

Transcript Details

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Financial Planning Tips for 2019 & Beyond

Welcome to the Perfecting Your Practice podcast, where we will talk about finance for the healthcare professional and medical practice owner.

This series is brought to you by Bankers Healthcare Group, the leader in financing solutions for healthcare professionals. Since 2001, BHG has worked with more than 100,000 licensed practitioners to help them reach their financial goals. Perfecting your Practice is designed to talk about ways you can invest in your career and practice in order to set yourself up for success.

Now here's your host, Chris Panebianco, Chief Marketing Officer at BHG.

Chris: Hey everyone, thanks for listening. I hope you're enjoying the series. As always, we're glad you're tuning in. Today I'm joined by a very special guest, Mr. Roger Wohlner. He's a financial writer and advisor and also a financial consultant to small businesses. Roger knows BHG and in the past, we've worked together. He's submitted blog posts for the BHG blog, and he's just submitted some more. So we're very excited to have him back. Roger, how you doing?

Roger: I'm doing great, how are you?

Chris: Doing well. Enjoying the summer time, it's no longer freezing cold, and three feet of snow in upstate New York. Much like Chicago I think we're all very happy to be in the middle of the summer here.

Roger: Yeah, no it's been hot here. Today's the first rain we've had in about two weeks, so we're kinda glad for it.

Chris: (Laughs). I hear ya. So Roger, please do me a quick favor. If you could, give a little background on yourself for our guests so they can get to know you.

Roger: Well, I started out my career in corporate finance and after graduating with my MBA and for about the last 20 years, I've been a financial advisor to individuals and, corporate retirement plans.

Roger: About three years ago, I decided to switch careers a little bit again. So I scaled back my advisory practice and I kinda jumped into financial writing. And now, that's probably over half of my income. So I try to keep my hands in all those aspects. And I think they, all kind of add on to each other and I think I do a better job for each of those three types of clients based on doing all the other stuff.

Chris: Well that's great and we're very excited to have you. I know a lot of our listeners could really use the help. And they look forward to content like this. So, we're gonna jump right in. Today we're gonna be talking about business and financial planning and really planning for 2019. In your opinion Roger, is it too early to start thinking about 2019 yet?

Roger: Not at all. And you know I think the reason for that, especially on the financial side of the business, is the things that you would do now even in anticipation of 2019 will benefit you now.

Chris: Okay. And, and your blog post covers a number of areas that medical practice owners should examine right now. But I want to focus on cashflow first. Can you walk me through that?

Roger: Well cash, whether you're in a medical practice, or you make, you make widgets in the mid west or whatever you do, any business, the lifeblood is cashflow. I'm a full member LLC and the lifeblood of my business is cashflow. You can make you know, depending upon your accounting system, you can be very, there're businesses that are very profitable and run outta cash.

Roger: You know you, it's much like your household budget. You know if the money goes out faster than it comes in, you're gonna have a hard time staying in business. You know you either have to borrow the money or get it somewhere else, or scale things back or go out of business. It's the lifeblood of any business.

Chris: Sure. Do you have any tips for really getting into managing your cashflow and understanding where it comes from? A lot of what you've said and written about—what are some things that our listeners can take to heart, take away from this podcast and really install in their day-to-day?

Roger: I think there are a couple things. I think first of all, you have to understand what drives the cashflow of your business. You know

and certainly in a medical, dentistry, or veterinary practices you see patients and they pay you. But you also have expenditures for you know again, depending upon your in each practice's individual situation. But you have employees, you have rent, you have supplies, equipment. You know, all the normal things. And when it comes to, to medical type practices what I've seen is, you know can deal with insurance reimbursements. You know how quickly can you manage that process? How quickly does that come in?

Roger: So I think the first thing you'd have to do and I know I'm gonna sound like the bean counter type that I am, you set up a spreadsheet. Or certainly if you work with an outside accountant, or your inside bookkeeper, you have to track your cashflow just as much as you do your profits. So you know, looking what's going out and what's coming in, and how quickly it's coming in.

Chris: Now as far as the patients within a practice, you know should they, should you ask them to wait to be reimbursed by the insurance company? Is this a good idea? A bad idea? How, what do you suggest there?

Roger: Well it's a good idea if you can do it. Certainly, you know there are practices, even physicians use that will have you pay upfront. There're others that you know, will submit the paperwork, they'll have you pay and then they'll submit the paperwork. And there're still others that'll just you know, wait for whatever reimbursement. I mean obviously you know, some of it's gonna depend on your patience. If they are financially able to do it, and if you know, if that's somewhat the norm in your area, that's easier to do.

Roger: You know if you have patients that you know either can't afford it, or, or you know you're the only person in your region doing it, you might have more trouble doing it. And that's gonna be something varied by each individual practice and certainly knowing your market place so to speak.

Chris: Sure. Are there any other areas that you think you can really focus in on cashflow? We've talked about insurance, we've talked about creating these habits. What other areas do you think our listeners should focus in on?

Roger: Well, I think you know spending. You know certainly to build up, depending upon again the type of practice you have and what you do. There's gonna be a certain base level of spending that you have to have. But then as with anything else, there are the nice to have expenditures. You know maybe it's upgrading a piece of equipment and certainly you wanna have the most up-to-date things for your patients. It's like anything else—you have to be reasonable about it. You have to make sure that your revenues can support any expansions.

Roger: You know, maybe you wanna open a second office, but you know that might be a nice thing to do, it might be more convenient to your home or something like that. But, can your practice—think you have to think of your practice as a business—can your business support that?

Chris: Now one of the things we hear a lot of is you know, "I'm being asked to do more." It's a common theme within the healthcare community. "I'm asked to be doing more. More paperwork, more patients, I have less and less time to focus on my business." Can you give a few tips on that? Or maybe your opinions on how you're seeing any of the, the clients you advise, what you're telling them when you hear that.

Roger: Well the first thing I'm telling them is you know, they should have whether it's a business manager or a practice manager, or I mean I think those types of positions are important. You know obviously if your bus- you know it's kind of a, a chicken in the egg thing. You know sometimes they say, "Well you know, my practice can't support somebody like that." And, and my push back is, "Well if you have somebody that can help you focus on the business aspects and, and, and the, you know the financial side of it, maybe you have ... You know maybe you would have the capacity to grow more." As with any business expenditure, it's a little, it can be a little bit of a risk if you're not quite there yet.

Roger: But I, I think that, that practices definitely have to have that expertise in house. You know, even, even if you are the smartest person and you're great with numbers, you know you can't be good at everything. And you know business owners, which again, the dentists, and physicians, and veterinarians are—you have to learn to delegate at some point.

Chris: Sure. And I think you know what we, we talk about a lot is, what, what healthcare professionals are taught in school and what they've focused on for years. Their, their time and expertise is not in that running the business side. Now for every one of those, there are five that do run it well. But I can seem overwhelming. Is there any advice you have to get over that overwhelming feeling when it comes to their cashflow?

Roger: Well again I, I think yeah like anything, you, you take a deep breath and, and step back, certainly I think it's imperative for be almost any size practice and certainly the bigger ones to have some sort of outside, certainly a, a good CPA is, is vital part of your business as anything. And you wanna have a, a CPA firm that understands your practice. And hopefully one that will you know is in the habit of providing advice.

Roger: You know getting an outside perspective, whether in any business can always be helpful. You can be the smartest person, but if you're too close to something, what you said is exactly right. It can just seem overwhelming. And you know, you've got, you, you wanna, you know your focus obviously is on great patient care. But know, this is also a business and this is also your livelihood, your retirement, it could be one of your biggest financial assets, but you know you, nobody can do everything well.

Chris: Understood.

Roger: You gotta delegate and you know, you need some outside... I think a lot, most people need some outside perspective and

especially in this area.

Chris: What advice would you give if I own a practice, whether it's dentist's, vet's, or a doctor's. What advice would you give me if I, if I say, "You know what Roger, you're right. I'm gonna go out and I'm gonna find a CPA, I'm gonna find that consultant that can come in and look at what I'm doing and help me manage this." What advice would you give them in selecting the right fit?

Roger: First piece of advice I would give them is to take a step back, you know do whatever you do to kinda clear your head. Go for a walk, go to the gym, whatever you like to do. And, and sit down and just try and think of where they're having issues and what type of help they would need. I mean it, it, it's obviously when you go to a CPA, you need somebody to, to look at your financials, to do, that knows taxes. I mean that, that's kind of obvious. But you know, what are the areas of your business that are giving you some issues. What are the things you know, you might like to accomplish but you just don't feel, you, you can focus on enough to really accomplish. You know, whether it, it's expanding the practice, whether it's adding you know, maybe buying another practice, or maybe merging your practice into another.

Roger: Whatever, whatever those things are, or you'd like, you'd like to be able to, offer some different types of care related to your area, but you just don't feel you have the financial wherewithal to, to expand. Whenever, whenever things are on your mind, try and think of those first and go into, the meeting or the phone call with that outside, you know with that CPA or, or consultant or whatever. And you don't have to go in and have everything nailed down, but you should have an idea of where you'd like help if that makes sense.

Chris: No it makes perfect sense. And I, I think it's something that any of us. I, I know that I, when I looked for my new CPA, it, it's overwhelming. I, I went to everybody I knew, "Hey, do you have someone?" You know a word of mouth. , but then you know fortunately, I have a couple of people I'm in business with and they gave me a good recommendation. But it is overwhelming. You know there's a sea of financial advisors. There's a sea of, CPAs out there. And you gotta make sure you find the right one.

Roger: Yeah but if I look at, if I look at, if I put on my financial advisor help you know having worked with a number of clients over the years, I always ask them you know, "What are your you know." What you know, they, they come in and they say, "Well I read this and this about investments." And all this other stuff. And I go, "Well that's all great. And, and you're saying a lot of good things. But ultimately, what is your goal for the money? What do you want this money to do for you? Whether it's retirement or your kids college."

Roger: And I think for the business owner you know, money, money is great, and business is great, but if you think of it in terms of, of your goals for the business, what do you want to accomplish by whatever you're gonna be doing with the business. Maybe that puts in a little different perspective.

Roger: And, and maybe the other thing, you hit on something that I think is really relevant. You know you, it's great to get recommendations from you know other physicians, or, or people you know. But at the end of the day, you also want somebody who understands your practice of medicine or dentistry, and, and you know maybe focuses a little bit on that area. I mean somebody who, who you know, is the CPA for every steel foundry in your town is, is wonderful, but they may not understand the first thing about a medical practice. They may be a great CPA, but they're not a great CPA for your situation.

Chris: Yeah I think that's very important, that specialty or at least the understanding is, is very important. As we get to the middle, passed the middle of 2018, are there any other areas that you think, people can focus on in their financial or business planning for 2019. We have a few months left in the year. What are some other key areas that they should focus on?

Roger: Well you know kinda going back to my, my corporate, planning background of many years ago. This is about the time that many large companies actually start their planning of budgeting and process for the next year, in this case 2019. You know I think it's a good time to reflect on, on where your practice, is. You know what you've accomplished in 2018 versus maybe what you, you think you should've accomplished. Or maybe even exceeded those goals. And that's great.

Roger: But you know and again, and maybe we're talking in terms of, of the, the financial and cashflow and that type of thing. But, kinda take a look at where you are, and you know where you know, where you like to be by the end of this year and into next year. And it's not too early to get started on that process. You know if you don't have any sort of formal planning or budgeting process in place, you know it's a great thing to start it for 2019, but why not start it now? You can reap the benefits and it's never too early to you know, take a, take a, be taking a look at your business.

Roger: Again, you know we talked about not being able to focus on everything, but maybe the flip side of that is, you know especially if you, you find the financial part overwhelming. If you could do it in a systematized way, and again work with your outside accountant, your internal practice or business manager. Or any of those people and set up a, set up a review process whereby you can look at key metrics in the practice. I think this is a great thing to do for 2019, but if you can start it now, so much the better.

Chris: That's such good advice. You know it's never too early. We look at that within our own business now. We're, we been thinking and talking about 2019 for what seems like two or three months. So this all great advice. Roger, one last thing. What would you say is the most important thing you'd like our listeners to take away from today's Podcast?

Roger: I think the most important thing is, you know whether you're planning for 2019 or you know, you're gonna start some things now. You have to think of your practice as a business, you wanna deliver the best care to your patients. I mean that, that's, that's #1. But in order to do that, you really have to run your practice as a business. You know in terms of the services you offer, in terms of the market

you serve, certainly in terms of, of managing your cashflow.

Roger: You know sometimes that can entail some hard decisions as we talked about cashflow. You know maybe you have to ask customers, or I should say patients, well patients/customers. To pay some or all of it upfront, you know you can still submit the paperwork for them to facilitate their reimbursement. But you know, sometimes you have to make, tough decisions. But you know, I think if you run your practice like a business, at the end of the day, you'll provide better service for your patients.

Chris: Excellent. I really appreciate that and I think a lot our customers—Here I go. Now I said customers. There's a lot that our listeners can take away from this conversation. Roger, could you give me a quick plug? How can our listeners get a hold of you if that have follow up questions or would like some more information?

Roger: Well certainly, you can contact me by, via email. And it's rwohlner. Rwohlner. Rwohlner@comcast.net that's my direct email. And, certainly if you wanna, I do run a personal finance blog, Thechicagofinancialplanner.com, thechicagofinancialplanner.com where I write about finance, retirement planning, retirement plans, investing, financial planning and those types of topics. Those would be, good ways to reach me.

Chris: Excellent.

Roger: Love, love to hear. Love to hear from any of, any of our list, listeners today.

Chris: That would be great. And we can't thank you enough. It's been a really great conversation. And again there's, there's tips that everyone can take away from this. And we encourage everybody to reach out to Roger. If you have any other questions or wanna chat more, I'd love to hear from you. Feel free to email me at chrisp@bhg-inc.com. Or you can connect with me on LinkedIn. That's it for today folks I really appreciate it. Take care.

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