

How to Develop a Successful Business Plan for Your Practice

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I'll bet that when you began your chiropractic career, you never imagined that you would rationalize owning a business. It is true, chiropractic is not only the science of healing, but it is also business ownership. And chances are, even if you have been in the business for just a few short years, you have seen the good, the bad and the indifferent.

In 2009, there were 27.5 million businesses in the United States according to Office of Advocacy. The latest available census data shows there were 6 million firms with employees in 2007, and 21.4 million without employees in 2008. Of these numbers, there are approximately 60,000 practicing chiropractors in the United States and using the same census data from the Bureau of Labor and Statistics, 44% operate their own business.

Unfortunately, some of these businesses will do well, while others will struggle daily. Some will struggle with finances, others with patient volume and others with direction.

There is a reason why some businesses do well and others are mediocre. These include:

- Passion - Some individuals get into business for the wrong reason and their vocation becomes their occupation.
- People - Business is about working in concert with the right people and having a good base of patients. When the culture is poor and when customer service lacks internally and externally, business falters.
- Planning - The key to good business is planning. The facts speak for themselves.

Many will agree that passion, pride and intellect are essential for operating a chiropractic practice, but when profits erode, then practicing becomes more painful than just dealing with difficult patients. When you are serious about your practice, creating a business plan is a critical activity that must be undertaken. Business planning will aid you with planning the pathways to success, the elimination of hurdles and most importantly, lessening of labor. Now, some people are confused about business planning, so this information is meant to demystify the process and provide the elements for success.

What Exactly is a Plan? Why Do I Need It?

A business plan is a document designed to detail some of the major characteristics of your practice, including but not limited to: its personnel, patients, managers, products, etc., so the practice can focus on its present and its future. The reason for sitting down to plan, write and implement a business plan is to create legitimacy. This means that you illustrate professionalism for your alliances, possible investors, leasing companies, mortgage companies, suppliers and vendors.

Additionally, when you design a business plan, you are aiding not only the mission and vision of your practice, but your driving force, architecture and future plans. Realistically, the plan helps you take all of the thoughts in your head and place them on paper. Business planning helps clarify

your thoughts in your mind and in the minds of others.

Where Do You Begin?

Now that you have an idea for the reason of the plan, it is time to begin to develop one. Ever have a dream and you begin to tell the story to relatives or a significant other? A business plan is nothing more than an interpretation of that dream. You help understand the numerous pieces so that you articulate its meaning for the listener. An important aspect to understand is that plans do not have to be long, drawn out processes like you listen to some stories. Plans can be short or long, as long as you communicate the setup, the goals and ultimate conclusion. Longer plans are only necessary when there is a need for extreme financing/capital or there is a need for partnerships; the more content the better the understanding—financially and organizationally.

Ready to Write

If you are like most chiropractors beginning this process, you are stumped at where to begin. Like most writers, every good author always gets stumped at the beginning of an assignment—including yours truly! Perhaps the best method of developing a simple plan is to follow this methodology. However, after this section, I want to also illustrate the expanded plan should you ever need it.

In my 30 years of practice, I have found the best way to organize your thoughts is with a one to three page planning accelerator. This is a great way to help organize your thoughts, articulate your message and translate your goals into real strategies.

The following eight modules provide for you a road map for your financial success. With proper planning and procedures, you will be more inclined to meet your goals, lessen your work and create the practice of your dreams. This simple process should be written in one session and takes approximately 90 minutes to two hours.[pb]

1. Value Statement. A pithy statement that describes the business in terms of value and benefits derived by patients. It is outward focused and provides patient results.
2. Driving Force. This is the true reason for the firm's existence. Similar to a GPS this sets direction.
3. Mission/Vision. Mission is the statement of purpose. Mission is the reason for existence. Mission is the manifestation of why the business exists. If mission is the statement of the manifestation of values, then vision is where the organization is going. Vision allows the kaleidoscopic thoughts within the leader to be carefully communicated to staff and stakeholders. If strategy is the transmission, vision is the steering column.
4. Practice Objectives. Moving the vision requires four vital factors: 1) standards, 2) goals, 3) priorities, and 4) time lines. This is vital to understand what the practice seeks to accomplish.
5. Practice Measurements (KPI). These are the key performance measures by which the practice will be judged on performance. The measurements that goals given will achieve results.
6. Perfect Patient. Every practice most focuses on its most vital aspect – patients. Yet, is it always best to build a niche rather than go too wide. One group to help build community must hear the practice message.
7. Promotional Activities. One of the most compelling modules in any plan is how the practice will promote itself so that income is received from these activities.
8. People – Property and Processes. It was once stated that it takes a village and it will. Chiropractors will need to enlist those that can help with administration, where the practice will be located for maximum effectiveness and what processes will be included to ensure patient compliance.

What is the Difference?

Remember the purpose of a plan is to detail the aspects of a business for investors or partners. Therefore, when practices are attempting to franchise or partner, there is a need to obtain additional data. This will not be found in a short document so the chiropractor will be required to deliver a more detailed plan. These contain a minimum of 30 pages and can be as many as 100. This means that marketing, operations and finances will be reviewed thoroughly to ensure one thing and one thing only - investors obtain their money back in the shortest time possible.

The following is a template for the long form taken from a 25 page minimum plan:

- Executive Summary
- General Company Description
- Products and Services
- Marketing Plan
- Operational Plan
- Management and Organization
- Personal Financial Statement
- Startup Expenses and Capitalization
- Financial Plan
- Appendices

In reviewing this template, you will immediately note the complexity required and the amount of content. It is recommended to use the shorter eight step formula and then, when required, use the longer version for use with sourcing, associates, franchising, etc. However, no matter which you decide on, writing things down is helpful.

What to Watch For

Reading this you can immediately see the relevance for writing down a plan. Yet, as you begin writing your plan, you must realize some important things. First, the plan is fictional since your goals and revenue are planned. The problem with creating these goals are that they can be 1) limiting if you make them too lofty and 2) too easy to obtain if there is a lack of reality. Additionally, some chiropractors based on behavior are apt not to implement risks and fear placing any numbers due to skepticism. Write down something so as to provide guideposts.

Second, all chiropractors are not knowledgeable of marketing and an enormous portion of the plan requires the activities necessary to promote the practice. Although uncomfortable, the chiropractor must establish a presence and really consider those activities that are helpful to promoting the practice.

Third, no matter the practice, financial reporting is required to understand expenses and income. Invest some time here to understand how YOU will get paid and WHO you need to pay. This should also include types of insurance, patient type and cash.

Finally, do spend some time on your target market. Creating messages to those that will hear these are necessary to ensuring your activity is spot on.

Putting it All Together

The benefits of a business plan are essential for the recognition, formulation and implementation of your practice. Each piece can be used independently for different discussions and each piece can be developed as needed. However, the main point is taking the dreams and transposing to direction and then taking that direction and transferring it to reality. When you have a good operational

plan, you have direction for your present and your future. Create your destiny now!

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