

Optimizing **CASH FLOW** in Your Private Practice



TIME TO READ
6 – 8 MINUTES

THE TAKEAWAY

LEARN ABOUT THE IMPORTANCE OF CASH FLOW AND HOW TEAMWORK AND CREATING PARTNERSHIPS — BOTH INSIDE AND OUTSIDE THE PRACTICE — CAN HELP YOU TO ACHIEVE YOUR BUSINESS GOALS AND ENHANCE YOUR ABILITY TO EMPOWER PATIENTS TO IMPROVE THEIR HEARING HEALTH.

As part of an ongoing commitment to help hearing healthcare providers achieve their business goals, CareCredit and Allegro Credit continue to develop educational resources featuring industry experts sharing innovative solutions and strategies to enhance the patient experience, optimize cash flow and foster successful partnerships. In this whitepaper **Dr. Keith Darrow, PhD, CCC-A**, Clinic Owner and cofounder of AuDExperts, discusses the importance of cash flow and how creating useful and valuable partnerships can help you build your business.



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Can you share why you recommend hearing healthcare providers focus on cash flow to help achieve their business goals?

Cash flow is core to running your business. I like to think of it as the gasoline that keeps your business running. Cash flow is that amount of money that comes into your business each month, quarter or year. Cash flow is important because it determines if you can pay your employees and meet your bills. Every practice needs a certain amount of cash flow to sustain it. To stress the importance of cash flow, I like to use the patient experience as an analogy. Treating hearing loss is expensive, and one concern for patients is paying a large sum for hearing devices. Many patients can't afford to give a large sum of money upfront, so they may

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prefer to finance their device using a CareCredit credit card, Allegro installment loan or Allegro lease every month. Patients want a monthly payment that fits into their budget. That is exactly how cash flow works. We all know that accounting can be a nightmare. But by focusing on cash flow, you can determine

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what money you can reinvest in your business to grow and help meet your business goals. Just like a patient, you'll need a consistent stream of income — you can't depend on spikes in cash flow to grow your business long-term.

Q What is your recommendation for calculating cash flow?

One thing my father told me before he passed was, "You need a good lawyer and a good accountant." Owner operators put their heart and soul into helping patients get the care they need by diagnosing and recommending treatment. However, there are some instances where the owner may not have the business knowledge to calculate and analyze this. There's nothing wrong with that. If you asked me to develop an accounting system with proper controls and forecasting, there is no way that I could do it at the level of a Certified Public Accountant (CPA). Partner with an accountant. Bring in an outside CPA and start by going through financials to determine your practice's cash flow. From there, your CPA partner can give you ideas on how to innovate and optimize your cash flow to help set your practice up for success. From my experience, I've never seen a practice grow without one, knowing their cash flow and two, having negative cash flow. One thing that can shrink your practice is to stop reinvesting in your business, stop reinvesting in marketing, stop reaching out to patients and stop innovating your practice because your cash flow does not allow it.

Q Are you talking about the importance of having partnerships in practice — assembling a team of experts to help guide the practice owner to the right direction and help them achieve their goals?

Absolutely. One thing I stress with all my providers is that treatment is a team sport. It goes beyond the Audiologist, the ENT or the Hearing Instrument

Specialist. We can even think bigger than in the practice. What partners are you bringing into your practice that help enable care? Could it be someone like AuDExperts who can help you develop a plan to grow your practice and achieve your goals? Could it

"Treatment is a team sport. It goes beyond the Audiologist, the ENT, or the Hearing Instrument Specialist."

be someone like CareCredit or Allegro that provides innovative financing solutions that patients can choose from? Or could it be another provider in another specialty like a dentist who refers patients to your practice? Treatment is a team sport and the practice owner is the quarterback.

Q How can a practice help convert their tested-not-treated patients to enhance their cash flow and increase the average patient revenue?

Tested-not-treated — these are some of my favorite words in the hearing industry. Why? Because they present a unique opportunity to help a patient with their hearing healthcare. One way to identify these patients is to go through your Practice Management Software (PMS). This software can help you take a data driven approach to your practice. It can help you mine data and identify opportunities within your patient base. Once you identify those opportunities, you can find ways to bring those patients back to the table and leverage your partners in practice to help move forward with care. You could use your manufacturer partners by highlighting their latest technology and how it meets their lifestyle needs. You could use your financing partners like CareCredit or Allegro to discuss innovative financing options you now offer. You could even do a combination of partners to help move the patient forward with care. Many patients are fearful of what they don't understand. You can use your PMS partner to identify those patients who are dealing with

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uncertainty and leverage your other partners to help alleviate it. Ultimately, you want to use those partners together to help connect patients to a higher quality of life where they see the value in hearing healthcare.

Q Do you see value in investing in a PMS system as an owner-operated practice?

Absolutely. I do like the value of having a PMS system. Frankly, if you use paper you might just want to close your doors. One of the many things that your practice should invest in is the best technology for your practice — and that includes the best PMS system for your practice. A PMS system can help you see what's

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happening in your practice including your cash flow and trends, help you set goals for your practice, and measure how you are building towards them.

Q Based on your experience with helping practices nationwide, how does in-house financing affect cash flow?

Hearing professionals are in patient care to help people. That is the fuel that gets them up every day. As a result of this, there are instances where providers may bend the rules a bit so they can help every patient. This is where in-house financing may have been born. I actually have an experience with this firsthand. I met this amazing couple during my time as a clinical audiologist. They could not afford to pay for the hearing devices up front. I decided to create an in-house financing program for them that would meet their needs and help them move forward with care. They were great people and even invited me to their wedding. However, it took me 16 months to cover my cost of goods sold — let alone to pay for the front office and my fixed expenses. What

I learned from that experience is that in a business with a high cost of goods sold, like a hearing practice, in-house financing doesn't make sense. You may have a large accounts receivable, but it may not help you cover your cost of goods sold or your fixed costs when those bills become due. Options like the CareCredit credit

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card and the Allegro installment and lease programs let patients select which financing option works best for them — but they can also help providers optimize their cash flow, because they may not have to wait weeks or months to get paid. It can happen in a matter of days. As a business owner, I've learned the faster your cash flow comes in, the easier it is to pay for bills and reinvest in your business.

Q What are some other ways practices can innovate to help optimize cash flow?

As I said earlier, I believe that treatment is a team sport. It's important to look at how we can help patients achieve the best outcomes by approaching treatment together. It really extends past the four walls of any hearing practice clinic. When it comes to running a great clinic where you are looking to reduce tested-not-treated patients and create more cash flow, you need to invest in great partners. You may need a great CPA, attorney, marketing agency and other advisors. That's why I'm so proud of the work and the community of like-minded practices we've established at AudExperts. I've been doing this for over 20 years and my partnerships have helped me grow my business, because they all came together with a singular goal to help me have patients move forward with treatment and build my cash flow.

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Things you can do in your practice today

- Analyze your operations. Identify what partnerships you can bring in to enhance your business.
- Keep learning. Seek out information that helps you innovate your practice and empowers you to take care of your patients.
- Review your technology. Are you using a PMS system that meets your practice's needs?
- Make time with your CPA partner to review your cash flow and ask for advice on how to achieve your business goals.

CareCredit and Allegro Credit can help you manage uncertainty along your patient journey. Each patient has unique financial and lifestyle needs. The more options you can offer, the more likely patients may be able to move forward with care.

Not a CareCredit provider yet? [Click here](#) or call (800) 300.3046 (option 5) to enroll today.



To learn more about how to use financing partnerships to grow your practice, [scan or click](#) the QR code to make an appointment.

Data fees may apply. Check with your service provider.



Dr. Keith Darrow is the cofounder of AuDExperts, a company that helps private hearing practices streamline their operations and build their legacy through community. His clinical experience includes a fellowship at the Brigham and Women's Hospital, and he is the co-founder of the Hearing and Brain Centers of America. Dr. Darrow is a nationally recognized speaker, coach and trainer, and researcher with his work being cited multiple times.