

## **Business Planning**

1. **Wells Fargo Practice Resources** - Whether you're starting a new practice or planning for practice growth, we can help. Our business planning tools focus on practice management and financial planning as well as strategies for practice ownership and growth and are designed to support you in reaching your professional goals.

<https://practicefinance.wellsfargo.com/veterinarians/practice-resources/business-planning-tools.html>

2. **Start Up Check List by Gatto McPherson (See page 2)**
3. **BOA – Start up resources** - In addition to a full range of animal hospital financing options, Bank of America offers the critical knowledge you need to establish and develop your business, from demographic site analysis layer of your veterinary clinic location to the Practice Heartbeat® program, which helps you develop vital management skills. <https://www.bankofamerica.com/smallbusiness/practice-loans/health-care-loans/veterinary-loans.go>

## **Practice Management - VBA HR Tool Kit**

There is no greater challenge in veterinary medicine today than recruiting, hiring, managing, and retaining talented people. The VBA Human Resources Tool Kit simplifies the overall approach to people management in your practice, by providing you with the most up-to-date and comprehensive tools, tips, and practical tactics to managing employees of all levels. Developed by Charlotte Lacroix, DVM, JD, the Kit offers simple, actionable strategies, plans, and forms you can start using right away – along with a wealth of information to guide you. It also provides a broad overview of various laws and regulations governing the employee/employer relationship. <http://veterinarybusinessadvisors.com/products/>

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## **STARTING A PRACTICE**

### **Tier 1 Activities**

#### **Put together a team of advisors**

- CPA
  - Entity structure
  - Cash flow projections for loan, business plan, feasibility analysis
  - Accounting system setup
  - Preparation of financial statements, tax return and misc filings
  - Year-end tax planning
- Banker
  - R/E loan
  - Construction loan
    - Build-out loan
  - Equipment loan
  - Working capital loan
  - Bank accounts
  - Credit card merchant account
  - Documents needed to close loans
- Attorney
  - Partnership agreement
  - Articles of incorporation
  - Initial minutes
  - Bylaws
  - Buy-sell agreement—stock redemption, cross purchase
  - Non compete covenant
  - Employment agreements
  - Confidentiality agreements
  - Review loan documents
- Realtor
- Architect/Contractor
- Consultant

#### **Establish timeline**

- Discuss dates with all involved—accountants, lawyer, lenders, architect, contractors, lessor, etc
- Plan on delays especially with construction

Determine if a formal business plan will be required by your lender

- Often not required but you need to go through all the thought processes required by a business plan, ON PAPER, to have the best chance of success

Determine location of practice

- Local zoning and regulations for veterinary clinics—city, county
- Where is community growing?
- Kind of growth--residential, commercial, retail
- Demographics—recommend analysis by The McCormick Consulting Group
- Practice analysis
  - Services to be offered--medical and surgical, boarding, grooming, emergency, retail, other
  - Who will be your customers?
  - What will be competitive advantage?
  - What will be unique about your business?
- Competition
  - # of clinics
  - # of doctors
  - # of boarding/grooming facilities
  - Hours
  - Longevity in area
  - Fees
  - Services
  - Level of medicine
  - Emergency service
  - Level of success

Decide on general design/buildout approach and costs

- Clinic design—size, cost
- Cost of build-out

Work with CPA to get cash projections

- Budget for startup
  - Land
  - Construction
  - Fixed assets—furniture, medical & surgical equipment, computer hardware and software, phone system
  - Office supplies
  - Inventory—drugs and medical supplies
  - Advisor fees
  - Working capital
  - Initial marketing
  - Initial losses
- Practice cash flow projections

Get financing and set up banking relationships

- Financing
  - Local lenders
  - Veterinary finance companies
  - Personal savings
  - Credit cards
  - Home equity
  - Family and friends
- Bank accounts
  - Checking
  - Savings
  - Payroll
  - Line of credit

Determine entity structure

- For the practice, generally recommend a PC in Texas with a sub-chapter S election for federal tax purposes—discuss with attorney and CPA
- For the real estate, there is more flexibility—discuss with attorney and CPA
- State corporation registration
- Register business name—fictitious name or dba
- Federal tax ID number

## **Tier 2 Activities**

### Finalize real estate, design & construction issues

- If leasing, have attorney review lease
- If purchasing real estate, need appraisal, survey, title insurance
- Finalize design
- Begin construction

### Get licenses, permits, etc

- State unemployment tax number
- Sales tax permit
- State income or franchise tax number
- Radiology license
- Controlled substance licenses—DEA, state
- State DVM
- Premise license
- Business license if required

## **Tier 3 Activities**

### Determine insurance needs

- Health
- PLIT
- Business overhead
- Employee acts
- Workers comp
- Life
- Commercial-liability, premises
- Key man
- Disability

### Put together operational plan

- Establish fees
  - Competition
  - Veterinary publications
  - AAHA Fee Reference
- Hours
- Set up accounting system
  - QuickBooks setup
  - Personnel

- Policies & procedures
  - Daily activities
  - Monthly activities
  - Quarterly activities
- Payroll—use service or do in-house? (Forms 941 and 940, TWC form, W2s & W3)
- 1099s & 1096
- State income or franchise tax reports
- Federal income tax returns
- Sales tax returns
- Property tax returns
- Internal controls
- Set up policies and procedures (including internal controls)
  - Employee (including handbook)
  - Medical
  - Lab
  - Front desk
  - OSHA compliance
  - Inventory
- Design hospital forms--flow sheets, check-in, consent, etc—flow of operations
- Establish utilities
- Set up vendor accounts
- Set up merchant account relationships (MC, Visa, etc)
- Order initial inventory
- Design logo, business cards, brochure, stationary, etc
- Establish phone service—voice, fax, data, mobile
- Get service contracts for equipment
- Design marketing plan
  - Initial
    - Press releases--local publications
    - Yellow pages (check on this EARLY—lead times are long)
    - Tie-in with groomers, pet stores, etc
    - Direct mail
    - Advertising
    - Coupons (not recommended)
    - Open house
  - Ongoing
- Determine staffing
  - Compensation
  - Benefits

- Where find employees
- Scheduling
- Employee handbook
- Organization chart
- Job descriptions
- Performance reviews
- W4s
- I9s
- New hire reporting form
- Training
- Answering service/answering machine/pagers