



Perfecting Your Practice Podcast

EPISODE 10: Practice as a doctor, but think like a business owner

Welcome to the *Perfecting Your Practice* podcast, where we will talk about finance for the healthcare professional and medical practice owner.

This series is brought to you by Bankers Healthcare Group, the leader in financing solutions for healthcare professionals. Since 2001, BHG has worked with more than 100,000 licensed practitioners to help them reach their financial goals. *Perfecting Your Practice* is designed to talk about ways you can invest in your career and practice in order to set yourself up for success.

Now, here's your host, Keith Gruebele, senior vice president at BHG.

Keith Gruebele: Hey everybody, Keith Gruebele coming at you with our series on *Perfecting Your Practice* for BHG. I have a very, very special guest with us today. I'm really excited to introduce this gentleman. He is obviously been published in many places. Once you hear the name, I think you'll be just as excited as I am to welcome his expertise to the show, so Gene Marks, thank you so much for joining us. Why don't you tell everybody a little bit about yourself?

Gene Marks: Well, Keith, and coming at you, is that how you're starting this off?

Keith Gruebele: Yes, I am.

Gene Marks: Is that right? Like an old AM radio host? Is that right?

Keith Gruebele: Absolutely.

Gene Marks: Coming at you, the top 40. Thanks for having me on. So yeah, my name is Gene Marks. I write every day for *The Washington Post* and I write also weekly for *Forbes* and *Inc.* magazine and *Entrepreneur* magazine. And I am also a small business owner myself. So I have a 10-person company outside of Philadelphia. We do technology and financial management consulting and not to put everybody asleep, but I'm also a certified public accountant, sorry, to tell that. Other people that are here are like, "Yay! Certified public accountant." But, anyway, so yeah, I am a CPA.

Keith Gruebele: It's so funny how finance people get excited about meeting other finance people.

Gene Marks: We get very excited about it. And then we want to totally commiserate with each other and we talk debits and credits. It's-

Keith Gruebele: It's wonderful.

Gene Marks: ... dull but ...



Keith Gruebele: I think it adds a lot of value and a lot of times younger professionals don't hear enough about finance or are learning about it.

Gene Marks: Agree.

Keith Gruebele: And I think even further onto the career, there's common mistakes that I've been told this and I've heard that. So I'm excited to have you on board because I think your expertise will help us create some clarity around some myths, give some people some good ideas on how to move forward. And one of the big things we like to do is educate our folks, the healthcare professionals on how they can better manage their finances, on the tips and tools that they can do to move forward in their career. So thanks so much for joining us. And speaking about that tips and tools and starting mistakes, one of the things that I really see often happen is people coming to us a little bit late in the game to look for financing. I think it's good for them to start understanding what are those kind of precursors, what are the red flags that are coming at. And not only is a small business owner but as a CPA, what do you most commonly see that would be a concern or a time to really start reaching out, looking for finance?

Gene Marks: Yeah, so first all, got to you, when I meet successful business owners and business people and I'm not just ... I mean, managers, freelancers, independent people, people in this industry. They're always, Keith, looking ahead. I mean, they're never driving their business by just looking in the rear view mirror. So they're planning. They know what's going to be happening in the next six months, the next 12 months, the next 18 months. They're ... Successful people think that way.

Keith Gruebele: They're productive.

Gene Marks: They are productive. That's exactly right. And what happens is that when they're looking ahead and they look at the role of financing in their business, they're thinking to themselves, "Okay, well, in six months, I'm going to be expanding or I'm going to be getting a new space or I'm going to be. I have a ... maybe I have a tax payment due and it's a seasonal business and I might not have cash in the bank to do that but I now know this ahead of time so I'm going to make plans." That's what smart people do, that's what smart business people do. And sometimes, people that are not experienced in running a business don't do that. They make those mistakes. And then what happens is they turn around and they're like, "Oh, my god. I'm short of cash or this wasn't what I was planning to do. So then I got to go and I got to get financing at that point." You cannot be in any worse position for financing than when you're behind the eight ball like that. You should-

Keith Gruebele: Absolutely.

Gene Marks: The whole reason for financing is it's supposed to help you grow your business. It's not designed to bail you out of a problem.

Keith Gruebele: It's funny because I think that, that's what most people think of. It's a dissolution to a problem and they don't see it as the tool to leverage growth or the tool to help them continue expanding and dive more into their marketplace or perfecting their practice a little bit further.

Gene Marks: Yeah, that's exactly right. And so people think that like financing itself is something that sort of fixes or puts a bandaid on something and it's not. And again, the smartest business owners that I



know, they're the ones that make investments and if they need financing to help them with those investments, they do that in advance. So I just think it's a really big mistake to just consider financing to be something that's going to rescue you out of a problem.

Keith Gruebele: Absolutely. When it comes to planning in advance and looking at it how far ahead do you normally think people should be looking? What should be those goals? I commonly tell folks do a monthly check-in on your finances, don't make a plan at the beginning of the year and then look back in December going, "Oh man, we didn't make it. We didn't get to where we wanted to be." But how often you recommend checking in with your CPA, with your accountant, with your financial advisors?

Gene Marks: So a couple things. So first of all, and by the way, I wish I could take all this advice myself for my own business. I mean, just because I'm saying it.

Keith Gruebele: Don't we all.

Gene Marks: Yeah, it doesn't mean I'm actually doing this because I make the same mistakes that everybody else makes but for starters, you say about how often you should be looking ahead. When I meet people that have been around in business for years, for decades, they are ... We're right now having this conversation and it's early 2018, trust me, the people that have been around for a while, they are already thinking about 2019 and 2020. So when you say, "How far should I be looking ahead?" People that are really ... that really know what they're doing are literally looking that far ahead at least to make sure that they're heading on the right path.

Now, having said, that let's talk about reality. If you're running a small business or you're a freelancer or whatever at least 60, 90, or a hundred and 20 days out ahead is what you should be thinking of doing. And it's not that hard to do. I mean, I know as an accountants, I'm familiar with just putting together simple spreadsheets where I can look at what cash I have coming in over at least the next two months. I mean, we know that. And we have a good handle on what our expenses should be over the next two months, three months, so at least if there's any blips that coming down the load, we know about that in the future. So what you should be doing is looking a year ahead. In reality, at least a quarter ahead is what I recommend to my clients.

Keith Gruebele: Prepare and prevent.

Gene Marks: Yeah, it really is a matter of preparing and preventing and I'm telling you, it's ... There are not that many unusual expenses that a typical business has. You and I talked some time before about tax payments or a big number but or some special purchase that you want to make but it's not that unusual. And [inaudible 00:06:40] ... Sometimes I go there. When a business owner does fall behind on making their estimates, I always have to raise an eyebrow and say, "Well, you kind of knew about this estimate, didn't your accountant told you six months ago?" So you should really be planning for that.

Keith Gruebele: We see that really often also because healthcare people generally see it's a very, very lucrative business.

Gene Marks: Right.



Keith Gruebele: You're managing a lot of money, it's normal for a practice to be seeing a million to a million and a half dollars to come through on an annual basis and that's almost eases you into a comfort level because you get accustomed to this. The reality is that most practices, especially, small practitioners, if they're not in the office, if they're not able, if a life event occurs, an illness, God forbid, something happens in their life, that disrupts their entire income stream. And that's really where we step in. There are unexpected expenses, so how do you prepare for them? And one of the things I always say is it's better to be prepared, with the cash flow, maybe setting aside a cushion, managing it, maybe investing it. Do you have any advice on that?

Gene Marks: Yeah, I do. I mean, first for starters, a lot of people that are in the healthcare field don't like accounting, don't like financing. And I ... listen, it's not what they do. I mean, if you're a really good healthcare provider, you do what you do and we do what we do. So the thing is though is that accounting is a crucial part of your business. So you have two choices, you either learn to like it at least to the extent to where you're going to pay attention to it so that you can start looking ahead or you find somebody that will do that for you. And if that means shelling out a few bucks a month to get an accountant involved or get a CPA to look at your financials or to at least give you some advanced warning when things are going to be coming up, that money is really, really well spent, particularly, if whatever time that you're not spending doing that, you're out doing what you do really good which is providing your healthcare services.

Keith Gruebele: Providing services, absolutely. So when we're looking at healthcare and we're looking at healthcare finances, I see a number of different options out in the marketplace as far as financing opportunities for healthcare professionals. I try to educate as much as I can on kind of leveling at that landscape and providing some clarity there. Obviously, the commercial working capital loans are essential to any business. I tell people cash is the lifeline of any business out there, any advice that you have on what kind of lenders, what kind of loans, what to look at when you're shopping for a lender?

Gene Marks: So, first of all, one of the great things of being around today as opposed to the recession 10 years ago is that there are a lot of alternatives that we have here, a lot of options, right? So traditional banks are a great option for certain types of people that want to get financed from a traditional bank. I mean, there is ... You will be required to do a little bit more paperwork. You might have to wait a little bit longer. You might have to put up some collateral but by all means, it's certainly a good option. But there are non-traditional, there are alternative lenders that are out there that can be more suitable to your business. And one of the big trends that I'm seeing, Keith, is I'm seeing a lot of people in the financial world not only institutions but other companies that are specializing. So listen, if you're a healthcare professional and a patient comes into your office and they start ... They have heart problems, well, you probably send them to a cardiologist or to a specialist-

Keith Gruebele: Absolutely.

Gene Marks: ... because that's what people do, they specialize. Well, really good people in the financial services businesses are figuring that out. And they're specializing. They are specializing on specific industries. They're specializing on specific types of finances that they give. So I'm telling my clients when they are looking for financing, sure, a traditional bank you may want to talk to, if you can qualify but you might find a better level of service, a better level of quality, a better level response, and people that know



your business by going out to a financier that sort of specializes in your industry. And I'm seeing that across all industries, not just the healthcare industry.

Keith Gruebele: Excellent. So when you're applying for loan, a lot of people are frightened because they don't know what paperwork they need, how do they put it together. When you're checking in and doing normal financial statements, how often do you normally look at and figure, "Hey, these are the financials that we should be doing. This is the point in time we should be doing them. This is how to be best prepared, if you will, to be able to document the cash flow of the business."

Gene Marks: So that's a really good question. So first of all, people are like, "Oh, you got to get financing that automatically means you need financial statements." Right?

Keith Gruebele: Mm-hmm (affirmative).

Gene Marks: So I'm talking about this from the standpoint of an accountant. I think financial statements are very overrated. The typical accountant will do a financial statement and it's like six months after the period ended. It's like being the mortuary business. It's like, "Really? That's not even important anymore." And people like to look at, particularly people that are making investments or providing you with financing, they want to look at more real-time data. So you want to be on top of what your real-time data is. It's important that you have a good accounting system. And if you have a good accounting system, a lot of them will provide for you real-time income statement and balance sheet information that you want to share with your banker.

The same thing with your financial statements, sorry, your bank statements as well. Your bank statements, you should be looking at every month and making sure that you are familiar with the transactions going through there and maybe having somebody, an accountant or if you're into it, reconcile those banking statements is why you should be familiar with those as well. Those are ... If you are able to provide to a potential lender your tax returns, it's just ... an income statement, a balance sheet from your accounting system, your bank statements, that should be all the information that a lender will need to really make an evaluation for you and to really kind of extend finance. It doesn't mean they might not ask for more information but those are like-

Keith Gruebele: But at least you've got a good baseline.

Gene Marks: Yeah, it's the critical points that you need.

Keith Gruebele: So what's interesting to me is I think people find that to be a really painful process. They think that it's going to take a lot of time. And honestly, a healthcare professional is very busy especially given the current state of the economy, reimbursements going down the way, things are changing for them, they're having to see more patients every day to stay ahead of their business to keep afloat. Can we give a realistic expectation of how much time should somebody be investing to look over the financials?

Gene Marks: Too much time is what it is. If you're a healthcare professional and you're busy doing what you're doing, to actually do the work, the day-to-day accounting work, the financial statement work that needs to be done, my recommendation is to have somebody else do it for you. There are plenty of



bookkeeping services out there. You can find independent bookkeepers on anywhere from Craigslist to Upwork to other sites like it that can help you with the accounting work. Just remember, though, that just because you're outsourcing the sort of day-to-day, keeping track of your accounting information to somebody else doesn't mean that you're not taking a look at it at least once a month and understanding the information that's going through there.

Keith Gruebele: Well, that's a great question I was going to ask. So how do you check up on the bookkeepers. Are there any two or three major key performance indicators or key numbers that you feel that we should be keeping track of that the healthcare professionals should know clear day and day out?

Gene Marks: Yeah, so if you're a healthcare professional, remember you're running a business. You need to be in touch with what your numbers are. You should be on a weekly basis, particularly, if for using an outside person to do your books, getting some type of what's called a flash report and a flash report is just some basic metrics about your business, just so you can keep your thumb on what's going on. So what's in a flash report? Okay, it's pretty easy, cash. You should know where your cash is all the time. You should know what your receivables are all the time and maybe two or three other metrics that you think are important to track like maybe your year-to-date billings, for example, or a number of billable hours that you've had or something like that.

The key thing with a good flash report, though, Keith, is that you want to make sure that it's also showing you information from the prior period. So if you say to your bookkeeper, "Give me the flash report and let me see cash on it but also make sure you're showing me my cash balance from the end of last year because I want to know do I have more cash or not?"

Keith Gruebele: How is the trend looking?

Gene Marks: Yeah, what am I even doing?

Keith Gruebele: Right.

Gene Marks: The same thing with a year-to-date revenues, am I ahead of last year am I behind? If on your flash report, you've got your receivables due from patients or clients. Okay, my receivables is this, what was it at the same time at the end of the year or maybe a month ago? Just to make sure there's nothing that's really out of whack. If your numbers are looking consistent and reasonable to what you see going on, that's great. If something seems sort of out of whack you should know that and you should know it on a weekly basis. And you could ask your bookkeeper those questions.

Keith Gruebele: To see where to dive in a little deeper.

Gene Marks: Right.

Keith Gruebele: So again-

Gene Marks: Oh, and by the way, when ... If you're going for financing and you have an outside ... lenders ask you these questions, you will be a lot smarter in your answers when a lender asks you and



there was nothing more that gives a lender comfort and your credibility than being able to answer their questions in an intelligent way as opposed to saying, "Oh, gee, I have no idea why-

Keith Gruebele: Absolutely.

Gene Marks: ... my receivables are down or I don't know why my ... People will start looking at you cross-eyed.

Keith Gruebele: Absolutely.

Gene Marks: So it's very important to stay up-to-date on those numbers.

Keith Gruebele: So staying on that topic of kind of demystifying finance, if you will, and making it easier, if you had one book that you could recommend to a healthcare professional out there to give them a basic ground-level look at finance, at accounting, at an easier way to manage your process, what would it be?

Gene Marks: I actually have a great book that encompasses that and also something even bigger. So there is a great book called the E-myth and it's written by a guy named Michael Gerber. And it's like a hundred years old, right? He wrote it like God ... Yeah, but yet, it's still a big best-selling business book. And not only does it teach you about finance and accounting in your business but the whole concept of the E-myth is how to grow your business.

Keith Gruebele: Awesome.

Gene Marks: And, in his opinion, your business is really not a really good valuable business unless you can step away from it and it just runs itself. And I realized if you're just a freelancer, you're just starting out, that's not really possible but we all have to have those things to aspire to. And the E-myth really taught me a lot about building something of value. And, by the way, in my business, I am nowhere there yet, not even near it but I'm working on it, okay.

Keith Gruebele: That's it, we keep pushing for it.

Gene Marks: Yeah, we keep pushing on it.

Keith Gruebele: Podcasts right now, what are you following?

Gene Marks: Oh, I have a lot of different podcasts I'm following but this is the one ... I was talking about this one earlier, so I'm going to have to mention this one again here on this podcast. There is a great BBC podcast on Radio 4-

Keith Gruebele: Really?

Gene Marks: And it's called In Our Time. And it's been on for, God, decades. And what they do, it's a history podcast. I'll tell the reason why it's good. It's hosted by the same guy each week and he has like



two or three British professors on from like ... And they pick a topic like Alexander the Great or the Great Wall of China or the Gettysburg Address. For an hour, they'll all squabble about it and the way British people squabble about things. And it's fun to listen to and it makes you a lot smarter. And what I really like the most about it is that when you're done listening to it, it just puts things into perspective. So whatever headaches and challenges that you have running your business during the day, it's kind of nice to step away from the world for an hour and hear about all the headaches that people had back when Caesar was running the world and it's just again, it kind of puts things into perspective for me. It's a great ... It's called In Our Time, it's on BBC Radio 4.

Keith Gruebele: That's awesome. I know that you've been contributing a lot of stuff for BHG when we find those blogs going up, those podcasts coming up as well. Where else can people find out more about you?

Gene Marks: Well, best place to find me is I write every day at the Washington Post. So if you go and visit and what I do is I follow, I report on any stories of interest to anybody running or working for a small business.

Keith Gruebele: Excellent.

Gene Marks: So you can start with me there.

Keith Gruebele: So for us in the healthcare industry that are running our own practices, starting them up kind of getting the ball rolling, I would tell you that Gene has been a wealth of knowledge for us. He's been a tremendous contributor.

Gene Marks: Thanks.

Keith Gruebele: We've really enjoyed having him here. Gene, thank you so much for coming and spending some time with us. I'm looking forward to chatting some more and we're always here if you need us.

Gene Marks: Me too.

Keith Gruebele: Thanks again for tuning in to the BHG podcast on Perfecting Your Practice. We'll speak to you soon on the next one, have a great day.

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