


Business Planning for a Financially Healthy Practice

Facilitated by  HotDoc



**In the spirit of reconciliation, HotDoc
acknowledges the Traditional Custodians of
country throughout Australia and their
connections to land, sea and community.**

**We pay our respect to their elders past and
present and extend that respect to all Aboriginal
and Torres Strait Islander peoples today.**



Kelly Chard

Founder &
Health Business
Enthusiast

Advice Disclaimer

This webinar aims to provide information of interest . While every effort has been made to ensure accuracy, information contained may not be complete or may not be relevant to or appropriate for your circumstances. Attendees should not use the information without seeking professional advice specific to their circumstances.

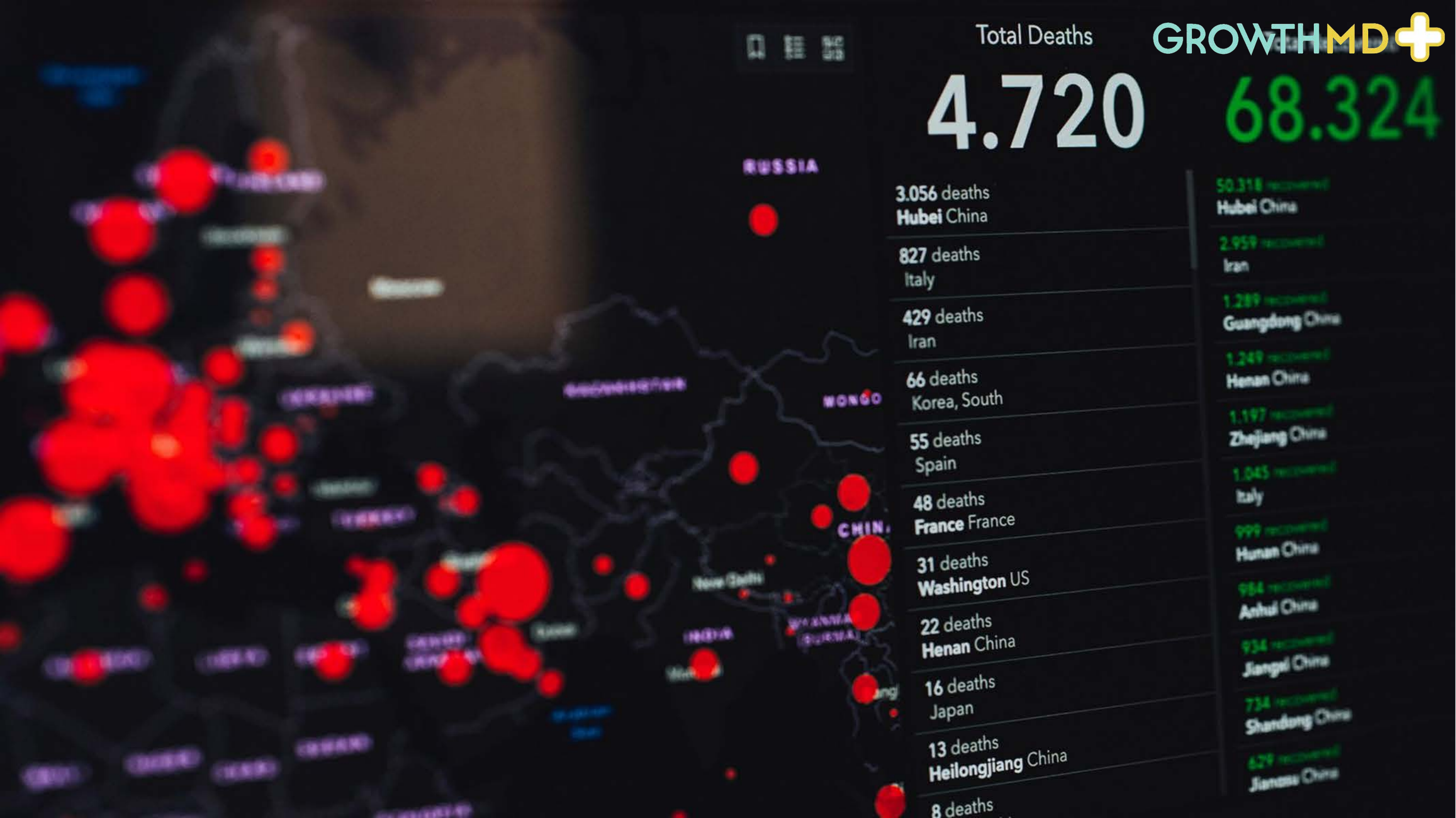
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“We are not victims of our situation.
We are the architects of it.”
Simon Sinek





Total Deaths

GROWTHMD+

4.720

68.324

3.056 deaths
Hubei China

50.318 recovered
Hubei China

827 deaths
Italy

2.959 recovered
Iran

429 deaths
Iran

1.289 recovered
Guangdong China

66 deaths
Korea, South

1.249 recovered
Henan China

55 deaths
Spain

1.197 recovered
Zhejiang China

48 deaths
France France

1.045 recovered
Italy

31 deaths
Washington US

999 recovered
Hunan China

22 deaths
Henan China

984 recovered
Anhui China

16 deaths
Japan

934 recovered
Jiangxi China

13 deaths
Heilongjiang China

734 recovered
Shandong China

8 deaths

629 recovered
Jiangsu China





Business Planning

(Not just a dated business plan.....)

Quality

Not about being right

Goals and Progress

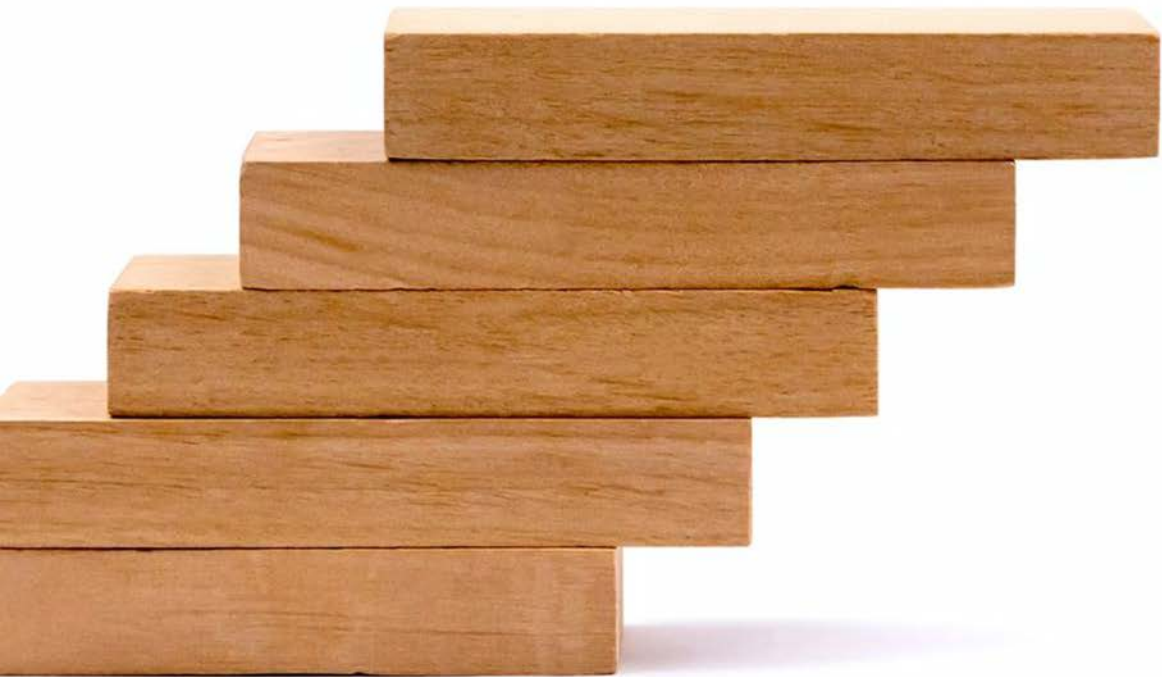
Best chance

Building a Financially Healthy Business in difficult times

1. Understand your financial drivers & metrics
2. Evaluate & predict your performance
3. Identify your challenges & opportunities
4. Establish goals
5. Action & accountability

1. What are the financial drivers in your business?

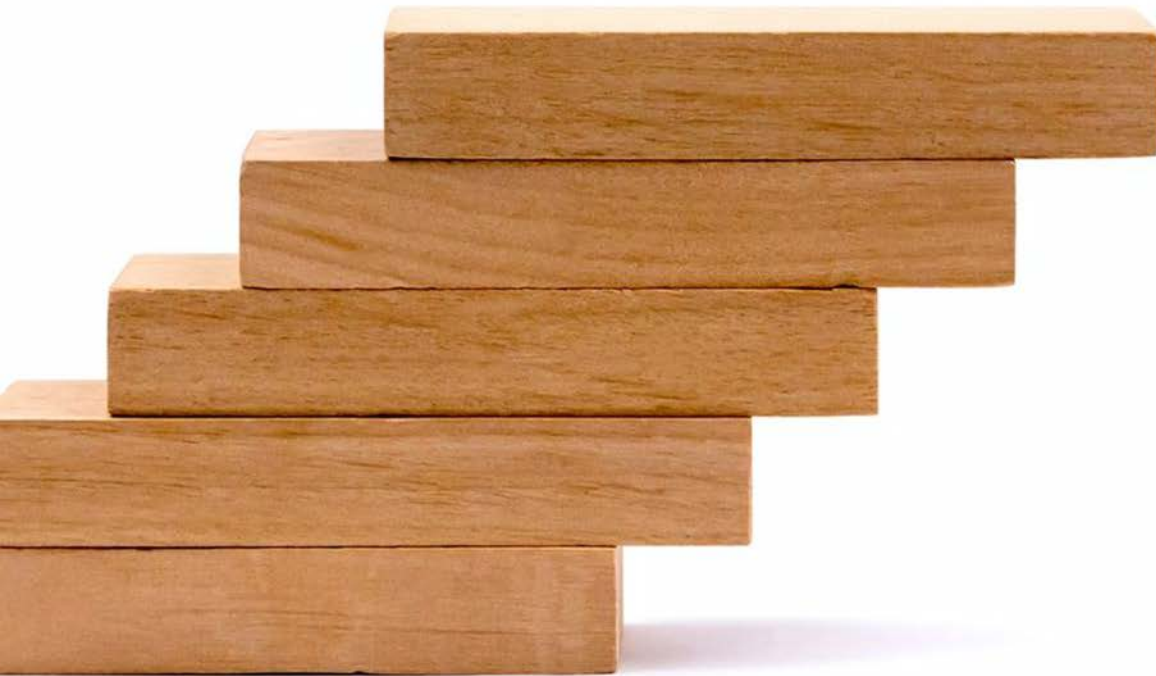




Profitability
(Revenue & Expenses)

Cash Flow

Funding & Investment



Profitability
(Revenue & Expenses)



Cash Flow

Funding & Investment

What can you be measuring?

Profit and Loss

GMD Super Xero Practice

For the year ended 30 June 2020

Trading Income

| | |
|-----------------------------|-------------------|
| Product Sales | 28,090.20 |
| Service Fee Income | 697,854.00 |
| Sessional rental fees | 12,774.90 |
| Practice Incentives | 112,752.00 |
| Total Trading Income | 851,471.10 |

Other Income

| | |
|---------------------------|------------------|
| Interest Income | 91.00 |
| Government Stimulus | 86,000.00 |
| Total Other Income | 86,091.00 |

Operating Expenses

| | |
|---------------------------------|-------------------|
| Advertising | 6,797.63 |
| Bank Fees | 950.29 |
| Bank Merchant Fees | 18,725.61 |
| Cleaning | 11,690.58 |
| Computer Expenses | 21,348.84 |
| Conference & Seminars | 1,540.02 |
| Depreciation | 60,000.00 |
| Electricity | 3,757.93 |
| Entertainment | 2,356.34 |
| Filing Fees | 279.00 |
| General Expenses | 1,271.40 |
| Insurance | 5,422.08 |
| Interest Expense | 36,383.58 |
| Legal Expenses | 575.00 |
| Medical Supplies | 28,936.51 |
| Minor Assets | 6,981.84 |
| Motor Vehicle Expenses | 8,431.00 |
| Printing, Postage & Stationery | 12,543.61 |
| Professional Fees | 14,280.00 |
| Recruitment | 850.87 |
| Rent | 92,000.00 |
| Repairs and Maintenance | 3,904.74 |
| Security | 945.42 |
| Software Subscriptions | 38,290.37 |
| Staff Amenities | 6,515.60 |
| Staff Training | 713.72 |
| Subscriptions | 2,410.49 |
| Superannuation | 69,024.53 |
| Telephone & Internet | 37,047.87 |
| Tolls & Parking | 829.90 |
| Uniforms | 2,018.80 |
| Wages and Salaries | 463,416.07 |
| Waste Disposal | 3,296.51 |
| Workcover Insurance | 1,814.46 |
| Total Operating Expenses | 965,350.61 |

| | |
|-------------------|--------------------|
| Net Profit | (27,788.51) |
|-------------------|--------------------|



Loss making practice

Profit and Loss

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What is the true performance?????

Net Profit Margin %

Measures the net profit your business is producing compared to its revenue. Essentially measuring the profit for each dollar of income.

Average appointment value

The average income generated from each completed appointment.

Average practitioner income generated per hour

Average hourly income generated per hour of practitioner/doctor time.

Breakeven Point

Establishes the dollar value of income required to cover base practice running costs and allow you to move into the profit zone.

Doctor consulting hours required to reach breakeven point

The number of doctor/practitioner hours required each week to cover running costs. Helps with minimum scheduling.

Rent Ratio

Measures your rent as a total % of your gross patient fees. Different specialities and different regions will have different ranges. For general practice, we usually see around 5 - 6%.

Operating Expense Ratio

Measures your operating expenses as a % of your total revenue. Over time you can monitor changes in your expense ratio and gauge the success of improvement actions. Decreased operating expense ratios show you are becoming more efficient with your costs.

Staff Ratio - Nursing and support staff

Measures your wage costs as a % of your total gross patient fees. Ranges can be from between 12% to 22% depending on your speciality and if your staff are revenue generating. Measure against your own industry or your own ongoing performance.

Working Capital

The day to day capital available to fund operations of your business. Positive working capital contributes to good short-term financial health.

2. Evaluate performance



Evaluate

Data

Time

Know-how

Seek assistance

Keep your results

Be honest & brutal

Evaluate

| Metric | Formula | Your Result |
|---|--|-------------|
| Net Profit Margin % | $\frac{\text{Practice Profit}}{\text{Total Practice Income}} \times 100$ | |
| Average appointment value | $\frac{\text{Practice Billings}}{\text{Total Appointment Count}}$ | |
| Average hourly consulting income per practitioner | $\frac{\text{Practitioner Billings}}{\text{Total Consulting Hours}}$ | |
| Breakeven Point | Total of Fixed and Constant Costs (regardless of patient numbers) | |
| Minimum doctor consulting hours required to breakeven | $\frac{\text{Breakeven Point}}{\text{Average Hourly Consulting Income}}$ | |
| Expense Ratio | $\frac{\text{Operating Expenses}}{\text{Total Practice Income}}$ | |
| Rent Ratio (as a percentage of gross patient fees) | $\frac{\text{Rent} + \text{Outgoings}}{\text{Total Patient Fees Generated}}$ | |
| Admin & Nurse Staff Ratio (as a percentage of gross patient fees) | $\frac{\text{Wages} + \text{Super}}{\text{Total Patient Fees Generated}}$ | |
| Working Capital | Current Assets (cash, debtors, prepayments) / Current Liabilities (overdraft, credit cards, doctor fees payable, ATO, Super) | |

A photograph of a hand sanitizer bottle and a surgical mask resting on a rustic wooden surface. The sanitizer bottle is clear with a black pump dispenser. The surgical mask is light blue and folded. The wood grain is prominent and runs vertically.

Consulting Hours to Break Even

Weekly Cost Averages

| | |
|--------------------------|----------|
| Staffing Costs | 6,284 |
| Rent & Outgoings | 1,586 |
| Interest & Leasing Costs | 402 |
| Subscriptions & Licenses | 300 |
| IT & Computer | 292 |
| Professional Fees | 288 |
| Advertising | 125 |
| Medical Supplies | 120 |
| Minor Equipment | 100 |
| Office Expenses | 88 |
| Other Expenses | 72 |
| | <hr/> |
| | \$ 9,657 |

| | |
|-----------------------------|-----|
| Av. Hrly Revenue Per Doctor | 360 |
| Practice Share (35%) | 126 |

| | |
|---------------------------|-----------|
| Hours to Breakeven | 77 |
|---------------------------|-----------|

Consulting Hours to Break Even

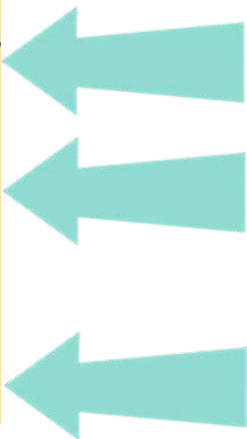
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Hours to Breakeven 77





Forecasting

Forward looking focus

Identifies cash or funding shortfalls and gaps

Economic uncertainty

Telehealth items, changing rebates

Practitioner working patterns changing

Jobkeeper and Cash Flow Boost coming to an end

Ease anxiety and panic



Revenue Analysis

1. Number of practitioners and sessions/hours (assumptions)
2. Patients per hour, average income per patient (assumptions)
3. Care arrangements and plans, nurse income
4. Room rental and sub-lease income
5. Seasonality, closures, telehealth, holiday leave
6. Practice incentives or other grant/stimulus
7. Fee increases or changes

| X St General Practice - 2021 Income Forecasting | | | | | | | | | | | | | Annual |
|---|----------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Available Working Hours & Doctor Income Estimates | | | | | | | | | | | | | |
| Practice Opening Days | 23 | 21 | 22 | 21 | 21 | 21 | 19 | 20 | 22 | 20 | 20 | 21 | |
| Doctor 1 | | | | | | | | | | | | | |
| Consulting hours | 161 | 147 | 154 | 147 | 147 | 88 | 103 | 140 | 154 | 140 | 140 | 147 | |
| Average Revenue per consulting hour | 266 | 266 | 266 | 266 | 266 | 266 | 266 | 266 | 271 | 271 | 271 | 271 | |
| Estimated Revenue | 42,826 | 39,102 | 40,964 | 39,102 | 39,102 | 23,461 | 27,292 | 37,240 | 41,783 | 37,985 | 37,985 | 39,884 | 446,726 |
| Doctor 2 | | | | | | | | | | | | | |
| Consulting hours | 83 | 76 | 40 | 76 | 76 | 38 | 34 | 72 | 79 | 36 | 72 | 76 | |
| Average Revenue per consulting hour | 281 | 281 | 281 | 281 | 281 | 281 | 281 | 281 | 287 | 287 | 287 | 287 | |
| Estimated Revenue | 23,267 | 21,244 | 11,128 | 21,244 | 21,244 | 10,622 | 9,610 | 20,232 | 22,700 | 10,318 | 20,637 | 21,668 | 213,913 |
| Doctor 3 | | | | | | | | | | | | | |
| Consulting hours | 150 | 137 | 110 | 137 | 137 | 137 | | | 143 | 130 | 130 | 137 | |
| Average Revenue per consulting hour | 362 | 362 | 362 | 362 | 362 | 362 | | | 369 | 369 | 369 | 369 | |
| Estimated Revenue | 54,119 | 49,413 | 39,811 | 49,413 | 49,413 | 49,413 | | | 52,767 | 47,970 | 47,970 | 50,369 | 490,657 |
| Doctor 4 - Return from Mat Leave | | | | | | | | | | | | | |
| Consulting hours | | | | | | | 36 | 60 | 66 | 60 | 60 | 63 | |
| Average Revenue per consulting hour | | | | | | | 220 | 220 | 224 | 224 | 224 | 224 | |
| Estimated Revenue | | | | | | | 7,920 | 13,200 | 14,810 | 13,464 | 13,464 | 14,137 | 76,996 |
| Doctor 5 | | | | | | | | | | | | | |
| Consulting hours | 115 | 105 | 110 | 105 | 105 | 105 | 95 | 100 | 110 | 100 | 100 | 105 | |
| Average Revenue per consulting hour | 318 | 318 | 318 | 318 | 318 | 318 | 318 | 318 | 324 | 324 | 324 | 324 | |
| Estimated Revenue | 36,570 | 33,390 | 34,980 | 33,390 | 33,390 | 33,390 | 30,210 | 31,800 | 35,680 | 32,436 | 32,436 | 34,058 | 263,399 |
| Total Doctor Billing | 156,782 | 143,149 | 126,882 | 143,149 | 143,149 | 116,886 | 75,032 | 102,472 | 167,741 | 142,173 | 152,491 | 160,116 | 1,630,021 |
| Practice Income | | | | | | | | | | | | | |
| Service Fees at 35% | 54,874 | 50,102 | 44,409 | 50,102 | 50,102 | 40,910 | 26,261 | 35,865 | 58,709 | 49,761 | 53,372 | 56,041 | 570,507 |
| Practice Revenue | 6,026 | 5,502 | 5,764 | 5,502 | 5,502 | 5,502 | 4,978 | 5,240 | 5,764 | 5,240 | 5,240 | 5,502 | 65,762 |
| Room Rental - Pathology | 4,624 | 4,624 | 4,624 | 4,624 | 4,624 | 4,624 | 4,624 | 4,716 | 4,716 | 4,716 | 4,716 | 4,716 | 55,950 |
| Room Rental - Sessional fees | 1,150 | 1,050 | 1,100 | 1,050 | 1,050 | 1,050 | 950 | 1,000 | 1,100 | 1,000 | 1,000 | 1,050 | 12,550 |
| Total Clinic Income | 66,674 | 61,278 | 55,897 | 61,278 | 61,278 | 52,086 | 36,813 | 46,822 | 70,290 | 60,717 | 64,328 | 67,309 | 704,770 |

Don't forget about Cash

What impacts your cash?

Do you often have cash shortages?

Do you have a cash "war chest"?

Do you plan for investment or quiet periods?

Cash Flow forecasting is my #1 tip for struggling businesses

Working Capital Ratio

3. Challenges & Opportunities

SWOT Analysis

- o Average appointment \$ high
- o Breakeven point exceeded
- o Attracting high value procedural work

SW

- o Expense % are high
- o DNA rate too high
- o Item numbers utilisation

- o Alliance with nursing home
- o Appointment book capacity
- o New marketing pathways

OT

- o New practice opening
- o Rebates ending
- o Owner doctor driving profitability

4. Set Your Goals & Actions



4.

Goal: Increase average hourly billing rate by 5%

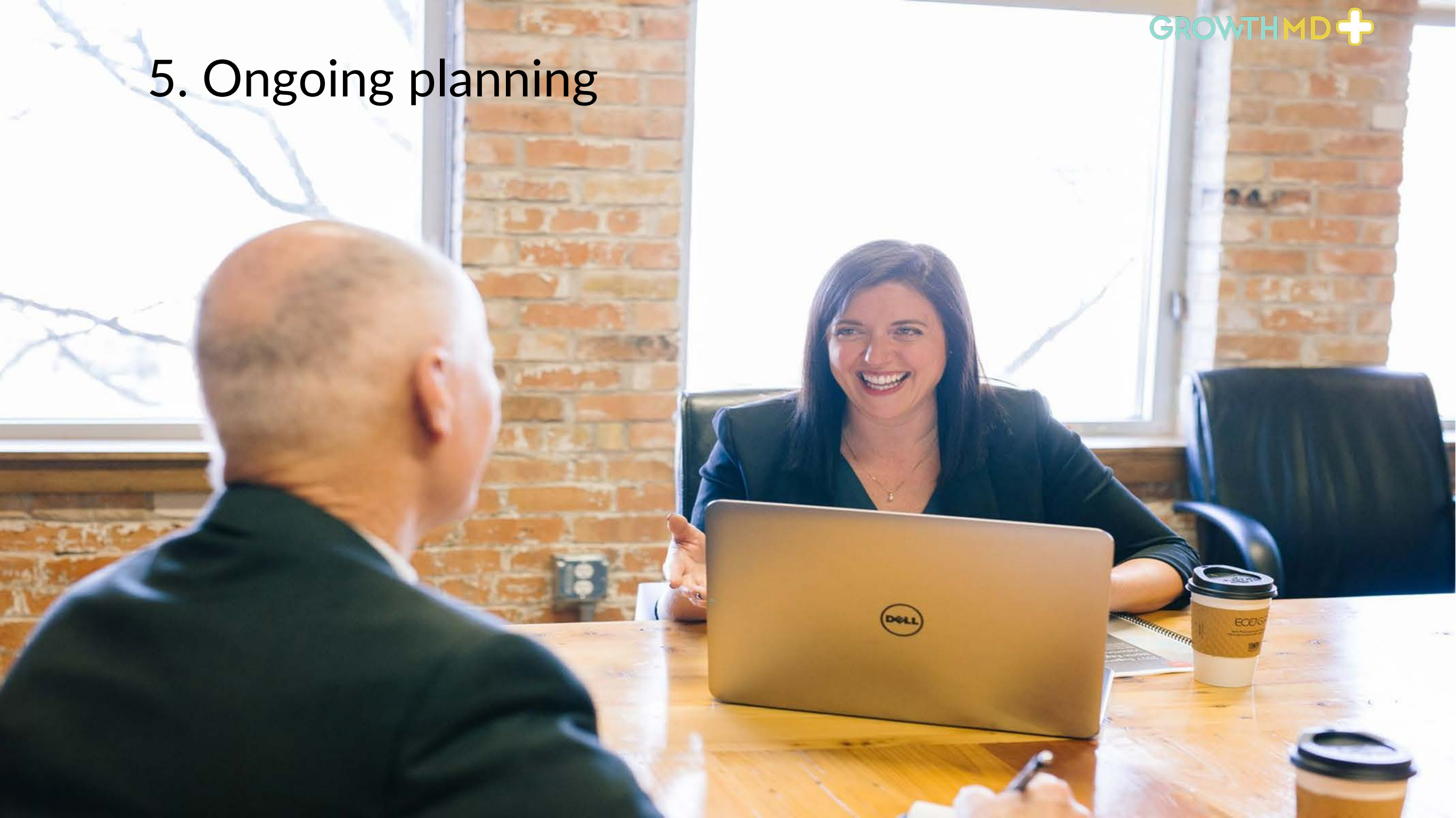
| Action Step | Task Owner | Start Date | End Date | Resources | Potential Blockers | Outcome |
|--|----------------------------------|------------|------------|--|--------------------|---------|
| Ensure billing education provided to all practitioners | Owner Doctor | 1/09/2020 | 31/12/2020 | External course & technology on MBBS billing & CDM | | |
| Review recalls processes and ensure they are time & cost efficient | Practice Manager & Nurse Manager | 01/09/2020 | 30/10/2020 | Research processes and alternatives by potential 3rd party providers | | |
| Review revenue opportunities to be generated by treatment room & CDM plans | Practice Manager & Owner | 1/09/2020 | 30/11/2020 | | | |
| Focus on diary management & actively fill gaps | Practice Manager & Reception | | | | | |

4.

Goal: Increase average hourly billing rate by 5%

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| Focus on diary management & actively fill gaps | Practice Manager & Reception | | | | | |

5. Ongoing planning





Keep on track

Revisit your goals

Set regular meetings and check-ins

Plan 30, 60 or 90 day sprints & milestones

Engagement and ownership

Be flexible

Be happy with progress - it's not about perfection!





Building a Financially Healthy Business: *A Starter Business Plan for Medical Practices*

A FREE comprehensive business planning guide written by Kelly Chard, Growth MD.

Your Business Plan will be available to download along with this webinars recording, slides and certificate in the next 2-5 business days.

An illustration featuring several diverse characters representing healthcare and patients. On the left, a Black female nurse in a green uniform with a stethoscope stands behind a young man with red hair in a white t-shirt, who is pointing towards the center. Below him is a young woman with blonde hair in a green uniform, also pointing. On the right, an elderly woman with white hair and glasses in a pink shirt stands behind a Black female nurse in a green uniform, who is pointing towards the center. Below her is an elderly man with thinning hair in an orange sweater, also pointing. In the center, there is a logo consisting of two hands holding a green heart, with the text 'for the love of Healthcare' to its right.

JOIN THE CONVERSATION



Kelly & Magali will be available to answer any further questions via the **Hot Topic** post in our community's feed.

Join here <https://www.facebook.com/groups/forthe love of healthcare>



WEBINAR

1 CPD

SPECIAL GUEST SERIES

Informed Consent – Confirming Permission Has Been Granted

Wednesday 30th September at 12:30pm AEST



Hosted by

Sarah Bartholomeusz
You Legal





www.growth-md.com
contact@growth-md.com

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