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Hi, it's Dr. Weitz. Thank you so much for joining me for this episode of The Private Medical Practice Academy today. We're going to talk about why you need a business plan. And I have a question for you. Do you know who the business plan is actually for now, this may come as a surprise for you, but the business plan is actually for you in Sure. You may ultimately show it to someone like your partner's. If you bring them on or a bank, if you're looking to get financing, but really the purpose of a business plan is for you. Why do I say that? It's because of the business plan is a roadmap and you need to have a roadmap to know where you're going, unless you want to do a lot of wandering around.

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So let's say for example, that you wanted to drive from New York to Los Angeles in the shortest amount of time, and for the least amount of money, what would you do? Well, you would figure out an advance, which Rhodes to take, or how to avoid the tolls and where you could stay over night for the least amount of money. Right? And you would try to think of all of the things that can happen to change your plan. And do you try to come up with a contingency plan in case some of them happened? So how has starting a business, any different than that? You need to have a plan. The plan is for you. The first thing that your business plan is going to help you do is figure out whether your idea can actually become a reality.

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We have all had great ideas, me and included. That seems like the best opportunity until the rubber meets the road. And you realize that, Whoa, this is probably not as feasible as I thought. Sometimes the barrier to entry is too great. Sometimes there's too much competition sometimes is great and ideas. It is it's just not going to generate enough money or maybe the expenses to actually carry it out or too high. So you actually want to figure these things out before you start the business. And that's where writing the business plan comes in. The other thing that the business plan is going to do for us is just going to help you mitigate the risks of starting a business.

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Now I'm sure that, you know, some horror story from someone who was starting a business and the business either struggled or the business failed. And when you heard that story, it probably scared you and you thought, boy, I don't want that to happen to me, but have you ever thought about why it happened? I will tell you that more often than not it's because of the business was based on wishful thinking and not on cold, hard non-emotional data. You need to have clarity of vision. You need to have a clearly defined specific service or business. Then you need to think through the logistics and you need to be brutally honest with yourself in terms of your financial projections and incorporate assumptions that there will be a glitch.

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There is going to be something that happens that doesn't go perfectly according to your plan, right? So you need to think about as many of the, what ifs as you can and come up with a contingency plan for each of them. If you really do all of those things, then you are a very unlikely to fail now and understand that

sometimes circumstances change things happen. Certainly COVID is a great example of that. But if you have thought through this and writing the business plan, we'll help you do that. Then you can anticipate some of the things that can happen and come up with a potential game plan. So let's talk about the key components that are going to go into your business plan.

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The first is your executive summary. That's basically like the intro paragraph on a scientific paper, but I want you to realize that you're actually going to write this last. Why are you gonna write it last? 'cause this is where you distill it all down and you need to have really defined your vision in order to write that executive summary, think about it like this. The executive summary is essentially your elevator pitch. What is an elevator pitch? You know, a summary statement that you make to someone during a short elevator ride to convey exactly what you do so seriously, it's only a couple of sentences summarizing your key info.

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So in my case, it would be I'm Dr. Sandra, Weitz a fellowship trained physician and I'm double board certified in anesthesia and pain management. I utilize a multidisciplinary multimodality approach to treating adult chronic pain patients in Baton Rouge, Louisiana. So you can quickly see that I've told you who I am, what I do, where my practice is located. And in two sentences, you basically now know all of the stuff that you need to know about me. That's essentially what we go into that Executive summary. Next you're gonna right? The company description and the company description you are going to talk about, what problem does your business solve?

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Where is it going to be located? And essentially, what are the logistics of the business? The second component you are going to talk about the Market analysis, how are you going to position yourself? Who is your competition? What makes you different than your competition? And this is something that I've talked to you about previously. You need to define what your niches and how you fit into the market. Third, you're going to talk about your organization. How has your business organized? Like for example, is that an S-corp? Is it an LLC under the section? You're also gonna talk about who is going to be running it, who are the key employees in addition to you and what are their qualifications next?

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You're going to talk about what service you're going to be offering. And Who is your ideal client. So let's say you're starting a practice. Let's say you're a family practice doctor. Are you going to be seeing everybody? Do you have a particular interest in weight loss? And maybe you're targeting people for nutritional counseling? Who exactly is that a client? The better you can define this, the better off you're going to be again, not because you have to give the business plan to anybody else, but the better you can define who your target audience is, who your target client is, the easier it's going to be to attract them in to that end.

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The next section is marketing. Where is your business going to come from? And how are you going to retain it? For example, do you have a marketing plan? You want that marketing plan to be as specific as it possibly can. For example, doing social media is not a plan. A plan may be I'm going to post X, Y, and Z on let's say Facebook and Instagram twice a week, but a better definition. The plan would include I'm going to run Facebook ads and Instagram ads, and it's going to cost me X amount per month.

0 (7m 13s):

And I think I'm going to reach this many people, or I'm going to run TV ads, or I'm going to place an ad in the local newspaper or whatever it's going to be. One of the goals of your business plan is basically for you to end up with something that is actionable. So the more detailed you are in thinking through this, the more detailed you are in writing the business plan B better off, you're going to be in terms of developing something that is truly actionable. And then perhaps the most important thing is that you're going to need these specifics in order to come up with the financial projections.

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And so one of the key parts of your business plan and probably the last part is the financial projections. Obviously you need to project your potential revenue and your expenses. So Sure revenue is pretty obvious. This is where your money is coming from expenses. However are not quite as clear cut expenses are broken down into different categories and have different implications, but that's a story for a different deck. So how are expenses broken down first? You have your startup costs, as you can tell from the name, start up costs or costs that you incur before you actually generate any revenue.

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The second category is capital expenditures, think big ticket items. And then the last category of expenses is your operating. How much does it actually cost you to run the business for your first year of business? You're going to want to break down both your revenue and your expenses on a month by month basis. The reason for that is that you're going to basically ramp up. So nobody is busy on day one. That's not how this works, but on the other hand, some of your operating costs may be less in the beginning because as you scale, you will have certain costs that are going to be more But.

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On the other hand, you're not going to have your own startup costs anymore either. So for the first year, at least you are going to want to see your both revenue and expenses on a month by month basis, because there's going to be a fair amount of variability. Now, certainly by the second year or the third year, you should essentially be at a more steady state. So you could project that on a quarterly basis or even on a yearly basis, if you wanted to. And then you're going to want to actually project out both revenue and expenses four up to five years. And then there are the last two things that you should consider putting in to your business plan.

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The first is what's your long-term vision or your growth plan. Where do you see this business being in three years in five years, or even in 10 years? And then the second thing that you might consider putting it in, but you definitely need to think about, even if you don't actually write this down is what is your exit strategy? Because you're starting this business with the idea that you're going to be super successful and that at some time you're going to want to get out of this business. How do you think that that's going to happen? Just like starting a business requires a Plan exiting the business requires a plan.

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So you're going to want to start to think about that exit strategy sooner than later, but I'll come back to discuss that at another time. Finally, I want to talk about using your business plan to get financing. You certainly are going to need to have a business plan in order to take it to a bank or to anybody who's potentially going to lend you money. But ultimately they're going to want to see how well-defined the plan is, how well you've thought out all the contingencies and they basically are, are going to look for the same things that I've described that you should be looking for for yourself. So I'll come back to the point that you are really writing this business plan for you and anybody else who benefits from it or any other use of it is just extra.

0 (11m 47s):

Thanks for joining me. The shortest sign up for my newsletter below, and I'll be sending you tips on how to start your Practice best run your Practice grow the Practice and then ultimately be able to leverage your medical practice into multiple other businesses. I hope to see you soon.