

Is your practice making a profit but you're struggling to pay your salaries? Here's how your practice can suture the bleeding.

I have seen a lot of doctors make one big mistake that has cost them over R100 000. It's the one thing that isn't talked about nearly enough, but is super important for your bottom line. Did you know you can make profits but still struggle to pay your staff or rent? How? Let me tell you a story...

Years ago, I met Dr June, she was running a GP practice. She had been in business for a little over 6 months. She was seeing around 10-15 patients daily. 20% was on a cash basis and 80% was on credit. The 80% was backed by Medical Aid. This was a pretty decent number for someone who was just starting out in private practice.

From the income statement she had produced, she was making a profit but for the past three months she was struggling to meet her monthly obligations. She even had to inject more cash into the business in order to fund the payroll. She asked me to help investigate the cause ...

How naïve I was... I didn't realize that having a good relationship with the debtors would play a part in the frequency of payments I received.

I made the mistake of thinking that Medical Aid would pay the full amount claimed by the hospital without any hassle, boy was I mistaken. Long story short the hospital faced cashflow problems like Dr June. Salaries were paid late; rentals were paid late... it wasn't pretty.

Here's how I helped Dr June's practice get that much needed cashflow injection

- First step was to do debtor reconciliation in order to see how much was owing per each health funder. These complex reconciliations gave me information such as how much was owed by the funders and how long has it been overdue for. This fed into the next step...
- Taping into the experience I had gained and relationships which I had developed in order to establish why the claims were outstanding for so long.
- I started chasing all outstanding payments and in the first month I managed to collect 35% of all outstanding debts in the 90-120 day age , in the second month I collected 50% of all outstanding debts and in the third month I collected the balance. After the third month the outstanding balance was less than \$200.21 after having started with a balance of \$18278.96
- I created a debtor's report detailing how much each debtor was owing and when they had promised to pay and reason for late payment. This report was sent every month end to Dr June so that she is aware of the what to expect with regards to her cashflows. This report allowed Dr June to plan properly for the next two months
- Conducting credit checks for new debtors.

As her practice grew, Dr June wanted to add corporates as clients. The good doctor needed someone who would be able to advise whether the arrangement would be a good fit. This is where I came in, I would negotiate the terms of the agreement, draft the agreements and check the credit rating of the corporates. This allowed Dr June to focus on treating patients and left me to deal with the nitty gritty of the arrangement. For those new clients who had sketchy credit history instead of simply dismissing them, we came to an agreement whereby they would pay in advance and then draw down from that prepayment until it was finished.

- Advising her practice regarding potential problems with debtors
As you know not everyone is easy to deal with. Sometimes I would find a debtor who was just hard to deal with. So I would advise the Doctor to stop dealing with the patients coming from that client, seeing as they were not willing to fork out money for invoices that were due.
- Creating effective credit control system
Dr June tasked me with setting up effective credit control systems and system and implement changes to improve profitability and reduce bad debts. Creating procedures and policies that ensure timely payments while maintaining a high level of customer retention. In the case that your practice has a bookkeeper or accountant I make use of the existing structures in order to provide greater value to your team. In most instances, I as the Credit Controller will report in to the company accountant and liaises closely with his/her office to deliver an accurate and efficient credit control service.

Not having to worry about who's owing what and when what is due frees up your time allowing you to focus on your core business which is to treat patients. It also puts back some time in your day, which is one of the main reason people get into business .

It is also a cheaper alternative to hiring your own credit controller on a full-time basis. You save on recruitment and training as I already have the required experience. Its also cheaper since you don't have to pay any benefits such as housing and dental. In addition there is no learning curve, it's just plug and play and we're off to the races.

Reduce the risks of bad debt.

You're guaranteed your cashflows will improve dramatically. Your practice will be receiving constant cashflows you will even be able to pay yourself. As your cashflows improves your bad debts will also be reduced because I will be following up debtors on a weekly basis. This will ensure that all outstanding debts are paid on time, every time. thereby reducing your bad debts

Any healthcare professional in private practice be it Dentists, General Practitioners or Physicians who have been in business for 1-2 years who want to dramatically improve their cashflow

You should be doing five figure sales or more each year already.

You should be getting a steady flow of patients already. This means that you're getting consistent traffic every month.

You must be offering great patient care and have a good reputation.

That's it for my requirements.

Here's what I want you to do next.

if you meet the criteria above and would love to personally speak to me about improving your cashflow I'll happily set aside some time for you

First I need you to fill this form its really easy and unobtrusive. I just need to know what your practice is about and how it is performing and what you want to accomplish and so forth.

Once you submit your form, you can then set an appointment date and time on the same website.

I've been lucky to have a steady stream of work, so the window of opportunity is limited , I would urge you to fill in your form and make an appointment as soon as possible.