

# BOARD FORUM: ACHIEVING FINANCIAL GOALS

## What is the most important lesson you have learned about financial planning from a practice point of view?

**Sabrina Fabi, MD:** That I know as much about financial planning as my financial advisor knows about dermatology. As with everything we do, if we don't know something we should ask. In this case I think it's important to ask many people, as I have come to learn that one advisor may not know everything, and even if they do, they may forget to tell you certain things.

Ultimately no one cares more about your money and future than you, so you have to play an active role in your finances. We have sacrificed a lot of time and money to be physicians. Many of us come out with a great deal of debt from medical school and don't have a debt-to-income ratio that is favorable to lend to, and to top it off we are targets for lawsuits. It's important to not only financially plan, but protect.

**Adam Schaffner, MD:** You cannot get to where you want to be unless you have a destination and direction to get there...I suggest having a tax attorney who regularly works with medical practices to take full advantage of all options available. Make sure your advisors communicate with each other.

Have a short-term and a long-term plan. Frequently review the plans to ensure they are consistent with your current and future needs and modify when required. Be flexible and be ready to pivot at any time.

**Laurie Casas, MD:** Keep your overhead down, only purchase equipment that will fit into your practice model (staffing, demographic, and mission) and will have a ROI, and hire wisely.

**Jason Emer, MD:** Invest in your staff...Also, just because something is new and shiny doesn't mean it's the best for your practice. Be very strategic about new machines and devices, add to your practice what "fits" and will generate from day one. Make very catalogued investments.

**Shannon Humphrey, MD:** It is important to have several levels of accountability for finances. In my practice, I review all incoming and outgoing funds as well as monthly and annual financial statements. In addition to this we have an in-house bookkeeper as well as an independent external accountant. All these layers of evaluation improve financial accuracy and also minimize the chance for error and/or fraud.

Finally, I have learned that no one else on the team cares about the finances (the money!) as much as the business owner (me/you).

**José Raúl Montes, MD:** Analysis of the seasons throughout the year is necessary, because the business runs on supply and demand. Thus, we have to continuously find creative ways to keep the practice running during slow months, and while I am away in meetings or traveling.

**Doris Day, MD:** Have a plan! When I first started my practice, the day after graduating from residency, I had one patient and had no idea what a business was or how to run one. I thought I was just a doctor and everything else would fall into place. I had ideas but I didn't have any real understanding of what it meant to run a business.

The most important lesson I've learned is to have full oversight over all payments that are made. I made the choice to have a low overhead and to keep the pressure relatively low on the practice. This means a relatively smaller office with a small staff. I have 5 exams rooms, 2 MAs, one aesthetician, 3 front desk, and a biller who is off-site. I have a computer system-EMR/Billing system that lets me analyze month over month and year over year so I can see how I'm doing. I also have QuickBooks and can see what I'm spending on everything from supplies to individual products to payroll. It takes a little work to learn to analyze, but once you get started it's easy and very helpful to do it yourself because you know what changes will be most useful to you and your practice more than anyone.

### Who do you trust for guidance? Who do you not trust? Any tips for finding a good advisor?

**Dr. Day:** I found a great group that I can use part time called DSGRP. They help with practice analysis to staffing and everything in between and I can have them part time so they work about 8 hours per week on specific projects. This is great because it's cost saving but also because they don't need to be in the office and they have a large team that I have access to without having to hire so many other people myself. They also have outstanding experience and ideas and have had a great impact on the practice. They do training of staff and help with growing the practice and practice management as well.

**Dr. Fabi:** I tend to get the collective opinion of many experts, as each knows a lot about something... whether it's tax savings, asset protection, investing, real estate, or insurance (life, disability, and umbrella). I think it's important to start with an excellent accountant who can at least help you keep the money you have already made. It may not even be a bad idea to consult with a tax attorney on tax reduction structures based on your circumstances. There are services like Legally Mine ([www.legallymine.com](http://www.legallymine.com)) that provide help with tax reduction structure and asset protection (i.e., trusts, setting up corporations and maintenance) for a flat yearly fee.

In addition, a financial advisor that is preferably a fee-only registered investment advisor (RIAs) is ideal to help with your investments as they don't sell products, don't accept commissions, and they operate as fiduciaries. Some of these advisors tend to not offer insurance services, but will direct you to the right person to ensure you have adequate disability and life insurance, and umbrella coverage to protect yourself and your family if anything ever happened.

Lastly, maximizing your retirement accounts is probably the best advice I can give, even if you still have debt to pay. If you are an independent contractor I would look into opening a defined benefit plan or a solo K, depending on your situation.

**Dr. Casas:** A good (safe and energetic) accountant that has experience in the aesthetic medicine industry. Set goals:

- maximizing profits and margins
- effective tax planning especially for year end
- that can help with good references for Plan Managers and then coordinate and maximize tax benefits with retirement plans, like, 401K, safe harbor, profit sharing, and cash balance plans.

Most of these need to be started immediately so that

you can benefit from strategically planning of your retirement while offering attractive benefits to employees and, of course, maximizing your tax deductions.

Also, find an inventory manager to manage inventory, timing of purchasing, and to coordinate your discussions with competing companies that sell similar products. This person works closely with the accountant to manage inventory to maximize tax planning.

Finally, hire a medical website designer, developer, and strategic marketing person/firm. I use NKP; David Phillips and his team are excellent.

**Dr. Humphrey:** I spent a lot of time and energy in choosing the appropriate professional advisors including my accountant, business lawyer, tax lawyer, practice management consultant, etc. By word of mouth, reference checking, and talking to colleagues, I painstakingly selected this trusted group of professionals. However, once I had chosen them I defer to them almost entirely in their areas of expertise (after all, when somebody chooses a cosmetic dermatologist, and that person is me, I expect them to listen to my advice and I always keep their best interest in mind).

**Dr. Montes:** For many years, I have put my trust in financial planners, attorneys, and other professionals with experience in business development. I met with a specialist of V2A (Vision to Action) Strategic Management Consultants, which is a company experienced in assisting clients with operational planning, organizational development, as well as achievement of goals and objectives. We benefited from an analysis of our efficiency, process, services, costs, and expenses. We followed many of the recommendations and applied the appropriate strategies accordingly.

**Dr. Emer:** I have two financial planners, one for general and the other for business strategy. I think it's very important that as you grow and become successful you know how to utilize your income to its best ability and get the best tax write-offs, know where to invest, and what to do personally. You only live once, and you must enjoy some of your success, as well, and plan for the long-term (i.e., retirement).

**Dr. Schaffner:** Trust yourself. Realize that everyone is out to make money off of you. While this sounds cynical, it is true. Therefore, be very selective who you retain as "experts" to guide you. In reality, you know the most about your field of expertise. When seeking guidance on tax, accounting, legal and operational matters, be sure it is from professionals who are vetted, qualified and experienced in working with physicians and practices similar to

yours. Preferably, these professionals should be referred by colleagues you would trust to care for you and your family and have practices similar to yours or that you desire to emulate.

**If you could go back and do one thing differently in terms of professional practice or private financial planning, what would it be?**

**Dr. Schaffner:** I would not take anything at face value. Vet everything and everyone. Some individuals and firms who represent themselves as “experts” are not. Get everything in writing.

Always read the fine print. Always ask questions. Never agree to a “pressure” sale. Always negotiate. Everything is negotiable. Everything.

**Dr. Emer:** For me it was invest a lot up front in hopes of a big return. This happened! But for most people I would say, “Take it slow.” Build over time and make less investment up front to ensure you have the proper strategy, training, staffing, and income to sustain what you are purchasing. Ensure you have marketing and operations budget; you cannot build a reputable cosmetic practice alone and need people who are your delegates and customer service representatives.

**Dr. Day:** I would have a formal business model from the start. I had no idea what that was or what it meant.

**Dr. Fabi:** The best piece of advice I received was from reading a similar financial planning piece as a resident. It was from a Mohs surgeon who said to try to live like a resident for at least two years into practice, and pay off your student loans in the meantime. He stated that a common pitfall for many new grads is they start spending beyond their means when they go into practice. I am very grateful for this advice, and this is one thing I would not do differently.

**If you received \$20,000 free and clear to invest in your practice right now, what would you do with it?**

**Dr. Day:** That is not very much in today’s business dollars... I would put it into office renovations and website upgrades. That’s next on my list.

**Dr. Schaffner:** Website optimization and digital marketing. Few people read print ads. Even fewer people use the Yellow Pages. When prospective patients look for treatment options, they go to Google. They look at website content and patient reviews. Therefore, this is where I would spent every penny of that \$20K to maximize my return on investment.

**THE EXPERTS SAY**



**ADAM SCHAFFNER, MD:** Your financial plan is your GPS. Review the plan with your accountant, tax advisors, financial professionals, and attorneys.



**JASON EMER, MD:** Invest in your staff: Incentivize, train as much as possible, and do events/gatherings that develop a culture so that they invest in you in return. This will give you a large increase in revenue when your staff believes in what you do, tries to sell it, and values your appreciation for their hard work.



**SHANNON HUMPHREY, MD:** Another great piece of advice I received was to buy the real estate you practice in. Real estate is a good investment in almost all markets and paying rent for space is lost money.



**JOSÉ RAÚL MONTES, MD:** When seeking advisors, it is essential to ask for referrals from trustworthy people in your network, and who have proven to be successful in their own endeavors. I frequently obtain advice from successful leaders and business people in other fields unrelated to medicine.

**Dr. Emer:** Social media and website development!

**Dr. Humphrey:** I would put it towards the mortgage on the business real estate.

**Dr. Montes:** As I have a passion for teaching, which I do in addition to running a private practice, this frequently takes me out of the country for speaking engagements. Nevertheless, as they say in show business “the show must go on”; thus, I have to find ways to keep the office’s revenue steady. A well-trained and educated staff is a key to success. I would definitely invest in education and training, as well as incentives for them. ■