

## Start up Business Plan

Proper planning for your business is very important when turning your idea into reality. You must take the time to put your thoughts and intentions down on paper. Keep it simple – start the process on a white board or using pen and paper to draw an overall picture.

The business plan is a tool that will act as a road map for your business. The plan should reflect your own ideas and thinking but may require the assistance of a business advisor, consultant, or accountant. It is important to realize that business plans are often crucial when it comes to borrowing money, as all lending institutions will want to see it.

What should be included in a business plan?

1. **Cover Page** - company name, address, telephone, fax, e-mail, company contact and title.
2. **Table of Contents** - major headings in your business plan.
3. **Executive summary** - 1-3 page summary of the most important aspects of your business plan, include your mission statement.
4. **Company Summary** - company aims and objectives, amount of financing required, and future company plans.
5. **Company Management** - background, responsibilities, and qualifications of key company personnel.
6. **Marketing Proposal** - details of product or service and respective costs, industry analysis, market research conducted, competition, business location, and marketing strategy.
7. **Operational Data** - practice description, legal status of business, ownership, how the business will operate, and office layout.
8. **Financing Proposal** - general assumptions, income projections, cash flow forecasts, personal budget, personal net worth statement, repayment proposal, and collateral.
9. **Conclusion** - restate your aims and objectives, list financing amounts and reasons for the financing, and explain why you are a good candidate for financing.
10. **Exhibits** - research and statistical information, location selection information (eg. maps), financial exhibits, etc.

Cover Page

**MAIN STREET HEALTH CARE CLINIC  
BUSINESS PROPOSAL**

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## **Executive Summary**

The Main Street Health Care Clinic will be formed and operating by January 1, 2015, pending financing. The proposed practice location is in the Main Street Shopping Centre that is located on a major thoroughfare in a southwest suburban area of Toronto. The clinic is to be 750 square feet and will be designed to accommodate one \_\_\_\_\_. It will be a professional Health Care clinic in both appearance and function and will offer the most recent, comprehensive, and recognized Health Care treatments.

The southwest area was selected for the following reasons: office location, projected community growth rates, opportunity for patient growth, population demographics and limited Health Care competition. The shopping centre location selected provides convenient and easy access, very high traffic volumes, excellent exposure, ample parking and a professional appearance.

## **Mission Statement**

It is the mission of the Main Street Health Care Clinic to:

1. Provide our patients with the highest quality of conservative (no drugs or surgeries) patient treatment available.
2. Improve our patients' quality of life with conservative treatment techniques and strategies.
3. Educate our patients and the surrounding area on the advantages of conservative naturally based health care.
4. Establish an excellent reputation for quality patient treatment, integrity and professionalism.
5. Become active in the community and contribute time and services to the benefit of the southwest area of Toronto and establish a long-term relationship with its residents.
6. Become a clinic that the Health Care profession highly respects.
7. Become respected by other health care professionals and establish long term working relationships with them.

To accomplish these goals the Main Street Health Care Clinic will ensure that quality and consistent patient care is always the foremost priority. The clinic will provide only the most effective and current treatments, utilize the latest technologies and equipment, donate time and services generously to the community and be professional and responsible.

## **Background**

I have earned a Bachelor of Science (honours) degree, from the University of British Columbia, a Bachelor of Science degree and Doctor of Health Care degree from the University of Western States.

I have had the good fortune of obtaining a four-year degree in finance and have been working for twelve months in three different successful private Health Care practices. I am therefore, very confident in my ability to operate a successful Health Care clinic.

Several recent studies have shown Health Care treatment to be very safe and cost effective. The Manga Report of 1993, commissioned by the Ontario Ministry of Health and prepared by highly respected health economists at the University of Ottawa, represented the largest and most thorough analysis ever of the scientific literature on low back pain. It clearly demonstrated that Health Care management of low back pain is more effective, more cost effective, and produces higher levels of patient satisfaction than other forms of management. Another study performed in 1995 by the Agency for Health Care Policy and Research (AHCPR) in the United States convened a 23 member, multidisciplinary, private sector panel to develop a guideline for the evaluation and treatment of acute low back problems in adults. The panel recommended treating the pain with spinal manipulation in the first four weeks of symptoms.

## Marketing Analysis & Proposal

In the Toronto market area there are currently 256 \_\_\_\_\_s working at 70 locations within the City of Toronto (CCA, 2010). The population associated with these forward sortation areas is 1,622,000 (Statistics Canada, 2011 Census). Utilizing an annual growth rate of 2.0 %, we can estimate Toronto 2003 population to be 1,80,000. Therefore, in Toronto for 2003 there are 6055 residents per \_\_\_\_\_.

The primary market area for the Main Street Health Care Clinic is in the southwest area of Toronto, an area with a four kilometer radius located around the office location. It encompasses two forward sortation areas that make up a population of 244,000 people for the primary market area. Based on an estimated Health Care utilization rate of 16 % for Ontario, the market area contains 7,040 potential Health Care patients. Considering the average practice has 7400 visits a year and each patient averages eight treatments, this means that you will need 925 patients a year to become on par with an average \_\_\_\_\_'s revenues. Currently, in the first year, I am predicting a total of 250 patients or 3.6 % of the market. There is currently one other \_\_\_\_\_ within this four-mile radius. Therefore, there is a one \_\_\_\_\_ for every 22,000 people. This illustrates the enormous opportunity for a Health Care clinic in this area of Toronto, especially when compared to the average in Toronto of one \_\_\_\_\_ for every 6055 people. The Workers Compensation Board has agreed that there is a shortage of \_\_\_\_\_s in this area.

The Main Street Health Care Clinic will be located in a very busy suburban shopping centre that provides excellent public exposure, exceptional access and ample parking.

The clinic's fee schedule will be competitive for the area and take the provincial recommended fee schedule into consideration.

The service offered to the patients will be similar to most Health Care offices, but will be more multidisciplinary integration of comprehensive treatment options to accelerates the patient's recovery and reduce patient re-injury rates.

Promotion and advertising will take place within the guidelines set forth by the provincial Health Care association. The specific marketing action plan will include:

1. As soon as possible, meet with the phone company's advertising representative to establish a professional ad in the Yellow pages and listings in the white pages. These ads should be within the guidelines of the provincial association.
2. As soon as possible, meet with a sign company to design and install professional and visible signs over the front of the clinic and on the shopping centres main pylon sign.
3. Prior to opening, visit all businesses in the area of the clinic to introduce myself and inform them of the services the clinic has to offer.
4. Prior to opening, send a personalized letter to area professionals to introduce myself and inform them of the services the clinic has to offer. This will be followed up with a telephone call and hopefully a chance to meet and create a referral source. This will include local medical doctors, optometrists, neurologists, orthopedic surgeons, athletic therapists and massage therapists.
5. Prior to opening, investigate the various local service clubs and join a club, which best suits your needs and where you can best network.
6. Prior to opening, investigate which advertising source targets your potential patients most economically. Usually a weekly or bi-weekly local paper is very useful. Meet with the paper-advertising representative to design ads for pre-opening, opening and subsequent times. Also, discuss volume discounts and reduce rate or free ad potentials, such as a regular health column.
7. Prior to opening, visit the local health food stores and pharmacies to secure a discount for your patients and establish a referral source.

8. On opening, implement the internal promotion plan.
9. On opening, implement extended clinic hours to include weekend and evening appointments.
10. On opening, rent a changeable mobile sign to be placed on the boulevard. The message can be changed bi-weekly to inform the drive by patients.
11. After opening, investigate opportunities for speaking engagements.
12. After opening, investigate opportunities to volunteer within the local community. Select areas where you have a special interest or knowledge.

### **Key Objectives**

The initial objective is to bring the Main Street Health Care Clinic into the leading market position in the southwest area of Toronto and gain financial independence. To accomplish this goal I have developed this comprehensive business proposal to serve as a business guide and monitor the clinic's success. To implement these plans the clinic will require a \$25,000 term loan and a \$30,000 line of credit for the following purposes:

1. Obtain operating equipment, furniture and fixtures.
2. Offset initial negative cash flows for the eighteen months.
3. Maximize patient volume with a comprehensive marketing strategy.

### **Management**

On site management will consist of Dr. A. Hugginkiss. Dr. Hugginkiss has also worked at and observed the operations of three Health Care practices over the last year. Selective input will come from the office staff, which will be hired based on previous health care experience. Outside management support will provide a very valuable resource and will include a chartered accountant, a lawyer, and a practice consultant with excellent Health Care business experience and training.

### **Finance**

Project growth to be sufficient enough to be financially stable by the eighteenth month of operation, as the financial projections will illustrate. These projections are taken from actual clinic start up data. As previously stated, the clinic will require a \$25,000 start up term loan and a \$30,000 line of credit.

### **Conclusion**

The Main Street Health Care Clinic represents an excellent business opportunity and will fill a large void in the northwest area of Toronto.

### **Company Summary**

#### **Objectives**

##### Short Term

1. To negotiate a lease in the Main Street Shopping Centre.
2. To negotiate a seven-year term loan of \$25,000 for the start-up costs of the Main Street Health Care Clinic (**See clinic start-up costs in the Exhibits area**).
3. To obtain a \$30,000 line of credit to offset the initial negative cash flows (**See projected cash flows in the Exhibits area for loc amounts and associated monthly costs**).
4. To open the Main Street Health Care Clinic by January 1, 2011.
5. To implement the pre-marketing strategy.

6. To hire office staff and implement office procedures.
7. To acquire provider and billing numbers with all Health Care payors.
8. To establish revenues that will lead to break even cash flows by the eighteenth month of operation. **(See projected cash flows in the Exhibits area for break-even timing).**
9. To establish working relationships with other health care providers in the area.

#### Long Term

1. To establish an excellent reputation for quality patient treatment, integrity and professionalism.
2. To have a clinic which is highly respected by the profession.
3. To become respected by other health care professionals and establish interdisciplinary referral relationships.
4. To repay bank loans in seven years.
5. To repay student loans within seven years.
6. To increase patient revenues by 55 % in the second year of operation with minimal overhead increases. **(See projected revenue in the Exhibits area).**

### **Company Management**

#### **Inside Management:**

1. Dr. A. Hugginkiss., B.Sc., D.C.
  - a. Background - obtained a Bachelor of Science (honors) from the University of British Columbia in 2000 and Doctor of Healthcare \*honors' in 2010. Also, gained excellent experience from working as an intern at three different successful Health Care practices in the last year.
  - b. Responsibilities - to develop and implement an operations manual, which includes all job descriptions and office procedures. Dr. Hugginkiss will also monitor and oversee these procedures on a regular basis. This includes patient care, finance, marketing, research, and human resources management. Bimonthly staff meetings will be held to address any patient or staff concerns and to evaluate and improve clinic operations. Individual job performance appraisals will take place quarterly. Operational emergencies will be dealt with on an as needed basis.

#### **Outside Management Support:**

1. Dr. Nikita Vizniak., D.C. - a \_\_\_\_\_ and practice start up consultant with several years of experience in all aspects of all aspects of Health Care business.
2. Mr. Credit Debit, CA. - a chartered accountant with several years of experience dealing with \_\_\_\_\_s.
3. Mr. Ben Dover, LLB. - A lawyer with several years dealing with contracts, lease negotiations and dealing with \_\_\_\_\_s.

The outside management support provides a significant amount of experience and knowledge, which can advise the clinic as required. This resource will be especially important during the initial business start up phase. Periodic support will only be required once the clinic begins operating.

## Receptionist:

The receptionist's background will be in the health care field, and must have a positive image of the Health Care profession. The receptionist job description will include greeting patients, helping patients with paper work, answering phones, scheduling patient appointments, communicating with other doctors offices, filing, photo copying files, cleaning duties, and other general office duties. The receptionist will also be responsible for insurance procedures, billings and collections.

## Primary Market Area Analysis / Research

The primary market area for the Main Street Health Care Clinic is in the southwest area of Toronto, an area with a four kilometer radius located around the office location. It encompasses two Canada Post forward sortation areas (T6H, T6R), which has an adjusted corresponding population of 44,000 people (Statistics Canada, 2011) for the primary market area. Ontario has one of the highest Health Care utilization rates at 16 % (CCA, 2011). Based on this utilization rate of 16 %, the market area contains 7040 potential Health Care patients. Considering the average practice has 7400 patient visits a year (CCA, 2011) and each patient averages eight treatments, this means that you will need 925 patients a year to become on par with an average \_\_\_\_\_'s revenues. This is only a 13 % market share. Currently, in the first year, I am predicting total number of patients will be only 250 or 3.6 % of the market. Year two, I anticipate a 55 % increase in patient visits and will require 400 patients to meet this prediction. The projected growth rate for the catchment area is good (City of Toronto Statistics). The catchment area is mixture of established areas with single-family homes and new areas with mid-priced single-family homes. There are no significant commercial or industrial areas found in the catchment area. Rivers, bridges or major thoroughfares do not separate the catchment area. Health Care patients typically have to pay a user fee for service and therefore the catchment area residents should have at least average household/disposable incomes. This is a middle class area with average to above average household incomes.

The average Health Care patient is currently a Caucasian female 45 years old with post secondary training. Females make up 57 % of the Health Care patient population. The catchment area for the Main Street Clinic has a good portion of this segment included.

The population of Toronto is undergoing significant demographic changes. The median age has risen from 27 years in 1976 to 30.5 in 1994 and is expected to rise to 35 years in 2000. The 25-64 years of age group is the most economically active and stable segment of the city's population. The proportion of the total population for this age increased from 47 % in 1976 to 57 % in 1994 and is expected to stabilize in 2000 (Toronto Economic Development Corporation). These population changes are excellent for the Health Care profession, as the age group we are seeking is becoming larger and more economically active.

## Industry Analysis / Competition

Currently in Ontario, there are 587 \_\_\_\_\_s (CCA, 2003) and an adjusted population of 2,964,700 (Statistics Canada, 2003). Therefore in the province of Ontario, there are 5,050 residents per \_\_\_\_\_. In the city of Toronto there are currently 109 \_\_\_\_\_s working at 70 locations within the City of Toronto (CCA, 2003). The population associated with these forward sortation areas is 622,000 (Statistics Canada, 2011 Census). Adjusting this for an annual growth rate of 2.0 %, we can estimate Toronto 2003 population to be 660,000. Therefore, in Toronto for 2003 there are 6055 residents per \_\_\_\_\_.

There is currently one other \_\_\_\_\_ within the four-mile radius catchment area. Therefore, there is a one \_\_\_\_\_ for every 22,000 people in the primary market area. This illustrates the enormous opportunity for a Health Care clinic in this area of Toronto. The Workers Compensation Board has agreed that there is a shortage of \_\_\_\_\_s in this area.



	to population ratios
A. Canada	1: 6,000
B. Ontario	1: 5,050
C. Toronto	1: 6,055
D. Main Street Clinic	1: 22,000

### Industry Trends / Forecast

Alternative medicine has become entrenched in our society. Visits to alternative providers in the U.S. for 2002 skyrocketed past the number of visits to primary care medical doctors. Over 628 million visits compared to 386 million visits (JAMA, 2002). Seventy per cent (75 %) of Canadians feel that provincial health care plans should cover the costs of alternative medicines and practices (CTV/Angus Reid Group Poll). Fifty-four per cent (54 %) of Canadians used one or more alternative therapies in the previous six months (Canada Health Monitor).

Study after study reveals that Health Care treatment is an effective and economical form of health care (Manga, ACPHR, Rand, British Medical, etc). Health Care treatment is covered by a variety of health insurance plans. These include provincial health plans, Workers Compensation, Auto insurance, Veterans Affairs, RCMP, social assistance, native affairs, and many private health care plans.

The current number of \_\_\_\_\_s practicing in Canada is 5000. This number is expected to grow at a significant rate over the six years. It is estimated there will be 6720 \_\_\_\_\_s in 2011, and for 8830 in 2006. This is based on current and future enrollments at Health Care colleges in North America. This converts to a 25 % annual increase from 2003 or an overall increase of 77 %. Based on the current Health Care utilization rate of 12.5 % (CCA), the \_\_\_\_\_ to population ratio of 1: 6000 will change to 1: 4704 for 2011 and 1: 3703 for 2006 (Figure 13 & 14, OIC). This alone could be very bad news for the Health Care profession.

Fortunately, a major initiative has been developed by the Canadian Health Care Association to increase this Health Care utilization rate. The plan will use the combined resources of the CCA, the provincial associations, and educational institutions to double the utilization rate of Health Care from the present 12.5 % to 25 % over the next ten years. The components include: a practice marketing and management program to help \_\_\_\_\_s operate more effectively; the development of joint marketing opportunities with corporate sponsors; an outreach campaign aimed at demonstrating the benefits of Health Care care to insurance companies; regular articles on Action 25 in all CCA publications; and a high profile media campaign, which includes television advertising. The two markets that Action 25 will pursue aggressively are 1) industry and business which are truly motivated by their bottom line and not concerned with political fallout, and 2) the market place.

### Marketing Proposal

#### Marketing Strategy

##### 1. Target Market.

The Target market for the Main Street Health Care Clinic will be the 7040 potential Health Care patients located in the primary market area made up of the forward sortation areas Y6H and Y6R. This area as described previously is comprised of 44,000 residents that are primarily middle class.

## 2. Marketing Mix.

### A. Product / Service

The treatment approach offered to the patients will be more thorough than what is currently being offered at most clinics in the area. Patients will receive a comprehensive treatment plan based on their condition. This will include adjustments/manipulation, electrical therapy, ultrasound, cryotherapy, soft tissue work, postural education, nutritional advice, rehabilitative programs and appropriate referrals. By offering this complete treatment package we will retain our patient base and gain increased patient referrals.

Scheduling of appointments occur in thirty minute increments for initial visits and fifteen minute increments for subsequent visits. There will be no double booking on any time slots. This will respect the patient's time, minimize any waiting and improve patient satisfaction.

The clinic will be open evenings and weekends, these are additional hours when competitors are closed. This will attract patients who schedules normally will not allow them to attend \_\_\_\_\_s or patients who need immediate evening or weekend service.

### B. Place / Location

The Main Street Health Care Clinic will be located in the Main Street Shopping Centre, a large commercial development in the southwest corner of Toronto on a major thoroughfare in Toronto. The Main Street Shopping Centre is positioned in the geographic heart of southwest Toronto. It is an 18-acre retail development anchored by a 47,000 square foot Canada Safeway store, a major bank and several restaurants. The most recent City of Toronto statistics reveal on average 44,300 vehicles per day pass the site, making this one of the city's busiest intersections. This location has a higher, but competitive rent considering it provides a newer professional facility with high traffic exposure, excellent access and parking. The office is currently unfinished, and as per the lease agreement, will be finished at the landlords expense to the doctor's specifications.

It is very convenient for the customers to get to the office on a regular basis with little difficulty. The clinic and shopping centre will be a consistently friendly environment to visit.

### C. Price

The clinic's pricing strategy will be competitive for the area and take the recommended provincial fee schedule into consideration. It is important not to undercut the recommended fees because we want to establish a reputation for a professional, high quality clinic.

Fee Schedule	
Initial visit	\$150.00
Subsequent visit	\$50.00
Reports	\$400.00
Orthotics	\$350.00

### D. Promotion

Promotion and advertising will take place within the guidelines set forth by the provincial association.

Internal promotion is the best method for generating new patients to the clinic. Internal patient referrals account for 59 % of all patient referral sources. It will be implemented through increased patient education and patient satisfaction. Patient education will occur with an in depth report of

findings and by having professional patient literature available to the patients. Patient satisfaction will be achieved because of patient education, our comprehensive treatment plan and minimal waiting.

External promoting will include:

1. a neon sign on the buildings facade with the clinic's name,
  2. a neon sign on the shopping centre's revolving sign with the word " \_\_\_\_\_ ",
  3. the name of clinic and doctor listed in the white and yellow pages of the telephone book. The clinic opening will be timed to coincide with the new phone book schedule.
  4. Sending out introductory letters with follow-up calls to other health care providers to establish a referral network. This will include local medical doctors, optometrists, neurologists, orthopedic surgeons, athletic therapists and massage therapists.
  5. A weekly informative health column in the area newspaper, to establish a high profile image in the area.
  6. A membership in a local service or breakfast club,
  7. professional speaking engagements to inform the public about the value of Health Care,
  8. volunteering within the local community, and
  9. a future membership at a local golf course or country club.
3. Marketing Expenditure Level

Companies or clinics entering a new market have to spend a fairly high amount of marketing dollars in relation to anticipated revenue levels in the hope of building their patient base or market share. The clinic will spend \$2000 for the pre-marketing and for opening of the clinic. In addition to this the clinic will budget \$250 a month for marketing.

### **Action Plan**

The Main Street Health Care Clinic's marketing action program is designed to carry out the marketing objectives of the clinic, to attract new patients to the clinic in order to meet the revenue forecasts predicted. It will begin 45 days prior to opening (pre-marketing) and will include the following:

1. As soon as possible, meet with the phone company-advertising representative to establish a professional ad in the Yellow pages and listings in the white pages. These ads should be within the guidelines of the provincial association.
2. As soon as possible, meet with the sign company to design and install professional and visible signs over the front of the clinic and on the shopping centres main revolving sign.
3. Prior to opening, visit all businesses in the area of the clinic to introduce myself and inform them of the services the clinic has to offer.
4. Prior to opening, send a personalized letter to area professionals to introduce myself and inform them of the services the clinic has to offer. This will be followed up with a telephone call and hopefully a chance to meet and create a referral source. This will include local medical doctors, optometrists, neurologists, orthopedic surgeons, athletic therapists and massage therapists.

5. Prior to opening, investigate the various local service clubs and join a club that best suits your needs and where you can best network.
6. Prior to opening, investigate which advertising source targets your potential patients most economically. Usually a weekly or bi-weekly local paper is very useful. Meet with the paper-advertising representative to and design ads for pre-opening, opening and subsequent times. Also, discuss volume discounts and reduce rate or free ad potentials, such as a regular health column.
7. Prior to opening, visit the local health food stores to secure a discount for your patients and establish a referral source.
8. On opening, implement the internal promotion plan as previously described.
9. On opening, implement extended clinic hours to include weekend and evening appointments.
10. On opening, rent a changeable mobile sign to be placed on the boulevard. The message can be changed bi-weekly to inform the drive by patients.
11. After opening, investigate opportunities for speaking engagements.
12. After opening, investigate opportunities to volunteer within the local community. Select areas where you have a special interest or knowledge.

### **Operational Data**

#### **Practice Description**

The Main Street Health Care Clinic will utilize the Diversified technique; the most widely used and recognized Health Care adjusting/manipulation technique (JCCA, 2011). A mechanical adjusting device will be used occasionally for certain patients and conditions. Therapy modalities his will include electrical therapy, ultrasound, cryotherapy, and soft tissue work. Postural education, nutritional advice, rehabilitative programs and appropriate referrals will make up the balance of the comprehensive treatment program. The rehabilitative program will accelerate patient recovery and/or decrease patient need for future care. It will consist of stretching and strengthening programs, performed by the patient under the direction of the doctor at home. Ice packs, hot packs, supports, braces and orthotics will be available at the clinic for patient convenience.

X-rays will not be taken on site. Patients will be referred to a near by radiology facility for this service. Current lack of insurance coverage for x-rays taken by \_\_\_\_\_s makes having an x-ray on site a financial burden for a \_\_\_\_\_ starting a new clinic.

Nutritional and vitamin supplements will not be sold on site because of the recent competitive nature of this market. There are a lot of sites in the market area that already offer these products. If supplements are required, they will be made available at a convenient location. The clinic will negotiate a discount for patients referred from the clinic as a courtesy.

#### **Office Procedures**

To maximize office efficiency and make the office a pleasurable experience for the patients, an operations manual will be implemented. The manual will lay out job descriptions and office procedures with appropriate checks and balances such as check lists to make sure that proper procedures are followed. This will ensure that the patients will receive the same expected positive experience every time they attend the clinic. The operations manual will include procedures for:

1. telephone answering and call backs,
2. billings,
3. collections,

4. opening of the office,
5. closing of the office,
6. cleaning duties, and
7. patient handling.

### **Clinic Capacity**

The patients will spend thirty minutes on the first visit to the clinic where they will undergo a thorough health history, exam, and treatment if warranted. Subsequent visits will include various aspects of the treatment plan and take approximately fifteen minutes. Based on a forty-three hour workweek, this will allow the doctor a capacity of 10 new patient visits per week, and 152 subsequent visits per week. Based on a fifty-week year, this would allow for annual revenue of \$200,100. If necessary, capacity can be expanded by extending clinic hours and/or adding an associate doctor.

### **Office Layout**

The office is 800 square feet in size. An efficient office layout has been designed for maximum space usage. There will be a reception/waiting area, two treatment rooms, one office, and a bathroom. All areas will be designed to accommodate wheelchair access. An interior designer will be contacted to ensure the office is decorated in a professional and pleasing manner.

### **Business Structure**

The clinic will initially be set up as a sole proprietorship. Dr. A. Hugginkiss will be the sole proprietor and pay personal income tax on the net taxable income generated by the clinic. The reasons the clinic will initially be set up this way are: 1) it is the simplest and least expensive method, 2) it is inexpensive to maintain, and 3) tax benefits the clinic will have from the losses in the first year. They can be applied against other or future taxable incomes.

As the clinic becomes profitable (year 2), the business structure will change to a professional corporation, a separate legal entity that can enter into contracts and own property, separately and distinctly from its owners who are the shareholders. Dr. A. Hugginkiss will be 100 % shareholder in the corporation. The reasons the clinic will change to a professional corporation are: 1) preferential tax rates to corporation for taxable income, 2) tax exemption on sale of clinic, if sold in future and 3) limited financial liability of the owners. The professional corporation was not initially set up because: 1) the clinic would have a net loss initially and there were no financial benefits and 2) it is expensive and complicated to set up and maintain.

### **Office Hours**

Office hours will be from Monday to Friday from 9 a.m. to 7 p.m. and Saturday from 9 a.m. to 12 noon. During the week the office will be closed from 1 p.m. to 3 p.m. for lunch and administrative duties. The office is closed at this time because it is not a popular appointment time for patients. As previously stated, by offering evening and weekend hours we should attract more patients to the clinic.

### **General Considerations**

According to statistics published in the Journal of the Canadian Health Care Association (September 2002), the average full time \_\_\_\_\_ reported a gross practice income of \$100,000 to \$150,000 and an estimated average gross income of \$145,500. The average \_\_\_\_\_ reported overhead of approximately 50 % of gross income (JCCA, 2002). Taking this into consideration, \_\_\_\_\_s have an average before tax net income of \$72,750. The average gross income for \_\_\_\_\_s in practice less than three years is less than \$60,000 (JCCA, 2002).

## Financial Assumptions

### **Cost Saving Information!**

#### **OVERHEAD / EXPENSES (Monthly):**

The following assumptions are based on discussions with outside management support, especially Dr. Scott Morrow. Dr. Morrow has provided assumptions and figures based on actual research and recent clinic data from similar clinics he has consulted with and tracked.

1. **Renting:**

You have secured your practice location that is 750 square feet and negotiated a lease subject to financing (4-6 weeks). Lease information includes: five year term, the leasehold allowance will cover all your leasehold costs (office renovations), the rent is \$12/square foot (triple net) for two years and \$13/square foot the last three years, the rent is 50 % the first twelve months of the lease, the common area portion of your rent is \$4/square foot, and signage costs are \$80/month. Therefore monthly lease costs for the first twelve months will be  $750 \text{ sq. ft.} \times (\$12 + \$4) = \$12,000/12 \text{ months} = \$1,000 + \$80 \times 50 \% = \mathbf{\$540}$ . The rent for the next year would be **\$1080**. Years three to five the monthly rent would be  $750 \times (13+4) = \$12,750/12 = \$1,062.50 + \$80 = \mathbf{\$1,142.50}$ .

**Wages:**

Initially, you will hire one employee, a receptionist to work peak business hours, approximately four hours a day. You will pay the employee an \$8/hour wage, which includes all benefits and contributions. If you assume 24 hours/week and 4.3 weeks/month, the monthly wage costs would be:  $\$15 \times 24\text{hrs} \times 4.3\text{wks} = \mathbf{\$1548.00}$ . This situation will be modified based on patient volume.

2. **Utilities:**

They vary by province, the type of building, and season, but a good average monthly estimate for an office this size would be, **\$90/month** for power and **\$50/month** for gas.

3. **Telephone / Yellow pages:**

Initially you will need only two phone lines, one for your phone (use call waiting, which essentially gives you two lines) and one for your fax. Also, one of the best ways to advertise is in the yellow pages. **It is also extremely important to coordinate the opening of a new practice with the issuing date of the new phone books.** The cost for two lines and yellow page advertising will be **\$300/month**. It is very expensive to rent or lease phones from the phone companies, much cheaper to purchase from a retail outlet.

4. **Office supplies:**

Includes pens, paper clips, stamps, stationary, tissue, soap, paper towels, cleaning supplies, magazines, printer/copier supplies, etc cost approximately **\$90/month**.

5. **Health Care supplies:**

Includes face paper, lotions, ice packs, braces, supports, etc will vary with patient volume but average **\$90/month**. Do not keep a large inventory of items that do not turn over quickly, it will just limit your cash flow and increase your financing costs.

6. **Advertising:**

It varies by province and practitioner. With a new practice, advertising is more important and more money should be allocated to this area. After your initial advertising outlay, I would budget **\$250/month** for year one (after volume discounts up to 20 %) and then decrease according based on patient volume and advertising success.

7. **License fees:**  
For a new practitioner, fees will be at reduced rate for the first few years. Budget **\$160/month** for year one, **\$200/month** for year two and then **\$275/month** for subsequent years.
8. **Malpractice insurance fees:**  
These are normally with the Canadian Health Care Protective Association (CCPA) and are approximately **\$50/month** for year one and then **\$90/month** for subsequent years.
9. **Office insurance:**  
Protection against liability, fire and theft costs **\$25/month**.
10. **Business taxes:**  
These are implemented by the local jurisdiction and will vary, but average approximately **\$100/month**. This cost can be checked with the local government (ie. city/town).
11. **Financing costs:**  
These are made up of two components:
  1. A term loan to pay for equipment, furniture, signage and leaseholds. Equipment, furniture, signage and leasehold costs should be **\$15,000 (See clinic start-up costs in the Exhibits area)**. Over a seven-year term at prime plus 1.5 % interest (8.5%), this loan will cost **\$238/month**. The interest only portion of this loan in year 1 will cost **\$107/month**.
  2. A line of credit (loc) to cover initial advertising expenses and negative cash flow outlays will vary. It will increase monthly up to **\$20,000** until the end of the first eighteen months when a break-even position will be reached. Line of credits can be negotiated at prime plus 1-2 %. **See projected cash flows in the Exhibits area for loc amounts and associated monthly costs.**
12. **See the projected expenses in the Exhibits area for a listing of all expenses.**

### ***REVENUES (Monthly):***

1. Assume initial visit fee is **\$43** and subsequent visits are **\$23.50** (Industry average, JCCA, 2002).
2. Assume each new patient averages a total of **8** visits within four weeks (Industry average).
3. Patient visits will average: three visits for the first week, two visits for the second week, two visits the third week, and one visit the fourth week.
4. Twenty per cent (**20 %**) of new patients will continue with monthly maintenance care at one visit per month (Taken from actual clinic data 2003).
5. Assume the first month you will have **16** new patients, increasing by **4 %** a month until you reach **26** new patients in month twelve (Taken from actual clinic data as well as the industry averages).
6. Ten per cent (**10 %**) of the new patients (Auto & WCB) will require reports at **\$40** each.
7. Two patients per month will purchase foot orthotics for **\$100** net profit per pair.
8. The number of total patient visits in the second year will increase by **55 %** compared to year one (taken from actual clinic data, 2003).
9. Based on these assumptions, **monthly revenues will be as shown on projected revenues in the Exhibits area.**
10. All financial information will be gathered and processed before the business plan is started.

Fee Schedule	
New patient visit	\$15.00
Subsequent patient visit	\$50.00
Reports	\$400.00
Orthotics (net)	\$350.00

### **Assumptions**

#### **Financial Exhibits**

1. Clinic Start Up Costs.
2. Personal budget year 1 & 2.
3. Main Street Health Care Clinic projected revenue year 1.
4. Main Street Health Care Clinic projected revenue year 2.
5. Main Street Health Care Clinic projected expenses year 1.
6. Main Street Health Care Clinic projected expenses year 2.
7. Main Street Health Care Clinic projected cash flow year 1.
8. Main Street Health Care Clinic projected cash flow year 2.

### **Conclusion**

The primary objective is to bring the Main Street Health Care Clinic into the leading market position in the southwest area of Toronto and gain financial independence. To accomplish this goal I have developed this comprehensive business proposal to serve as a business guide and monitor the clinic's success. To implement these plans the clinic will require a \$25,000 term loan and a \$30,000 line of credit to obtain operating equipment, furniture and fixtures and offset initial negative cash flows for the eighteen months.

The Main Street Health Care Clinic will fill a large void in the southwest area of Toronto. A professional clinic, the use of effective treatments, dedicated patient care, detailed office procedures, an excellent management team, an extensive professional marketing strategy, a realistic financial proposal with accurate assumptions and a prime clinic location, all combine to ensure a successful practice.