

Financial Survival in the New Economy

*Applying a business approach to ensure
the success of your practice*

To ensure survival and profitability, practitioners need to put their financial house in order. This is most imperative now, with the changing face of health care in this country, and the impact of higher energy costs on the global economy.

The day has passed when practitioners could hang out their shingle and expect a flood of patients to wash in. Moreover, expecting government-subsidized health care to pay the bill is fast becoming a thing of the past. Ontario is the latest province to remove coverage of chiropractic from its government-run health plan (OHIP). With patients budgeting how they spend their own money, chiropractors heavily dependent on such revenue could face tremendous financial difficulty. Consumers (your patients) are becoming more selective about all their expenditures, including those made for health care.

Chiropractors should now look to business principles to enable them to succeed in today's economy. This is a message I deliver every year to chiropractic students.

DUE DILIGENCE

Performing an analysis of your practice is one step you can take to make positive changes in the financial aspects of your business. Examine everything from office procedures to overhead. You might be surprised at what you will find.

Those practitioners who welcomed the removal of OHIP coverage amended office procedures to obtain information from patients about their extended health coverage. As a result, many chiropractors have seen increases in both patient visits and revenue.

Removing overhead inefficiencies is another method for improving your practice's finances. The two largest expenses are usually rent and office salaries. Examine your lease, and compare to see if your payments exceed market rates. Then, check the expiry or renewal dates to learn when you can renegotiate.

Determine whether you are utilizing all of your space efficiently. If not, consider



While it is important to set goals that will ensure survival and success, for a business to move forward it is crucial to establish a financial reporting system that monitors expenses, income and cash flow on a monthly basis.

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alternative or complementary options, such as bringing in an associate or a massage therapist.

Review how you utilize your support staff. Ensure that you are making the most efficient use of their time by analyzing the number of staff, their rate of pay, and respective hours of work, and whether they have full- or part-time status. You might find that you are overstaffing your clinic but receiving limited benefit.

MARKETING: AN ESSENTIAL ACTIVITY

In the new economy, it is no longer just other chiropractors providing competition. Patients are bombarded by numerous health-care choices including everything from pain pills to acupuncture, and much in between. As a result, marketing has become an essential activity.

It is incumbent upon chiropractors to take charge of their own marketing. Set aside time in your weekly schedule for networking with other professionals as well as community groups. Have promotional material available in the

office that identify the benefits of chiropractic, in general, and your practice, in particular. Think about obtaining the services of a marketing consultant – one who specializes in chiropractic – to assist you in strategy and implementation.

More than anything else, regard anyone you meet as a potential patient, and talk to them about chiropractic and their health.

THE EDUCATIONAL IMPERATIVE

With the many health-care alternatives now available through members of regulated professions or otherwise, chiropractors have to stay aware of new techniques and services, simply just to remain competitive. To meet the need for professional development, a key component of staying current, continuing education courses are increasingly available on techniques and other related topics.

For your patients' sake, educate yourself on coverage details for Workers' Safety and Insurance (WSIB), motor vehicle accidents (MVA), and extended

health care (EHC). With regard to the latter, simply knowing a patient's insurance company and policy number is not sufficient. You or your staff will need to research individuals' health plans to determine what products and services are covered and for what amount.

GOAL-SETTING

Health professionals often forget to set goals. They can get caught up in practising their profession rather than working on their business. To be successful in business, one must set objectives if one is to move in a clear direction. Your practice and personal goals will likely be intertwined, which is not the case in large corporations. Consequently, it is necessary to account for personal and lifestyle goals in your planning.

Goals should be organized as short-term (under one year), medium-term (one to five years), and long-term (over five years). In our fast-paced, immediate gratification society, these time frames are

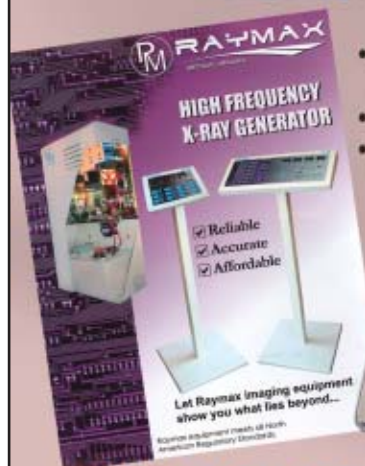
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*Pitching Corporate Wellness
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association to give formal demonstrations.

With such promising results, High Point is pitching corporate wellness to more organizations ... and they are responding. This fall, for example, another wellness clinic is set to open up in the Toronto offices of the Globe and Mail.

What is really encouraging is that the corporate world is accepting chiropractors as wellness leaders. Before now, the profession often relied on lectures about low-back pain as the only, rather one-dimensional, entry point into corporations. But High Point is demonstrating that organizations are not only open to but are demanding a multidisciplinary approach.

At a time when the profession is struggling for legitimacy in some circles, the credibility and results that strong corporate wellness partnerships bring means a bright future for chiropractic. The opportunities are endless. •

Editor's note: Readers wishing to hear more about chiropractic and corporate wellness should plan to attend the presentation by Dr. Chapin and Dr. Bruce Fligg at the Ontario Chiropractic Association conference scheduled to take place in Toronto on November 18 and 19.

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becoming more compressed.

Financial goals must first be established, and they should reflect the cash flow requirements of the practice, as well as the personal financial goals of the practitioner. They can then be translated into specific monthly objectives in categories such as income, revenue, patient visits, and new patients.

FINANCIAL REPORTING

After goals and objectives have been established, it is important to monitor the actual results. In order to do this, you need some form of reporting structure. Many chiropractors track their new patient and patient-visit numbers. This is a good place to start. It is equally crucial to monitor expenses, income and cash flow.

Having your financial statements prepared monthly and reviewed regularly is a good way to ensure that you are staying on course. If you have established financial targets and projections, monthly statements will assist you to review your performance, and make adjustments wherever necessary. I often recommend establishing 12-month written budgets; that way you can easily track actual-to-budget, and be better able to make informed decisions.

Not paying attention to the financial aspects of your practice can lead to cash flow problems, and the outright failure of your practice. Poor management can also negatively affect the value of your practice as determined by a potential purchaser. Such a consequence can be prevented with proper planning.

Applying a business approach, and making some minor improvements in the management of your practice, can ultimately result in its financial success, not just survival. •

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