, is there a large aerospace manufacturer responsible for a good percentage of your location's employment? If so, how is the health of that company? Could they be planning major layoffs?
- Consider the demographic facts objectively. Relying solely on personal reasons for one area over another can impact the success of your practice.

### **Your Access to Hospitals**

- If you need a hospital, is one close to your location? Will you be allowed to practice there? Under what terms?
- Will you be able to use your own staff?
- Will the hospital provide the necessary equipment for your specialty?

### **Practice Staffing**

- Study the staffing in your workplace. What will your staffing realistically look like? How many clerical people will your practice need? How many medical assistance personnel?
- Are there job descriptions made for everyone? If so, get copies and critique them for your new office.

### **Your Professional Team**

#### **Legal Assistance**

All of today's businesses need an attorney.

- Use your attorney to formulate the corporate entity that you have chosen.
- You might want to pay a retainer to make sure they are available for any issues that may arise over the course of opening and running your practice.
- For instance, it would be wise to have a legal professional review any leases you may be considering.



## **Accounting Assistance**

A solid financial team will keep you on track with your day-to-day accounting, current with tax requirements and prepare profit and loss statements that your lender will need to review periodically.

- You will want somebody internally to handle all of the day-to-day accounting.
- Make sure that all cash and checks received are handled under dual control at all times. There should always be a counterbalance to the handling of cash, checks and billings.
- Do not ignore the use of a CPA. You need them for preparation of taxes both city, state County and IRS.
- You should be preparing annual income statements and balance sheets for presentation to your lender. Not all lenders will accept internally prepared financial exhibits, so you may need a third-party for this task. Check with your lender when you receive approval for your loan as to what is acceptable.

## **IT and Communications Staff**

Your computer and communication systems are critical to smooth operations.

- Hire an experienced communications professional to research and recommend systems that will meet initial and growth needs.
- Make sure they have an established business and get references.
- As part of their service, your IT expert should install and test all equipment, software and systems before you take final delivery of those items.

## **Marketing Manager**

Hiring an individual to oversee your marketing efforts will ensure consistency of branding and your professional image as well as continuity of promotional efforts.

- Make sure they have an established business and get references.
- Consult with them in the early stages of your office design to coordinate the color schemes, look and feel of your marketing materials with the image of

your profession. For example, a pediatrician, dermatologist and optometrist will all need to market themselves differently.

- Select a marketing manager who can provide content with a market-driven theme to promote you through the internet and print. For example, a press release and article about your new practice in the local media will make you visible to your community and clientele.
- In conjunction with your marketing manager, hire a web developer and/or graphics person, who can work with your budget and your timeline. Ask for referrals and samples of their work.

### **Interior Decorator**

The money you spend hiring a professional office decorator will be money well invested. Your office is your calling card and has a huge impact on the comfort of your clients. Not only will they ensure a welcoming atmosphere, an interior designer will save you money by getting professional discounts on furniture and materials.

- Make sure that your decorator gets commitments on furniture purchased and that there are penalties attached to failure to perform.
- Have your decorator create a reasonable layout for the space you have leased, noting the positions of all the equipment, furniture and power outlets.
- It would also be wise to them involve in the leasing process to ensure you secure square footage adequate for your needs.

### **Core Staff**

Early in the process of selecting your location, hire an office manager that you trust; as soon as you sign your lease is not too soon. They are your point person for many of the decisions regarding deliveries and installation of furniture, equipment, software and supplies.

- Use a reputable staffing agency to save time and money. They will check background, credit and references and recommend only those who meet your requirements.

- Select an office manager with experience with the initial set up of an office and talk personally to their references.
- Involve them in the research and purchasing decisions, as well as writing job descriptions and hiring staff.

## SUMMARY

As you can gather from the information in this report, the decisions you make early in your planning process can make or break your business.

Making the right decisions in the early stages of planning your medical practice is critical to your success. This report is only a summary of some of the areas that will require research and careful thought.

When it comes to creating a strong business plan that you can "take to the bank," you can't hire better help than what you'll find at OYOP.

At OYOP we are experts at building business plans that work. Our principal partners Dr. Eric Subong and Mr. Paul M. Durand have 20+ years in the medical field and operating successful medical practices and 30+ years in the financial industry administering loans for small businesses and medical practices, respectively. With our combined expertise, we can "hold your hand" through the entire process of researching and assembling your business plan.

At OYOP, we want you to have the best chance of success. That's why we offer specialized business planning and coaching services that can provide you with a business plan you can take to the bank, as well as a roadmap to keep your practice on a successful track.

**Contact us now to set up an interview with one of our principals. We can be reached at 360-982-2925 or email us at [info@OYOP.co](mailto:info@OYOP.co)**

At Own Your Own Practice, we want you to have complete success from the beginning stages of building your practice through to a future of expansion. Regardless of where you are in your planning, don't hesitate to call with your questions. We are here to serve you for your whole journey!