

NEWS Post 2020-04-01

Some Small Business Strategies

Paul Gaspar shared with me a blog post from Modern Times Beer in San Diego regarding steps they are taking to keep their business viable. I have heard from many practice owners about their concern for their businesses. Last night's Town Hall should help with many of the issues, but I wanted to create a similar blog on ideas for PT practices.

Many offices already keep daily key metrics to monitor their businesses and now is probably a great time to start with yours. The attached workbook records a few key metrics along with daily financial information to help you evaluate the business status daily.

The top part lists key revenue generating metrics. Then we get into the daily income. Followed by the daily expenses. Start by taking your last three months metrics, income & expenses and calculate the business day daily average placing this info in the yellow column (Column D) so you have a reference point. If Row 48, Net Income, is green that is positive cash flow, if red that is negative cash flow.

Obviously focus on generating income in whatever way you can, limited in-person visits, TeleRehab, etc... In any case make sure you are staying in touch with your current and past patients as many really need you now. This will also prepare you for the coming recovery and boom once this all settles down. One option for improving income might be to extend your hours by rotating staff to keep the volume low during each hour open to assist with physical distancing. I've heard some practices are opening Saturday & Sunday.

On the expense side do what you can to reduce expenses, now is the time to be frugal where you can. Remember to take care of your staff and stay in close contact with them as they are critical to your practice and need to be excited about returning.

Here are some ideas on reducing cash out:

- Lender Communication. If you have any loans speak with the lender about easing repayment.
- Pause Most/All Credit Card & Automatic Activity. Look for any subscriptions that you might be able to pause.
- Consolidate Outgoing Cash Flow. Now is the time to only have one person able to spend.
- Payment Plans for Accounts Payable Balances. Abruptly stopping payments to creditors without communication is a recipe for disaster. This is the time to over-communicate. Speak with any creditors about what options you have. Consider offering to pay a portion of the balance due and spreading the payments.
- Payroll. Clearly the largest single expense of practices. Look at which team members need to be furloughed and which may need to reduce hours. Find a way to work with your team to help take care of them while also lowering your total cost. Perhaps reducing everyone's income so that all keep getting something. Take advantage of the various Federal & State options for unemployment, grants and other options we'll learn more about tonight.
- Business Taxes. Many of these can be delayed.

- Utilities. Speak with your providers about possible reductions.
- Rent. Speak with your landlord and see if they will work with you. Again, perhaps partial payments will work.

I believe their ending statements hold true for us also:

“Overall, preserving cash on hand is key to weathering this storm in the near-term. That said, you also don't want to stack liabilities to a point where continuing operations after this is over is not feasible. If you have the cash, make good on your accounts due when you can. Making payments when possible will also go a long way if you have to ask for flexibility again in the future. This is the tightrope we'll all be walking in the coming weeks. While remaining in this mode for long isn't sustainable for us or anyone else, it's allowed us to avoid layoffs, which is our signature accomplishment so far. We hope others will be able to do the same.”

Together, we will get through this. Hang in there.

Reach out to me if I can be of assistance.

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