



TOP 10 WAYS YOUR ACCOUNTANT CAN HELP YOU BUILD YOUR PRACTICE



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Many practices use their accountants primarily to meet their compliance requirements with banks, taxing and government agencies, as well as various insurance carriers. Physicians that have been in practice long enough know that the services provided by accountants that specialize in healthcare can be an invaluable resource for the success, growth and continuation of their practice. The following are key topics that your accountant should discuss with you each fiscal year:

1. **Strategic Planning**

Whether you are just starting in private practice or have years of experience, strategic planning is a vital component of growing a successful practice and obtaining results. By going through the strategic planning process you will solidify your goals and provide a way to measure results. A strategic plan documents where you want your practice to be one and five years from now, as well as how you will get there. If successfully designed and implemented, it will help you meet your business, professional and personal goals.

2. **Budgeting and Projections**

The key to achieving the financial goals of your practice is accountability. The first step is the creation of expense budgets and revenue projections. The second step is to hold individuals accountable for controlling budget line items and achieving productivity goals. Your accountant should help you develop budgets and projections, as well as measurable goals to insure accountability.

3. **Financial Benchmarking**

Many practices operate profitably and believe that their business methodology is the best. However, what if you found out that your competitors were operating with significantly higher gross profits, lower operating expenses and higher bottom lines? Most practices would immediately ask “*what are we doing wrong?*” Establishing benchmarks or vital signs is critical to driving physician productivity and profitability. Cost and production benchmarking data can be obtained from the Medical Group Management Association (MGMA) or specialty societies; however your accountant can be a key resource for specific benchmarks that apply to your practice and region. More important, they can help you analyze and interrupt the data compared to your practice’s data and make recommendations on how to improve your results.

4. **Succession Planning**

Most physicians have a good understanding of how their practice operates and are confident that they will continue to be successful for as long as they choose to practice. Not all physicians have planned for the practice’s continued success after they retire. Whether your intent is to pass your practice to your partners or sell the practice outright to a third party, you should begin planning this transition at least five years before your targeted retirement date. There are many tax saving strategies that will ensure that your practice continues to operate and provide for your financial security. Since most succession planning takes time to implement, you should consult with your accountant to begin your exit strategy as soon as possible.

5. Tax Planning

The old adage that *“people don’t plan to fail, they fail to plan”* is never truer than when addressing tax planning. Tax preparation and tax planning are two distinctly different things. Too many physicians do not see their accountant until after the end of their fiscal year. Tax planning after the fiscal year end is similar to putting the cart before the horse. In order to be successful, the majority of tax planning needs to be implemented over the course of the year and should be monitored regularly. There are many tax planning strategies that may take years to successfully implement. Unfortunately, a lot of physicians do not seek to address such tax planning strategies until it is too late.

6. Profitability Enhancement

There are three ways to enhance a practice’s profitability. The first way is to increase revenues, the second is to decrease expenses and the third is to improve the quality of life of the practice owners. When people think of profitability enhancement, they automatically think of a higher bottom line, but what if your accountant came to you and said *“I can show you how to increase your gross revenue and gross profit while reducing the number of hours you work?”* Most people would jump at such an offer. Your accountant should ask you this type of question and help you implement solutions.

7. Internal Controls

Implementation of solid internal controls is the best way to minimize the risk of fraud, embezzlement and other improprieties within your practice. No one ever hires an employee thinking that they will be dishonest; however the reality is that employee theft results in a significant amount of lost profits for practices every day. Some experts estimate that 3 out of 4 doctors will suffer a significant loss due to employee dishonesty at least once during their career. Establishing and monitoring internal controls for your practice will reduce such risks and secure the financial health of your practice.

8. Bank Negotiations

Most practices have a banking relationship with one or two banks. Very few physicians have established working relationships with a multitude of banks and other financiers. Even fewer have the insight to know what financing terms and deals are currently available from different sources and the ability to acquire similar terms for their practice. Your accountant should have established personal relationships with numerous bankers and will be able to play a key role in negotiating and acquiring the best financing terms for you.

9. Information Technology and Software Selection

Choosing an affordable software program that meets both your practice management and accounting needs is not always easy. Accountants that specialize in serving the healthcare industry are knowledgeable of the cost vs. the benefits of the various software packages and can help you find the system that is most suitable for your practice.



10. Evaluation of Employee Benefits

Physicians know that their employees play a critical role in the efficiency and success of their practices. Therefore, when the practice has the opportunity to financially reward its employees, create significant write-offs for tax purposes, maximize benefits and compensation paid to its owners and increase overall employee morale: then the implementation or evaluation of an employee benefits plan is a win-win situation. Your accountant, along with the assistance of an independent pension consultant, can help you evaluate your options.

In today's economy physicians must look for every opportunity for continued growth. It is vital to surround your practice with professionals that are committed to helping you achieve your goals. If the deciding factor in how you hire your accountant or other trusted advisors is based upon price, you should remember the old saying "*you get what you pay for.*" A good certified public accountant will help you identify your goals, solve your problems and be your most trusted financial resource.

As one of the leading accounting and consulting firms for physician practices, Cowan, Guteski & Co., P.A. knows the importance of bringing value to each client relationship. Contact Deborah Mathis, CPA, CHBC, Director – Healthcare Services Group at 732-349-6880 extension 114 or dmathis@cowanguteski.com for more information.

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