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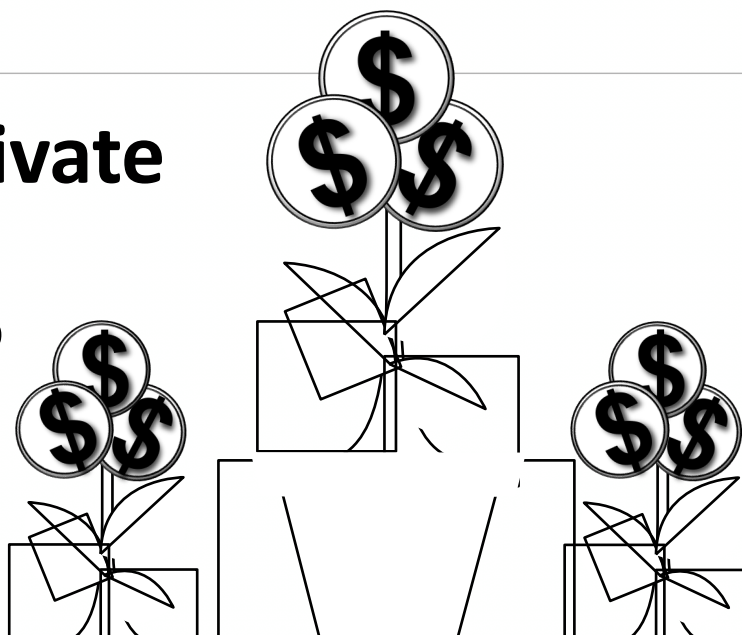
- Call 800-753-2160 (M-F, 8 AM-8 PM ET)
- Email customerservice@AudiologyOnline.com

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Marrying A Private Practice

Financing Your Start-Up

Julie Link, Au.D. &
Alicia D.D. Spoor, Au.D.



Julie Link, Au.D.



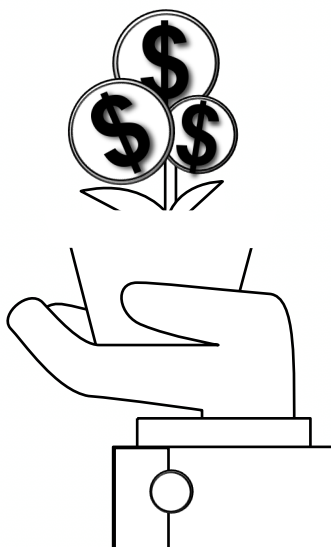
Financial:

- Owner, The Audiology METHOD

Non-Financial:

- ADA AuDaCITY Convention Committee Member
- Past-VP of Communications, The Audiology METHOD

Presenters



Alicia D.D. Spoor, Au.D.



Financial:

- Owner, Designer Audiology
- Consultant, Tracey & Fox
- Adjunct Professor, Gallaudet University
- Consultant for Simucase

Non-Financial:

- Legislative Chair, Maryland Academy of Audiology
- Past-President, Academy of Doctors of Audiology
- ADA Advocacy Committee Member
- ADA Representative, Health Care Economics Committee
- ADA Representative, Audiology Quality Consortium
- Advisory Board Member, Osborne College of Audiology at Salus University
- ADA AuDaCITY Convention Committee Member

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Learning Outcomes

After this course, participants will be able to:



List the types of sources available for start-up funding for an audiology practice



Determine the total cost needed for a start-up audiology practice.



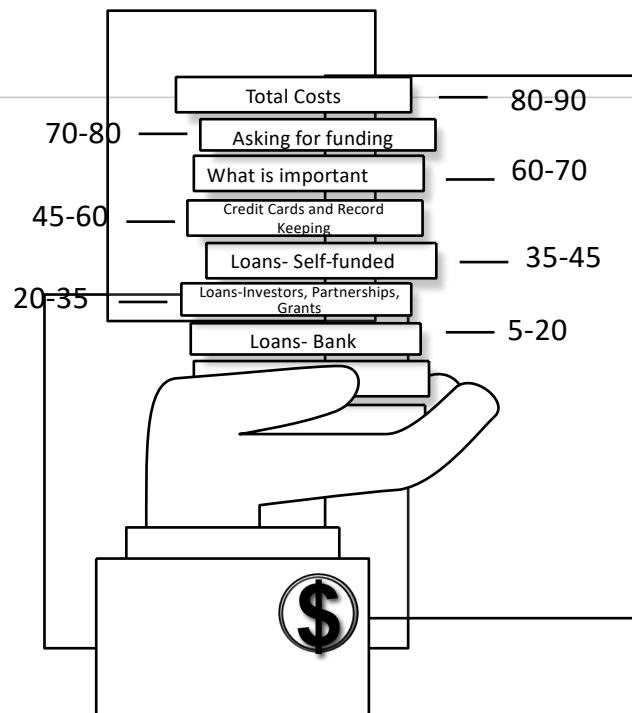
Explain why a banking institution would want to see the Equipment Start-up Expenses.

3



Timeline

Today's topics and the estimated time during the presentation.



4



Definitions

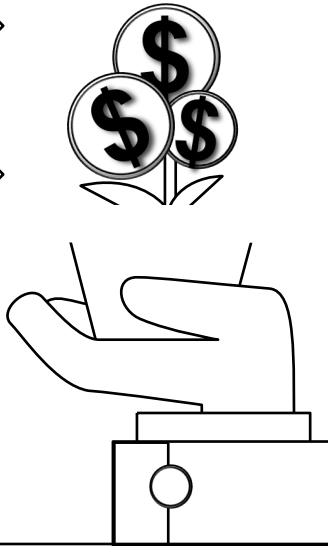
Speaking a different language

Seed money: money to research a business

Start-up funds: money required to start a business

Growth financing: money to expand a business, secured by the assets

Balloon loan: money that doesn't fully amortize, requires large payment at the end of terms



Q10

5



Informed Decisions

Determine what will be best for your business now and in the future.

Do you need financing? Short term and/or Long Term?

Do you intend to expand business outside your community or state?

Will you have a business partner outside your state?

What minimum balance do you intend to have in your account?

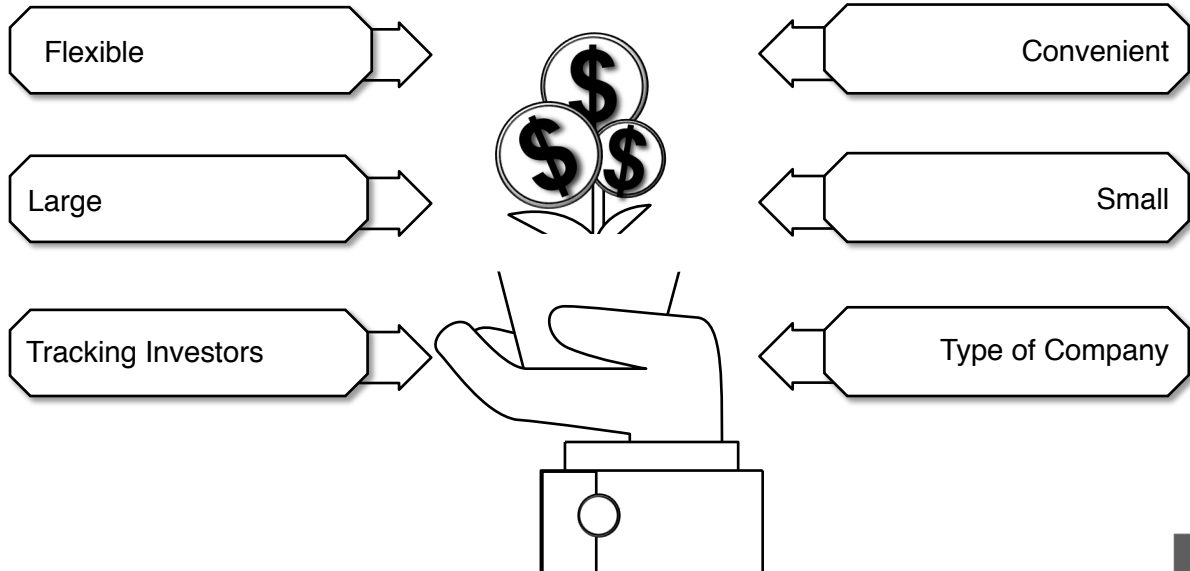
How many accounts will you want now and in the future?

What convenience factors are important to you: mobile banking, check deposits, etc.?



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Banking Options



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Banks- Advantages

Start with the bank size.

CREDIT UNION

Flexible accounts.
Less fees.
Community-oriented.
Community-owned.

SMALL

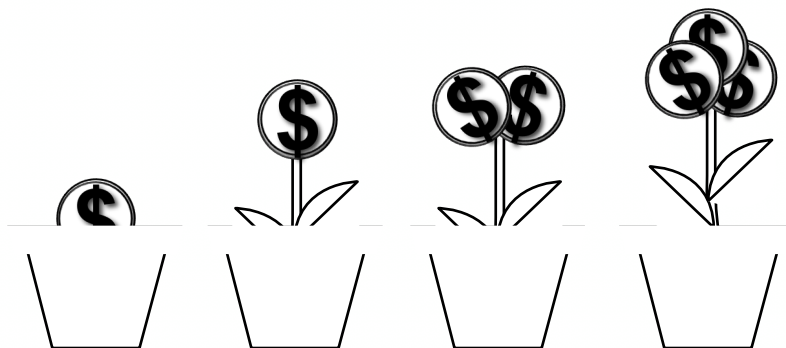
Flexible accounts.
May have less fees.
Community-oriented.

MEDIUM

Likely to have start-up funds.
May have access to SBA loans.
Convenient locations.
Some amenities.

LARGE

Good accessibility.
Very convenient.
Supports expansion and growth.
Many amenities.



Q2

8



Banks- Disadvantages

Start with the bank size.

CREDIT UNION

May not fund small business.
Lack of convenience.
May not support growth or expansion.
May only be a short-term option.

SMALL

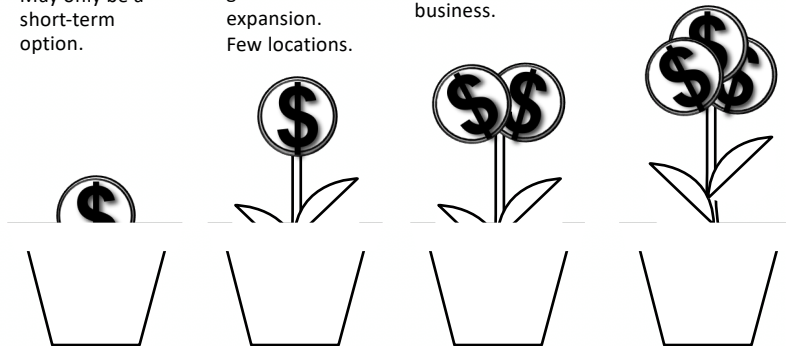
May not have start-up funds.
Lack of convenience.
May not support growth or expansion.
Few locations.

MEDIUM

May not have start-up funds.
Lack of convenience.
May be more "tricky" to include small business.

LARGE

May be too large.
Non-negotiable for many things.
Less flexible.
Audiology is unknown.



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SBA- Guaranteed Loan

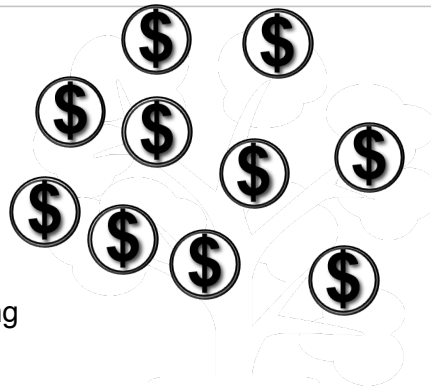
Small Business Administration loan through a bank.

Local Bank

Reduces risk of lending money.

☐ Competitive interest and terms.

☐ Ongoing support.



SBA

Partners with lender to guarantee percentage of loan.

☐ Lower down payment, less/no collateral, flexible overhead.

☐ Same monetary amount.

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Bank Alternatives



Family and
Friends Money



Hearing Aid
Manufacturers



Audiology
Buying Groups



Q2

11



Bank Alternatives

Advantages:

- Good relationship
- Slight knowledge of profession
- Quick response
- Low interest
- Want to be successful

Disadvantages:

- Awkward business relationship
- Aid in business decisions
- Lack of formal contracts

Family and
Friend Money
(FFM)



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Bank Alternatives

Advantages:

- Knowledge of profession
- Lending branch of the business
- Repayment in sales/cash
- Interest
- Want to be successful

Disadvantages:

- Hearing aid focus/sales requirement
- Requirements on the business side
- Buy-out options
- Owning competition

Hearing Aid
Manufacturers



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Bank Alternatives

Advantages:

- Knowledge of profession
- Lending branch of the business
- Repayment in sales/cash
- Multiple hearing aid offerings
- Interest rates
- Want to be successful

Disadvantages:

- Hearing aid focus/sales requirement
- Requirements on the business side
- Buy-out options
- Funding competition

Audiology
Buying Groups



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Loan Alternatives



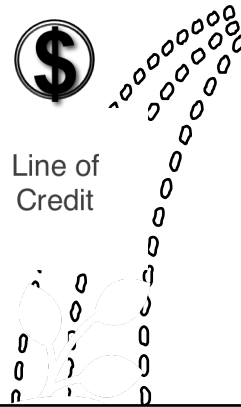
Grants



Line of
Credit



Angel
investors



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Loan Alternatives

Grants

LOCALLY OWNED

Owner resides in the same city, community as business.

WOMEN OWNED

Owner is female.

MINORITY OWNED

Owner identifies with minority group (e.g. Veteran).

DEVELOPMENT

Business is being developed in an upcoming neighborhood, or serving an under-served population.



Q1,9

16



Loan Alternatives

Unsecured

- Requirements
 - Unsecured
 - High credit score
- Advantages:
 - Lower interest rate than credit card
 - Lump-sum
 - Able to use for any purpose
- Disadvantages:
 - Variable interest rate on outstanding balance

Line of Credit



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Loan Alternatives

Secured

- Requirements
 - Asset to use as collateral
 - Appraisal needed
 - Credit score
 - Income
 - Investments and debt
- Advantages:
 - Lower interest rate than credit card
 - Lump-sum
 - Able to use for any purpose
- Disadvantages:
 - Collateral can be seized
 - Variable interest rate on outstanding balance

Line of Credit



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Loan Alternatives

Open- End

- Revolving credit
- Pay minimum each month

Closed-End

- Fixed amount of money
 - Finance a specific purpose or period of time
- Periodic principal and interest payment

Line of
Credit



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Loan Alternatives

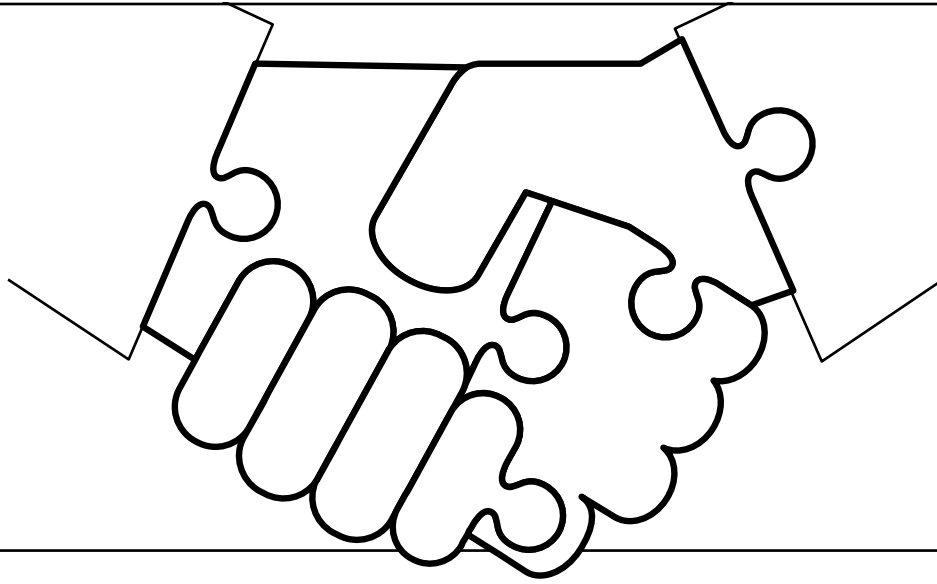
Individual who provides capital for start-ups in exchange for convertible debt and/or partial ownership

- Advantages:
 - Larger rate of return for angel
 - In-between FFM and large banks
 - Typically no pay-back if business fails
- Disadvantages
 - No 100% owner
 - Profit sharing

Angel
Investors



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Business Partners

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CONTINU^{ed}

Self-Funding



Savings

Cash on hand for start-up, operating expenses.



Stocks

Assets that can be converted to cash in short-term.



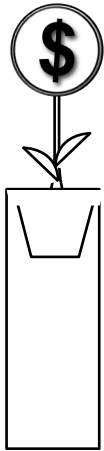
Inheritance

Large lump-sum money for start-up, operating expenses.

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Credit Cards



Advantages

- Form of self-funding

Disadvantages

- High interest rate
- Loan limit
- Minimum monthly payment

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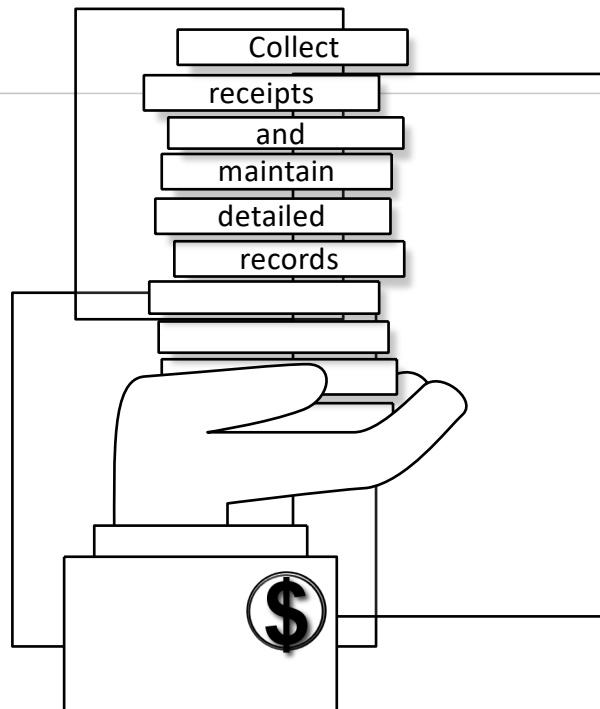
Record Keeping

Separate (future) business, professional, personal costs.

- Business credit card can be helpful.

Line item expenses

- Software may be beneficial
- Accountant services

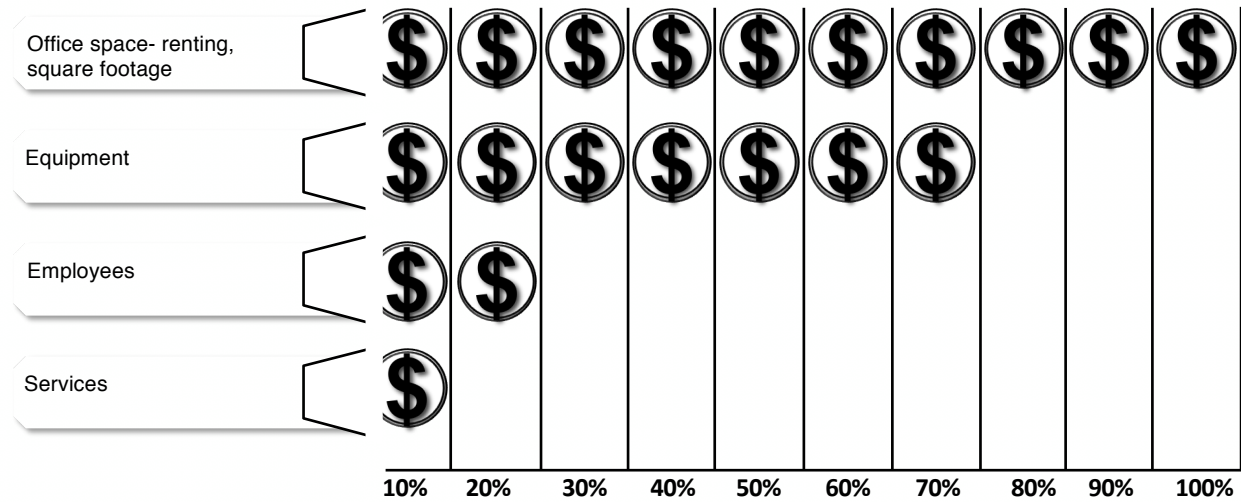


Q4

24

Start-up Costs

Initial costs for a start-up business



Q3,5

25

Business Plan

Entire section dedicated to **Finances**.

List of Initial Expenses will also be of interest to lenders.



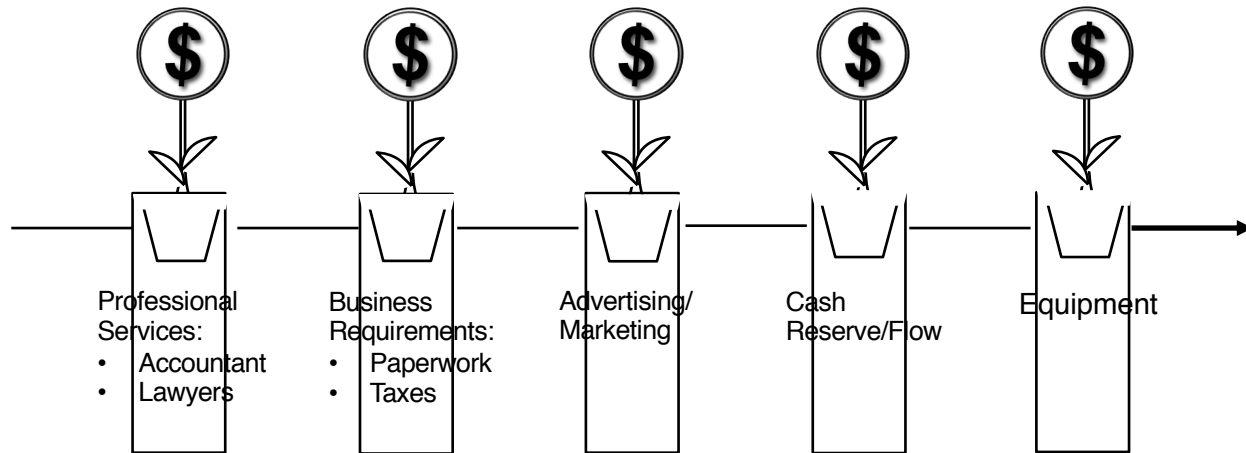
- ☐ Financial assumptions
- ☐ Profit & Loss Statement
- ☐ Break-Even Analysis

- ☐ Cash Flow ledger
- ☐ Balance Sheet

Q6

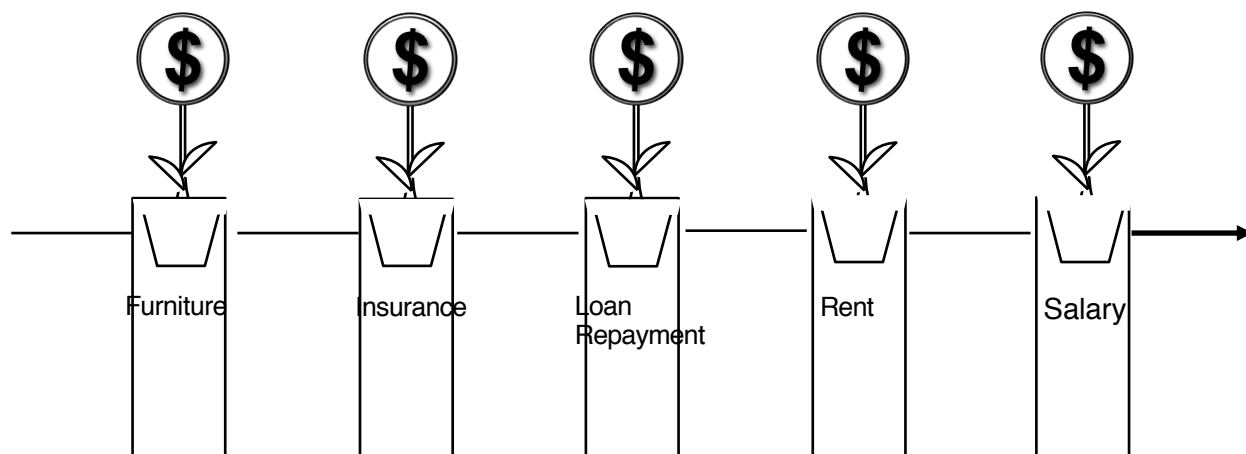
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List of Initial Expenses



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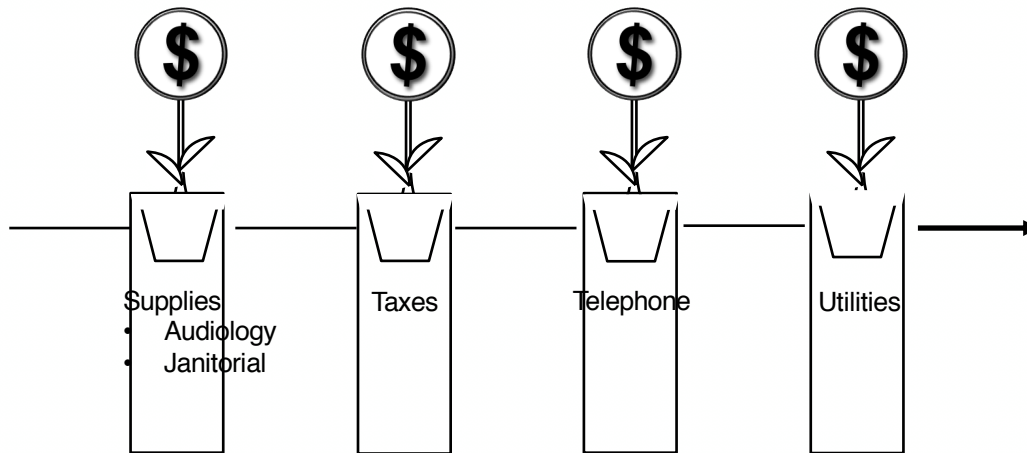
List of Initial Expenses



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List of Initial Expenses



Q8

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Advertising/Marketing		\$35,000.00	
	Headshot Pictures		\$350.00
	Logo development		\$390.00
	Business, Appointment Cards		\$500.00
	Card Printing		\$220.00
	Card Printing set-up		\$75.00
	Staff brochure		
	Stationery		
	Stationery printing		
	Marketing folders		
	Marketing folder printing		
	Website set-up		\$2,500.00
	Website maintenance		\$1,800.00
	Domain cost		\$12.00
	Travel/mileage		\$500.00
	Paperwork Printing		
	Office sign (lit)		
	Office sign (billboard)		
	Phone Book Advertising		
	Lunch & Learns		\$1,100.00
Cash Flow/Reserve		\$50,000.00	
	Cash Reserve		\$50,000.00
Equipment		\$41,346.00	
	Audiometer		\$9,000.00
	Otoacoustic Emissions		\$8,995.00
	Real Ear Equipment		\$6,500.00
	Booth		\$9,000.00
	Sporox and container		\$65.00
	Otoscope		\$275.00
	Specula		\$100.00
	Computer systems		\$2,600.00
	Scanner		\$265.00
	Copier/fax/printer machine		\$546.00
	NOAH system license (Hearing Aid)		\$2,000.00
	NoahLink (Hearing Aid)		\$2,000.00
Furniture		\$1,206.03	
	Fitting room chairs (2)		\$278.18
	Booth chairs (2)		\$278.18

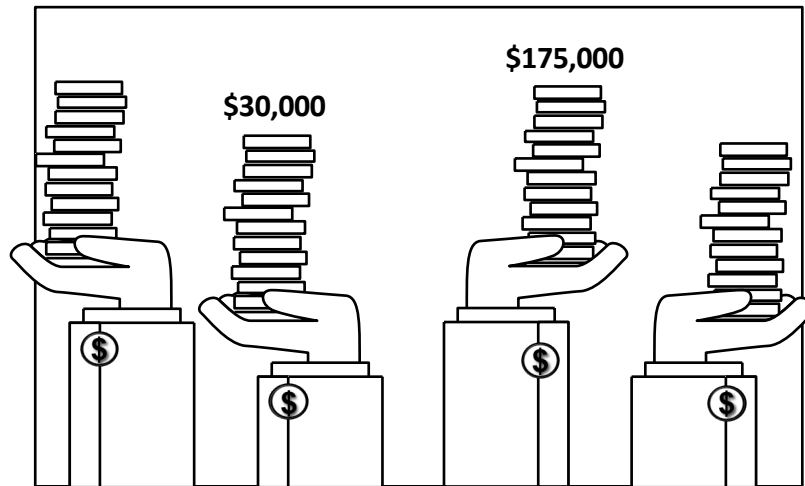
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Bottom Line

Each start-up will be unique.
Wide range of initial funding requirements.

- ☐ When in doubt, over-estimate.
- ☐ When going to a lender, triple your asking point.
 - Can always accept less, but it's hard to ask for more.
- ☐ Think of everything possible, write it down, then cut things, if needed.



Q7

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Making the Ask

Tips:

- Most lenders know very little to nothing about audiology.
- You are the expert.
- Be ready to explain everything.



Presentation:

- Bring 5 extra business plans; there will be more people than anticipated at a meeting.
- Confidence, independence, attitude will be a deciding factor.
- Good steward of loaned money.

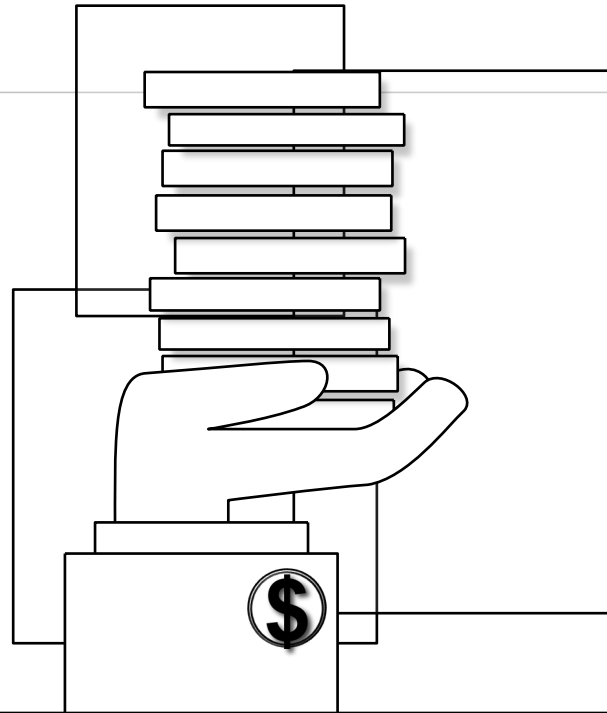
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Early Career Professionals:

- Student debt to income ratio is not favorable.
- High credit score?
- Banks are conservative and skeptical; unaware of audiology.

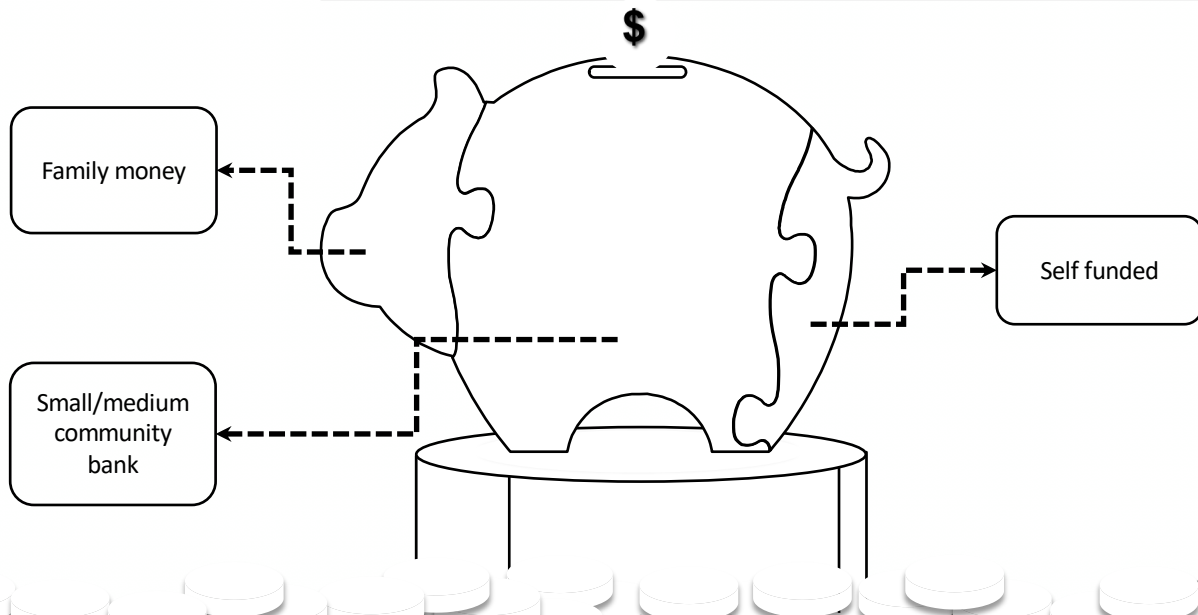
Warning:
ECP



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Alicia's Experience





Questions?

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- Alicia D.D. Spoor, Au.D.
Alicia.Spoor@DesignerAudiology.com