



Financing Your Veterinary Practice

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Agenda



Owning Your Own Clinic



Things to Consider



Next Steps



Writing a Business Plan



What Your Banker Needs



What is a Term Sheet



Questions to Ask My Banker



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Owning Your Own Practice

- Practice ownership will most likely be the biggest investment in your life.
- Whether buying or starting up a practice, it is always good to build your own plan.
- When purchasing a practice, a plan will:
 - Show what the change is to the cost structure will look like under your ownership vs. what was projected in the appraisal.
 - Help establish changes in branding and marketing costs
- When starting practice, you want to start executing your marketing plan, ahead of your planned opening, creating buzz and awareness in your market. This helps you build a patient base quicker, schedule appointments prior to practice opening and achieve profitability quicker



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Things To Consider Before You Start



- What are your personal/life goals and how will starting a practice impact those goals? What is important to you? (home purchase, marriage, family)
- Understand your current debt situation. Personal and Business debts. How much will I need to make to pay my debts?
- Find a mentor
- How are you going to complete all ancillary functions of your business (bookkeeping, HR, IT, social media, etc.)
- Do your research. Understand the market. How big do I want the practice to be? Where do I want to locate? Why is it a good location? Can add any other additional services?
- Do you want to do it on your own or do you want a partner?
- Take advantage of advisors who can help you look at all options



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What Else Should You Think About?

- Where do you want your practice to be located? How much competition is already near this location?
- How many patients do I need? What is the potential to attract clients?
- Lease or buy?
 - Lease terms, demolition clause, fees
 - Closing costs, property taxes
- Plan from day one to grow. Build what you need, plan for the future.
- When you are ready to renovate, how will the renovations impact your ability to service your patients, your staff, revenues?
- Do you need to expand? Is there space to expand? Is it better to move locations?



What Are My Next Steps



- Build a business plan. It is as much about looking at your ideas in an objective and critical manner as it is about preparing a document that will be the basis for a financing/investor proposal.
- The plan will help you focus your ideas and act as a feasibility study.
- The plan will help you manage the business on a day-to-day basis and help keep you on track as your business grows.
- Keep the plan realistic. Be honest with yourself. How will the practice look in the initial stages?
- Have a long-term vision. How much do you want to grow? What do you see the practice looking like in 10 years?
- Be sure to refer to the document to measure your actual performance vs. your plans. You are building this out to benchmark what you can accomplish vs. what you do accomplish.



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Components of a Business Plan

- Executive Summary
- What services are being offered
- Describe the market you will operate in
- Outline your marketing strategy
- Provide a snapshot of your competition
- How will the business operate
- Introduce your management team & other personnel
- Incorporate any financial data and prepare financial projections for at least three years
- Include any supporting documents
- Show all your assumptions



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Financing Your Investment – What Do You Need To Give To The Bank?

Along with your business plan, you will need to provide the following documents to your banker when you are applying for credit:

- A personal net worth statement
- Personal Notice of Assessment tax returns
- NTR business financials or T1 General tax filing
- Quotes or invoices for equipment, leasehold improvements, furniture, etc.
- A CV outlining your skills,, training and education
- Lease agreement
- Any purchase/sale agreement if available

Having these items ready will help your banker work quickly on your credit proposal/term sheet.



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What is a Term Sheet?

- A Term Sheet proposes the credit structure and outlines the details of the request and informs of fees, rates, terms/conditions, and security that will be requested.
- The types of financing proposed in a term sheet include:
 - Term loans – usually used to finance acquisitions, leasehold improvements, equipment and furniture
 - Operating Line - Used to finance working capital (i.e. bills, wages).
 - Mortgage – Used to finance the purchase of commercial real estate for your practice if you are buying instead of leasing.
 - Credit Card – Used to manage day-to-day expenses

Do not quit your day job. Continue to associate as you grow your practice. It will ensure you still have a stable stream of income to pay your bills as you build your patient roster.



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Questions to Ask Your Banker?



- Does it make sense to have a principal deferral period? How does that impact my overall cost of borrowing?
- How fast can I pay off my loan? Will there be any penalties?
- What guarantees do I need to provide? How much insurance do I need?
- What impact does financing my practice have on my ability to finance personal acquisitions? (i.e. Real Estate)
- Are there any set-up or closing costs that I need to be aware of?



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Thank You



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