

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