

**Profit First:
Eradicating
Business Poverty**

Mick Kling, OD
Impact Leadership



The Profitable Doctor
Eradicating Practice Poverty

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Disclosures

Impact Leadership

Practice Management
and Transitions Advisor,
Vision Source

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State of America

- 78% live paycheck to paycheck – *Ramsey Solutions*
- Only 20% in financial crisis fall below poverty line – *Debt.com*
- 2/3 carry credit card debt – *US Census Bureau*
- According to *Nerdwallet.com*:
 - \$15,983 in credit card debt
 - \$27,775 in car debt
 - \$47,047 in student loan debt

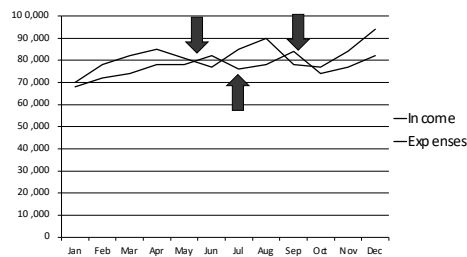
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Chart 1: Cumulative Survival Rates for Establishments by Birth Year



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The Cash Flow Pinch



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Profit is not a desire, it's a decision.

Profit is not a result, it's an action.

Profit is not an event, it's a habit.

Profit is a choice!!

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Bank Balance

Accounting

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Sales – *Expenses* = Profit

GAAP: Generally Accepted Accounting Principles

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Sales – *Profit* = Expenses

Profit First Accounting

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Sample Paycheck

223 - John R. Doe Pay Period 06/02/06 to 06/16/06			
Earnings			
Hours	Rate	This Period	YTD
50	9.00	450.00	900.00
Gross Pay		450.00	900.00
Required Deductions			
Federal Income Tax	00.00	00.00	
FICA - Medicare	05.06	12.16	
WI State Income Tax	00.00	00.00	
FICA - Social Security	23.92	5.44	
Other Deductions			
Health Insurance	00.00	00.00	
VISTA	00.00	00.00	
Parking	00.00	00.00	
NET PAY		\$418.00	\$836.00

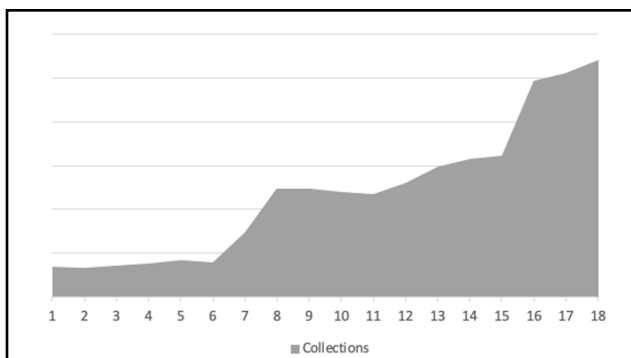
Your Employer
2234 Some Street
Milwaukee, WI ZIP CODE

Check Number: XXXXXX
Pay Date: 06/16/06

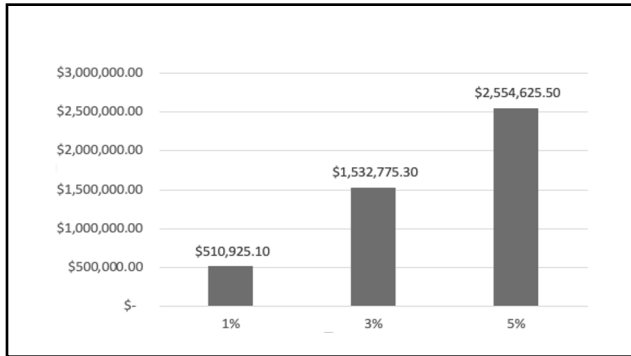
PAY ***Four hundred eighteen dollars and 00 cents***********\$418.00**

To the Order of
John R. Doe
934 Some Street
Milwaukee, WI ZIP CODE

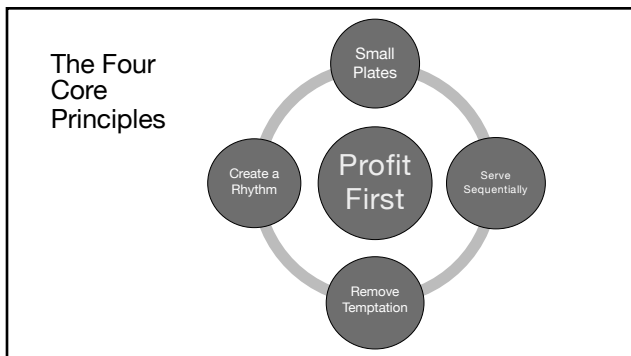
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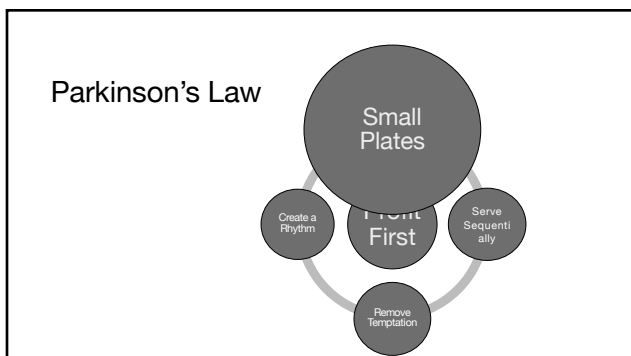
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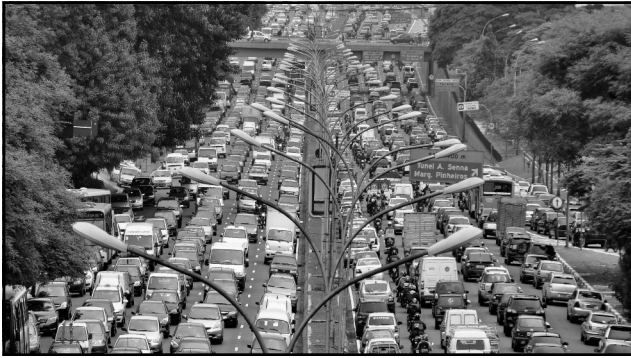
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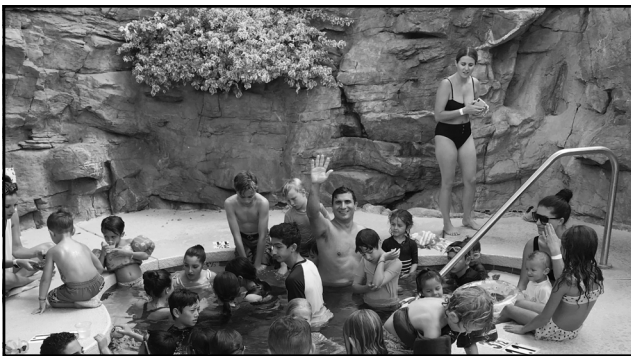
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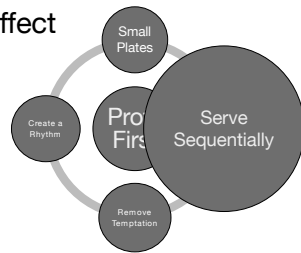


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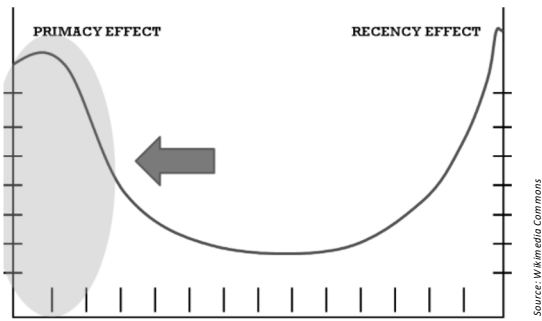


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The Primacy Effect

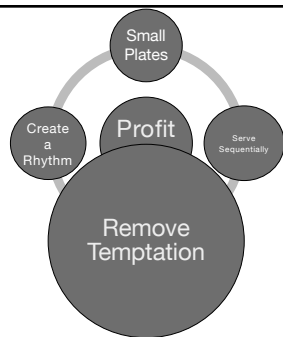


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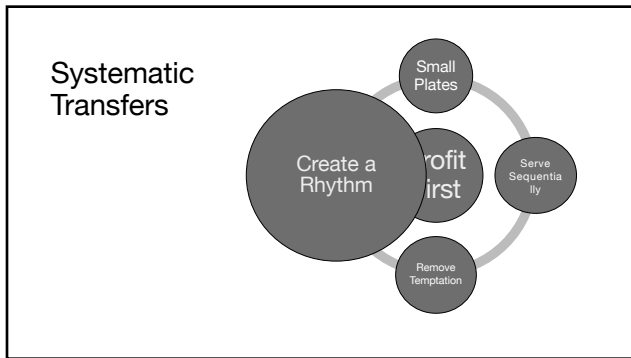


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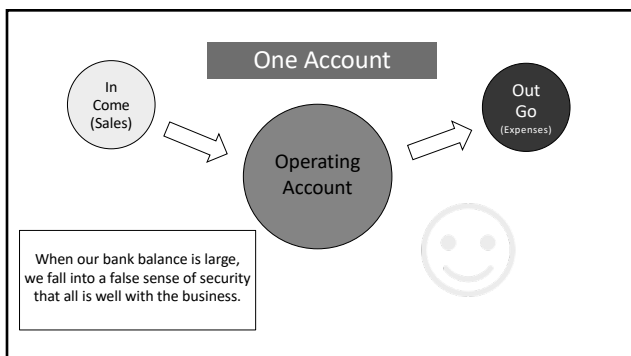
Hide Accounts



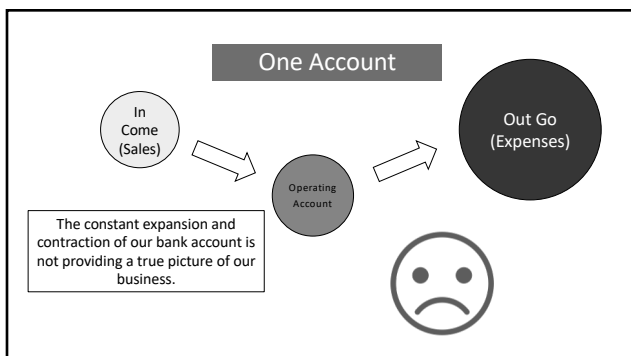
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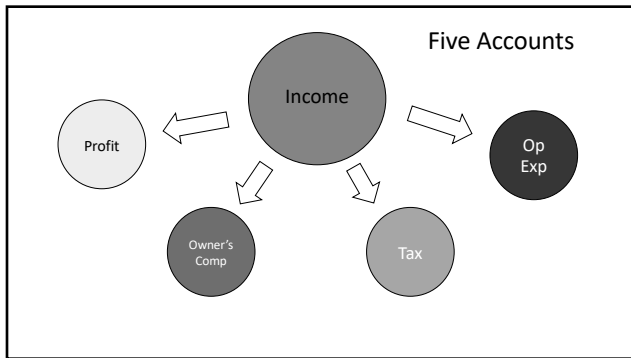
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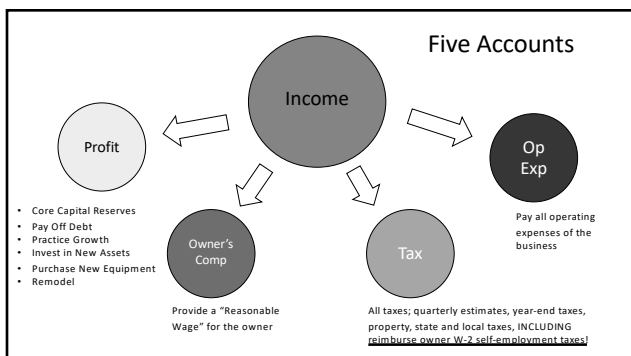
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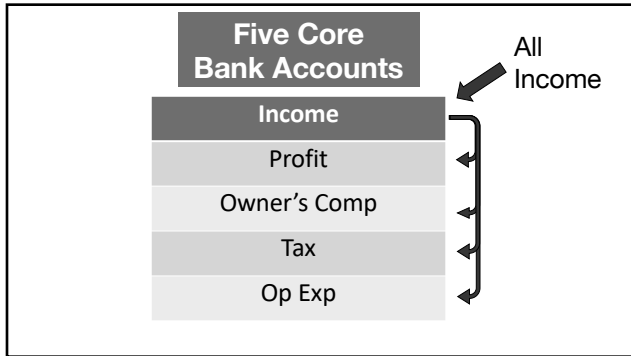
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Determining Owner's Compensation

Office Role	Days/Week	Daily Compensation	Weekly Compensation	Annual Compensation
Clinical OD	3	\$500	\$1500	\$78,000
Practice CEO	0.5	\$308	\$154	\$8,008
Practice Admin	1	\$154	\$154	\$8,008
TOTAL				\$94,016

Clinical OD based on \$130,000 annual compensation
Practice CEO based on \$80,000 annual compensation
Practice Administrator based on \$40,000 annual compensation

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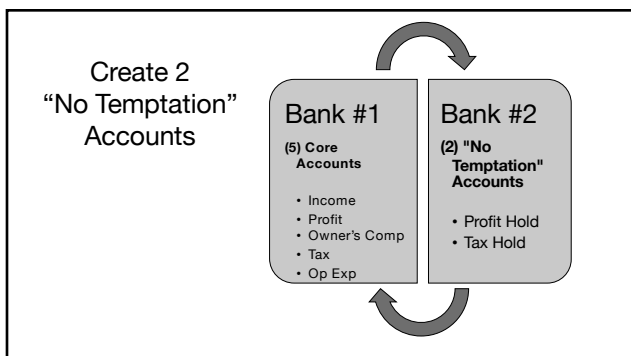


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Bank Account View

Income 6327 Available Balance Current Balance	\$17,273.24 \$17,273.24	Tax 5 TAP 5 6386 Available Balance Current Balance	\$42,354.01 \$42,354.01
Own Comp 8 TAP 10 6562 Available Balance Current Balance	\$8,189.39 \$8,189.39	Op Exp 85 IAP 75 6335 Available Balance Current Balance	\$52,980.11 \$52,980.11
Profit 3 TAP 10 6378 Available Balance Current Balance	\$17,284.62 \$17,284.62		

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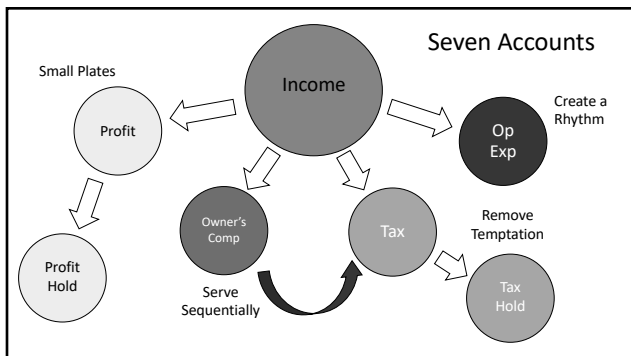
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Create a Rhythm

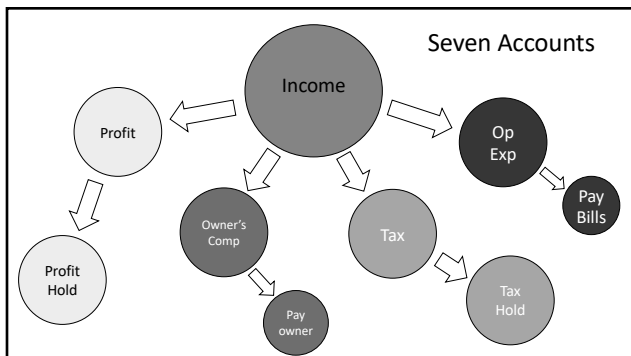
January 2018

SUN	MON	TUE	WED	THU	FRI	SAT
			X			
	1	2	X	3	4	5
6	7	8	X	9	10	11
12	13	14	15	X	16	17
18	19	20	21	X	22	23
24	25	26	27			
28	29	30	31			

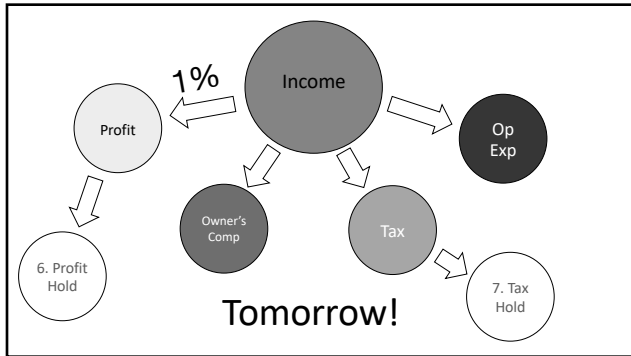
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Instant Assessment - Target Allocation Percentages (TAP)

	\$	%	TAP	Target \$	\$ Diff
Collections	A1	100%			
Profit	A2	B2	10%	D2	E2
Own Comp	A3	B3	15%	D3	E3
Tax	A4	B4	10%	D4	E4
Op Expense	A5	B5	65%	D5	E5

* Suggested TAPs for an optometric practice.

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Target Allocation Percentages (TAP)

	\$	%	TAP	Target \$	\$ Diff
Collections	A1 700,000	100%			
Profit	A2 0	B2 0%	10%	D2 70,000	E2 (70,000)
Own Comp	A3 100,000	B3 14%	15%	D3 105,000	E3 (5,000)
Tax	A4 21,000	B4 3%	10%	D4 70,000	E4 (49,000)
Op Expense	A5 579,000	B5 83%	65%	D5 455,000	E5 126,000

* Suggested TAPs for an optometric practice.

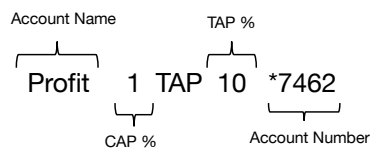
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Current Allocation Percentages (CAP) – Q1

	\$	Day Zero (%)	Adjust	Day One	Target \$	Diff \$
Collections	175,000	100%				
Profit	0	0%	1%	1%	1,750	(1,750)
Own Comp	24,500	14%	1%	15%	26,250	(1,750)
Tax	5,250	3%	1%	4%	7,000	(1,750)
Op Expense	145,250	83%	-3%	80%	140,000	5,250

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Naming Your Accounts



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Bank Account View


Income 6327	Available Balance	\$17,273.24	Tax 5 TAP 5 6386	Available Balance	\$42,354.01
	Current Balance	\$17,273.24		Current Balance	\$42,354.01
Own Comp 8 TAP 10 6362	Available Balance	\$8,189.39	Op Exp 85 TAP 75 6335	Available Balance	\$52,980.11
	Current Balance	\$8,189.39		Current Balance	\$52,980.11
Profit 3 TAP 10 6378	Available Balance	\$17,284.62			
	Current Balance	\$17,284.62			

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Naming Your Accounts

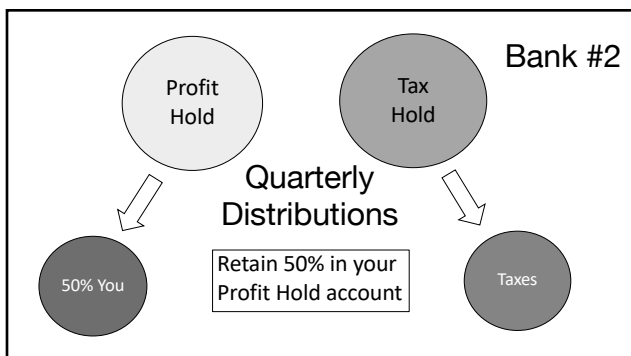


Income *7645
Profit 1 TAP 10 *9645
Owners Comp 15 TAP 15 *5625
Tax 4 TAP 10 *6345
Op Exp 80 TAP 65 *4253

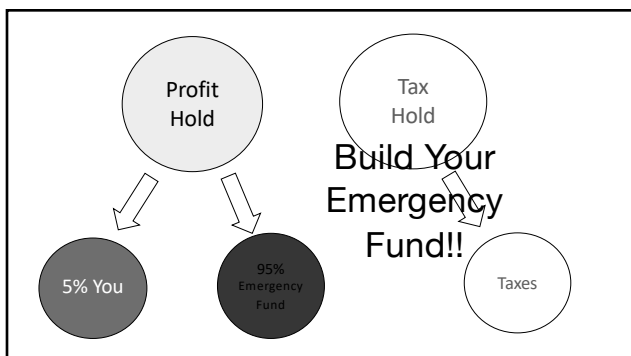


Profit Hold *0858
Tax Hold *7364

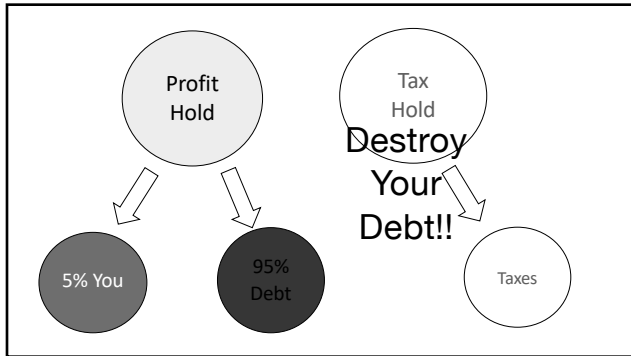
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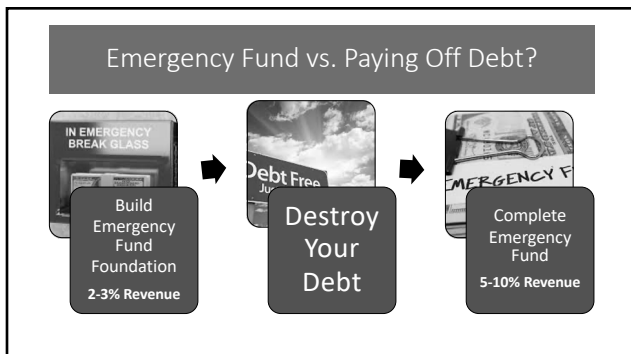
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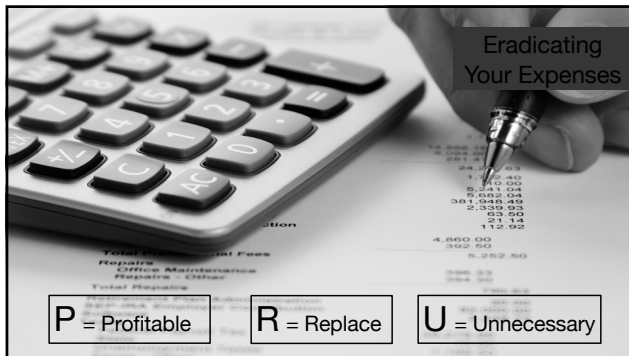


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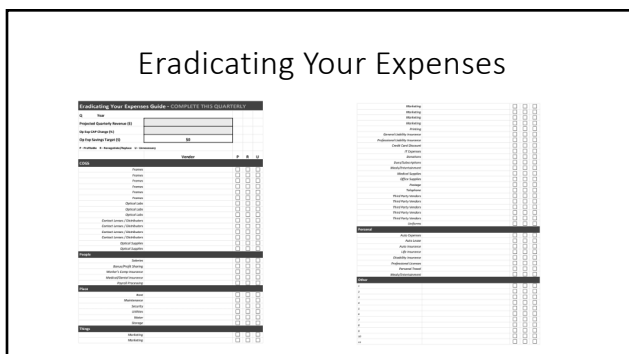
Debt Destroyer

Debt	Debt #1	Debt #2	Debt #3	Debt #4
Starting Balance	\$5,427	\$13,487	\$26,837	\$75,263
Jun	\$4,477	\$12,487	\$24,837	\$71,263
Jul	\$3,527	\$11,487	\$22,837	\$67,263
Aug	\$2,577	\$10,487	\$20,837	\$63,263
Sep	\$1,627	\$9,487	\$18,837	\$59,263
Oct	\$677	\$8,487	\$16,837	\$55,263
Nov	Start Here	\$7,487	\$14,837	\$51,263
Dec		\$5,537	\$12,837	\$47,263
Jan 2020		\$3,587	\$10,837	\$43,263
Feb		\$1,637	\$8,837	\$39,263
Mar		-\$313	\$6,837	\$35,263
Apr			\$2,887	\$31,263
May			\$887	\$27,263
Jun			-\$1,113	\$23,263
Jul				\$17,263
Aug				\$11,263
Sep				\$5,263
Oct				-\$737

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Profitable Conclusions

Profit is a Choice
 Proven system that works
 Structured plan for managing cash flow
 Caters to our natural behavioral tendencies
 Our businesses can no longer survive on the leftovers
 Profit is our reward for taking risk, we deserve it!

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Impact
 LEADERSHIP



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 Coaching / Speaking / Workshops

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