Marrying a Private Practice: Financing Your Startup

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- [Christie] At this time, it is my pleasure to introduce our two guest presenters. First, we have Dr. Alicia Spoor, who is the audiologist and president of designer audiology in Highland, Maryland. After being employed at the Mayo Clinic, Arizona and two Maryland based pirate practices, she opened her own private practice in 2014. She is currently the president for the Academy of doctors of audiology and the legislative chair for the Maryland Academy of audiology. Also presenting is Dr. Julie Link. She is the president and owner of the Audiology Method. She has spoken locally and nationally, and is a past board member for the Colorado Academy of audiology. And previously served on the ADA's practice accreditation task force. Welcome back. And at this time I hand the mic over to you Dr. Link.

- [Dr. Link] Thank you, Christie. And to everyone I'm on today, welcome back. This is part three of our six part series on private practice. And maybe the one that you're the most curious about with financing your startup. We want to make it clear what we were talking about, but if we could have picked any title, we would have picked Andrew, you thought your student loans were outrageous. So we hope you learn a lot today. Certainly things have changed significantly, since we were last together in March. And, I think that's given us a new perspective and I hope that that makes this whole presentation that much more impactful for you. And honestly I think this particular part of the series right now is more important than it ever was before. So for those of you who were with us last time, I hope that you maybe had a chance if you had some time off whatever to work on some of those things, and we're just gonna keep building on it today. All right, so for our presenters, again it's me and Alicia, thank you for the nice introduction Christie. Nothing has really changed here unless there's anything new on Alicia slide, but we probably are bringing in new revenue sources within these current umbrellas. All right, so this is what we're gonna try to cover here today. All right, so when we look at financing your practice, we're gonna wanna look at the different types of sources that are available when we're doing a startup. Again, we're gonna be looking specifically at startups since that's what Alicia and I both have done. You're gonna need to know how much you need to finance. So right, how? What is gonna go

into that total cost for that task that you're gonna make? And you're gonna need to be able to explain why a baking institution would want to see those equipment startup expenses. I don't know if we have Alicia on here, can't hear her. So for the timeline today, we are going to try to stick with this. As you guys know in the past, we've not been great at that, so we're gonna get a little more time so we can stick with it. And these are the different things that we're gonna try to cover. So if you come back to it, hopefully it'll be closer a little bit after those timelines. Alright, we are going to talk about money today. Who likes to talk about money? Business owners, when things are going well, but otherwise it can be a little bit of a struggle. It is definitely a mindset change. It's a different language. So we wanna give you guys the tools so that you can feel confident and start to build kind of wealth mindset, cause that's really what we're looking for.

So yeah, we're talking about financing, we're financing so that eventually you can make money. Right, and so you have to be able to talk about money to get there. This for me personally it was really a struggle, one resource that I found really helpful was actually from Dr. Gyl Kasewurm, it's called The Wealthy Spirit. I know of lot of audiologists have read the Wealthy Therapist. I believe it's in the same vein. But it's a daily wealth affirmation. Again, just getting you thinking about wealth differently, thinking about your mindset about that, cause it really has to change so you can make a really confident task, when you need to ask for money. If you have not heard of Dave Ramsey, I know a lot of audiologists are very inspired by him and I would strongly recommend looking into him now, cause it's gonna make a huge difference later on. How you're gonna finance your practice if he resonates with you. So I hope that's kind of a nice resource for you. And finally you may know, I love podcasts, I think I've talked about this in past. How I built this podcast is incredible and it really talks about this financing piece quite a bit and all of these entrepreneur stories, so if that is inspirational to you and kind of gives you some direction just some places to get started. So what is seed money? You've probably heard of it before. I really didn't know either, so we're all learning together. But this is the money that you're typically going to get or you're

going to invest before you've created your business. So before there's ever a business, you're going to have to do your own research. Right, you may have to create a prototype, you may have to go to training. Right, to learn how to to do the bookkeeping, how to build a business, how to build a business plan. Right, so all of those things would be considered seed money. When you use seed money, there is no guarantee you're gonna get that back. Right, so for me I spent the first probably six months in my process doing the research, investing in different trainings and that kind of thing. And so that money would be considered seed. If I didn't start a business, there's obviously no way to get back, if I did start a business and it failed, obviously I still not gonna get that back. Startup funds are a little bit more directed. So startup funds are looking at, okay, I've created a business plan, I know what this is actually gonna cost to start this or I think I know I have a plan, right. And I know that I'm planning to go through with it. So seed money is more of the research, startup funds is actually, what's gonna get this thing to launch and get off the ground. Growth financing is when you're gonna grow your business.

So if, every business has their own goals, and I think for a lot of startups, particularly when it's a private practice, you might say, I just wanna have my nice little clinic, and just be me and keep it small. And that's perfectly acceptable and perfectly fulfilling to many people, but you may get to a point where you say, oh, this thing's really nice. And I'm, stuck in my four walls and I wanna expand and maybe that is bringing on another partner, adding another location. Right, and so that's what that growth financing is gonna come later, right after you already have it. And it will be secured by the wealth you've already built inside your business. A balloon loan. I had a look this one up too, and I even have them, I didn't even know it. So as we go through financing things today, something to keep in mind is that there's a lot of different ways to secure funding. I really wasn't gonna talk too much about my personal experience, but I've changed my mind through COVID and all that stuff. And, I've got a little bit of everything in there and some of them are balloon loans. Like my family loan is a balloon loan. And so I, got a big chunk of money in the beginning, and I'm gonna pay a

huge chunk later. And that's really, really nice because I didn't have a lot of money in the beginning. Right, as I was doing my startup. And so it gives me time to build up the money to repay it later, but it also, you have to remember it and keep it in mind and plan for it because that day will come when it's due and you need to have the funds to be able to repay that. So how do you know what to ask for? Do you need to ask for it, right. There's a lot of things you're gonna have to think about. And we're gonna hopefully help you make that informed decision today, or at least start that thought process. So as you're going through this process, we're gonna talk about where to get that funding. Right, but what are you really asking for? And one thing you wanna think about is do you need financing at all? Right, could you self fund what you're starting by keeping your costs really low? And if you do need funding, is it gonna be short term or is it gonna be more of a longterm funding?

So some of these questions are gonna seem kind of silly, but they're all really important. And so if you're intending to expand your business again, you may not know yet. But kind of just starting to think about that. Is that a possibility? And if you're going to expand it, is that gonna stay in your community or is it gonna go to another state? Again, you're gonna want a funder, that's able to cross the state lines or at least a bank. That's gonna be able to support you in that. Are you gonna have a business partner? Right, so if you are having a business partner who is out of the state, you both wanna have good access, right. To that banking information in that funding. That also, if they're out of state, maybe that opens you up to other grants, right? So just something to think about. What minimum imbalance you intend to have in your account. So this is interesting, and I think it's really come to light with COVID, that having cash on hand is really, really important. And I've always been someone who's had a number in my head, that's just like comfortable for me for my personal and my business. And I couldn't tell you why until this pandemic. And I think it varies very much just between me and Dr. Spoor, but also even me and my accountant had very different ideas of what that number would be. I'm pretty conservative when it comes to the cash. When we went through this pandemic and I was kind of reviewing what other

owners were saying, what I found is for most people, they like to have two and a half to six months worth of cash in the bank. Again, you can get by with way, way less, you can be very comfortable way, way more, but you just have to figure that out for yourself. And there's lots of resources to help you do that online, through the small business development center in the SBA. How many accounts will you want now and in the future? I always like to keep things simple and then the last six months or so I wanted to change how many of accounts I had, and that brought me to my whole figuring out the new, new bake situation, which we'll get in here again in just a minute. So that's just something if you can plan ahead, it's convenient to be able to do that. And then also looking at those community factors. Again, mobile banking, multiple accounts, being able to make online deposits. All right, we flew through this last time guys, and I am so sorry about that.

So welcome back, and I'm actually here again. I feel like it wasn't necessarily a bad thing. I have learned so much about banking since the onset of this pandemic. I felt like it was meant to be for me to get my hands on the PPP. So I assume you guys probably already know about the Paycheck Protection Program that was huge for owners. I was with a large bank, thinking that that would give me the ability to take hold of these kind of funds, and I learned, right, not necessarily some things we'll talk about today, are going to be more convenient or flexible. And so it kind of turned some of these ideas on my head. So kind of looking at, what is the best option for you now, and in the future, and just knowing that you can change I think is really, really important. So different sizes of banks, right, that we talked about last time. We've got our credit unions, our small banks, our medium banks and our large banks. So when we look at this from a financing standpoint, which is what we're working on today, right? If we're with the credit union, it's gonna be easy to set up those accounts and they're gonna be very flexible, less fees, gonna be more community oriented, and gonna be community owned. So truly, it's even just a marketing opportunity for you to get into a credit union, be part of your community for the banking side of it. For the small banks, again they're gonna be pretty flexible, community oriented, but maybe not have as much

convenience, right, as the medium and the large. Once we get into those medium or the large banks, those are more likely to have more funds available to you, for those SBA bank loans, but also they might price you out too. So if you are too small, they're not even gonna want to do business with you. So it's trying to find that happy medium which Dr.Spoor will talk about a little bit more when we go into, those bank loans. You talked about being over cliquey, I haven't practiced. All right, so if we look at the disadvantages of these banks with those credit unions, they might not be able to actually help fund your startup. Right, when I looked at credit unions when I was starting out, I think the biggest loans they had given were like car loans, right, and so they were like 20 grand. And so, and they wouldn't even do the business categories. So you have to go out and see, I do not think that's true for all of them. But it is going to be a factor of what do they have, what's the risk that they're willing to take, and it's usually gonna be smaller, than some of those bigger options. And again, looking at a car loan, right, that's pretty short term, usually as far as a loan versus a longer term business loan.

So those characters kind of come into play. With the small banks, they may not be able to start do a startup, but they might be great if you need growth financing. Right, so once you're more established, they're gonna maybe be more open to you or they'll say, all right, we've already used that on your startup funds we can't help you expand. So it can kind of go both ways depending on how that bank is set up. For the medium sized banks, this is actually what I was trying to move into. So having less fees for sure, than the large banks, so you can set up multiple accounts, but also, maybe not having the same convenience as those large, and not feeling quite as personal relationship as those smaller banks. And when we get to the large, these ones, exactly what it says here, they're non negotiable. They really have so much on their plate and so many bigger consumers, that you're going to be just a small fish to them, even though you are a business account. So once you get a business account, certainly is or it feels like these people are a lot more willing to work with you, but they also, they're gonna also look at who their customers are and what their need is. So just really quickly, my

personal experience with trying to get the PPP funding was I was with a large bank, I thought that was good. Cause they'd have all their systems and processes together, be able to easily manage that request. But what turned out to be was we weren't allowed to contact them, all the money was gone very quickly. And there was no one to help us through that process. So that large bank did not work out for me. I had been starting to switch over to medium bank to be able to have multiple accounts, and they did not reach out to me at all. So again, I thought it was gonna feel more small, but it wasn't regarding that. And I actually had an audiologist here in Colorado who had recommended a small bank to me. They're not even there on the Plains of Colorado, it's like 30 minutes away, and it was amazing. And I learned through switching over to them, because it's so far away, that they had all the conveniences that I had at my large bank, as far as the online deposits the, being able to bank online, all that kind of stuff and were even more flexible again than that large bank, and that ended up being a good fit for me. So just wanted to share that since that is new. Since the last time we talked and I didn't really know what I was looking for in my new bank until I went through this experience and that really helped me realize. Okay, we all know if you're going into private practice, there's a reason that small, we want people's support small businesses like us, and it kind of took me back to my roots, which is good.

- [Alicia] So thank you, Dr. Link. I'm actually gonna flip back for a second, cause number one, you did an amazing job reviewing that and we don't have to listen to it on half speed in order to understand what you're saying today. So I think sometimes hearing it a second time can make a really big difference. And like you said, we've had so many changes since COVID came around, that I don't wanna dwell on it too much in hopes that maybe this webinar series last longer than the COVID pandemic, and people will go back and listen to this and two years or five years or 10 years, or maybe I'm just being optimistic. And I wonder what COVID really is, but I do wanna share a couple things that I found through the banks when I was looking at it. And I had the exact same experience that Dr. Link had, related to credit unions. The couple that were in my area just didn't work with small businesses at all. And so like Dr. Link mentioned,

they're really great for maybe home equity, lines of credit and car loans, they're fantastic. But when it comes to business, they were not an option. I also had a really unique experience from what I would call a medium to large size bank. So this is a well known national bank. So again, it could be medium, could be large, I don't think of them as one of the kind of New York stock exchange banks. But what I did find is that when I went in and I spoke with them, initially, they kept telling me that they were all inclusive and anybody could come in and they would always be willing to help me. And I had really good personal interactions with that. But when I got to the point of actually looking at their numbers, their interest rate was so unbelievably high. And I don't mean a little bit, and I don't even mean double, I mean, more than triple what the interest rates were at that point in time. That it was absolutely unfeasible and unrealistic that anybody would ever bank with this bank when they were working on a business. And so looking at some of those things, when you think that a bank is going be very helpful for you, they might seem really great and all inclusive, but when you actually look at the numbers, they are not.

And like Dr. Link mentioned in terms of the large banks, I found with my example that, when I spoke to them, they wanted a million dollars of cash or assets in order for me to just start talking to them. And they wanted me to have been in business for more than one year, to show that my risk was low. Which seemed absolutely unrealistic because I was coming in for a new business loan. So having one year of business experience was unrealistic and having a million dollars lying around in cash or assets, even looking at what my current home was worth, and what some of my personal property was worth, was just very eye opening to me, for lack of better terms. And I was banking with that large bank as my personal bank, and so I thought they'd be a little more flexible, but they proved me wrong. I did go with, what's considered a small community bank in my area, and I have found again through the COVID pandemic, that this has been somewhat difficult, because the bank has a lot of reduced hours because they have obviously social distancing. They're not bringing people into their branches, so you can't walk into the lobby, you can only use the drive through which wasn't a big

deal to me because I was only driving through anyways. So I would glove up and I would go through the drive through, but their hours were quote and quote banking hours during the COVID pandemic, which, and the state of Maryland is still, we're still in a safer at home restrictions. And so when I go to the bank now, if I'm not there before five o'clock, I can't utilize any of their systems, which seems as a private practice. If you look at my hours, I'm not working until five o'clock, but let's be realistic, we're all working all the time especially if you wanna go into a small, private practice ownership. And so there were oftentimes that I just couldn't make it to the bank by 5:00 pm, and they didn't have mobile deposits for businesses. Now thankfully they did switch that and they did provide some mobile deposit assistance, but they're charging me $3 a cheque to actually deposit things through my mobile account.

So that also seems completely unrealistic to me. And everybody who's doing any type of insurance billing, knows that we're not getting paid a ton of money by insurances for diagnostic services. So then turning around and having to pay $3 to put something into the bank, isn't gonna be a really great option for me either. So that's was my experience when I was working with that small to medium community size bank. I also wanna comment and we'll get into this a little bit more about the SBA, the Small Business Administration. And again, we heard a lot about them through the COVID because they are doing some really great things, and thankfully, I am able to benefit from some of it, but they do have some really great loans through their process. And so there are different loans for different reasons, and you have to find which one meets with you or which one matches what you might be doing in your practice, but local banks love when you are SBA eligible. And the reason why, is that the SBA is actually going to fund up to 75 to 80% of the funding that you're asking for in terms of a private practice. So your risk to that bank, if you fail, went from 100% to 15 to 25%. So when they look at you as somebody to lend their money to, you look much much better because they know if you fail, their risk is more minimal. And so part of that is based again on the funding and what loan you qualify for. So I happen to have a seven a, seven alpha fund, and that would have provided me funding up to $5 million. Now I

didn't qualify, I don't think, and I didn't ask for that amount of money, but they do have different rates. So in the Seven Eight program, if you borrowed up to $150,000, SBA would guarantee 85% of it. Actually borrowed more than that. So you'll hear a little bit more if we have time. And so above $150,000, the SBA guaranteed 75% of that. And that's where I actually fell with my loans. And the nice thing about it is it's a 10 year repayment system, which if you're looking at your student loans, maybe have a 25 year repayment system, 10 years actually I feel is very generous on the payment side. So that's been very helpful for me. The collateral was also based on the funding in terms of what I had to put down, so that was nice. And my turnaround time was extremely fast with SBA. So you could do things, some of these loans are literally completed within a day, a business day. So if you can find the right partnership between your bank and the SBA, it can be a really advantageous area for you to go down.

Now, if anybody knows me, you know that nothing I do seems to ever be done easily. And that's because my partner in life happens to be a government employee. So turns out, when I met with my bank, they all learned that I was SBA eligible. And that didn't mean a lot to me when they first told me. So once I started researching it and they found out I was eligible, they went through the process and I was approved for the SBA loan very quickly. The problem was because there's always a problem, the problem was, my husband worked for the federal government. Still works for the federal government, thankfully, but because the SBA is a government entity, and because he works for a government entity, one of those had to sign off on the other one. So the government had to sign off on the government, funding me money. Now, if any of you have tried to get the government to do anything, you know that number one it's extremely difficult. Then put them on a timeline, that's even more frustrating. And so this entire process, I was essentially out of the loop because I couldn't go to my husband's employer and say, hey, I need this, do this, fill out this paperwork and go here. And he was trying to be the message person, but then he would take it to somebody and they'd say, well, we can't sign that. That has to be signed by so-and-so and he'd take it to them, and they'd say, well, we can't find this, that has to be signed

by so and so. And this entire process took, oh, I don't know, three to four months before we could get the paperwork signed off on. So finding the right bank, finding the SBA is great. I would point out there are going to be some nuances, and if it doesn't come in the form of the SBA loan, it's gonna come somewhere else. But just be forewarned, that you need to be really careful and expect that things are gonna take significantly longer even than what they tell you, so that you're not disappointed in the long run. So with that being said, there are alternatives to the banks route. And so Dr. Link alluded to this a little bit earlier, but they have what the banks will often call FFM, which is Family and Friend Money. So it's not a terribly exciting acronym, but you will often hear it referred to as FFM. And we're gonna dive into each of these a little bit more. We're also gonna talk a little bit about hearing aid manufacturers, because obviously within audiology that's a really big prevalent option. And then we're gonna talk a little bit about the buying groups, which I feel like are sometimes are in unthought of realm when it comes to financing a practice.

So let's dive in. When we talk about FFM, which is your Family and Friend Money, it's exactly what you think it is. You are getting some type of money, whether it be maybe a loan or what would be considered a grant, maybe something that you don't need to pay back, from family or friends. And so obviously this is, has some really big advantages because these people wanna support you, and they wanna support your business. It can be very helpful because they have a little bit of knowledge about the profession, but they've probably seen your passion as you've started going through this process of opening a practice. And you can probably corner them pretty quickly so that you can get a response. It's not like me having to go through my husband, having to go to somebody that's not the right person, to find the right person to actually get a signature. So if you need to corner them at the dinner table, that might be a really quick and easy response for them. The response could be no, but it would be a quick and easy response. It also can be very helpful because you might have this really low interest rate. And so when you look at interest rates, which depending on what you do, if it's fixed, or if it's variable, it might be a combination of both. And, what's consistent

within medicine, which audiology doesn't necessarily fall under is usually somewhere around 8%, one, two, three, four, five, six, seven, eight, so 8%. So a lot of times you might be able to get some FFM money with a much lower interest rate if you have an interest rate at all. Obviously the disadvantages is that if you fail, you're gonna see those people who gave you money every single time. You have a family event or go to a picnic or walk into your front door. Sometimes, especially if family members are various stoop business or economists or accountants, or they think they are, they might want to help you with some business decisions, and so that can get very awkward. If you have one idea for practice and they have something different, or if they don't think you're spending their money well enough, they might want to help or direct you in a way that you're not comfortable with. And oftentimes there's a lack of actual contracts when it comes through this.

So I'm not really one for judge Judy, but I feel like she has some pretty good examples if you were to just turn her on and watch her three or four days about people who have won family and friends money, and what happens when they don't get paid back, or when they're not paid when they think they are, or they thought they were gonna get interest and they don't. In my situation, I had, I used some family and friends money when I needed a really big lump sum to purchase my condo. So I think as I've mentioned in the past two presentations, I did purchase the medical space that I am in. It's in a professional medical building as part of a retail center. So our building is primarily owned and that is the goal of the suites in the building. But with that, I have two loans, both a practice loan and a mortgage, essentially both through the SBA, thankfully with that seven a, but when it came to the mortgage side, I needed a couple of $10,000 worth of cash to put down on the mortgage. And that wasn't something that I had initially planned, for the big lump sum, partially because I wasn't initially thinking of actually buying my space. And so the day that there was sprung on me, I had a meltdown and I cried and anybody who knows me, I cry more out of frustration usually than anything else. And I remember calling my mom in tears and she just said, well, how much do you need? And I told her this five digit number. And she said, well,

it's okay we can do that. Not a big deal. I can get that to you by the end of the week, is that fine? And of course I smiled through my tears and said, of course it's fine. And so I'm very indebted to her and where that actual money came from was from another family members inheritance, to actually help me with my process. So never rule out those FFM members because they can be a very good crutch if and when it's needed especially in a very short turnaround time. When it comes to the hearing aid manufacturers, there are a lot of built in advantages with hearing aid manufacturers. And part of it seems very easy to understand because you're not having to explain to a bank lender or a finance person or an accountant, what is audiology. And know why it's not necessarily like optometry. And know why it's not like dentistry, and know why it's not like chiropractics, and no, it's not just like a private practice medical physician. And so having that built in knowledge can be extremely helpful when you're working with manufacturers. The manufacturers are also very aware of the risks and benefits that come with a new audiology practice.

And they're not afraid of us, which is fantastic because as Dr. Link mentioned, and as I alluded to, some lenders are very afraid when you're doing a startup and because they don't know audiology they're even scared because they don't hear these great success stories. And we can probably think of three or four or five phenomenal success stories of people who went from nothing to extremely successful, however you define successful in a very short period of time. And so having that background can really help you save some of your breath and trying to explain to people, why they need to fund you, when you're looking for that funding. That being said, and this can be a positive or negative. So I apologize. I actually wrote it in the disadvantages and may in, you might think it's an advantage, but based on my business model, this isn't necessarily how it fell down. So I apologize. This should say it's a neutral often, depending on where you go. But a lot of times the hearing aid manufacturers are obviously gonna help you focus on your hearing aid device sales. And they have very certain KPIs, which are your key performance indicators that they are going help you work through. And so you might have a really great relationship, or you might have

somebody who has a very strong want for you to succeed, and they're gonna be helping you in terms of device sales. And let's be realistic in a lot of audiology practices. You are actually making your business paste on the sale of a widget. And so if that is your goal and you are very good at it, that's fantastic. And I know lots of audiologists who are, but the hearing aid manufacturer might be a great partner for you at that point. That can also be helpful too, because you could actually repay some of your lumps or you could actually repay your monthly repayments with the unit sales that you're doing. So you might have the option of doing a cash repayment. You might have the option of doing a sale repayment. If one word of warning, if that is the unit commitment repayment, you need to be very careful because in the first, let's say maybe three to 12 months, depending on where you are and if you're migrating any patients over, you might need to sell seven binaural units.

And if you only have two or three people coming in at the very beginning of your practice, you might end up having to buy some of that product and that habit sitting on yourself which could be helpful for those same day fittings but it also means that you have stock sitting on your shelf. And so for me, I get a little bit nervous with that, but for other people, it's the best thing in the world. And when they don't have stock, they feel really out of it because they're so great at doing those same day fittings. The end of the lending term, whatever it might be with a hearing aid manufacturer, you may not have a buyout option. And so you wanna be really careful when you're looking at this and that's often true with these manufacturers. Well, all of them have a retail arm, but when their financing is more on the retail side, you wanna make sure that if your goal is to be 100% owner at the end of whatever that lending term is that there's a buyout option and that you're not tied to them as part of a franchise moving forward. And if you do want that, then you need to make sure that's written in there as well. What I learned when I was looking at my funding initially from Dr. Tom Goin who's up in Pennsylvania, as he looked at me one day and he said, Alicia, if everything were 100% equal with a patient. Hearing loss was equal, the patient needs where the equal, everything was equal customer service, every single thing was equal. Who is your

favorite hearing aid manufacturer? And they didn't want my answer. And I don't want your answer either, but who is your favorite manufacturer if literally everything was equal across all five slash six payer manufacturers right now. And whatever your answer is, that's who you start looking at for a hearing aid manufacturer if you're gonna explore that route. Because you wanna be very comfortable knowing that you can work with that company for the next five, seven, 10 or more years, if you're going down that pathway. So the last group that I really wanna touch on will sound very similar to what we just talked about, because we're really talking about audiology buying groups. And this is not to be mixed up with some of the audiology management groups, which could be a buying group and could not be a buying group. But again, very knowledgeable about the profession. A lot of these things you're gonna see are very similar. They want you to succeed again, your repayments could be in cash or in unit prices. The big difference with the audiology buying groups is they will often focus more on the business and not just your device sales.

So when it comes to buying groups, a lot of these buying groups have different branches where they might have a marketing branch. They might have a business development branch. They might have an equipment branch. They might have an accounting side, so they could have a lot of things rolled into one organization that could help you when it comes to the start of the business. So that can be a very big advantageous side because you don't have to go out and look for all these different professionals to work with, they're all working together. They're all helping you on the same page and they want you to succeed. The obvious other big thing that comes with a buying group compared to hearing aid manufacturer is you're gonna have more than one hearing aid manufacturer to work with. So often times these buying are working with at least three or four, if not all five to six, seven, eight, nine, 10, 11, 12 hearing aid companies, depending on how you classify them in terms of who owns what. And sometimes they're also gonna have cochlear implant manufacturers as a partner as well. And so if you really feel like you can't choose that favorite hearing aid manufacturer, or if you really say I am all over the place, all of the time, the audiology

buying group might very well be the one that you wanna start working with. And I would say, as a closeout, before I turn it back to Dr. Link to dive into the next point, you don't have to pick one at the start and only go down that Avenue. It's very common for people to look at a bank funding, to look at a hearing aid manufacturer, to look at a buying group, and maybe look at some other form of funding and explore all of those options as you're moving forward. So don't feel like you have to pick one, and then you're gonna get stuck. Feel free to take your time, explore it because finances are such a big deal. You wanna make sure you're comfortable, but that means you need to do a little bit of that back work and maybe put a little seed money in while you're exploring these avenues. And then you're finally gonna have to make a decision, but it doesn't have to be on the very first day.

- [Christie] Alicia, I'm glad you made that segue 'cause I was gonna say the same thing. Not only do you not have to, you know, you can explore all those options, but there's gonna be an alternative later as well to be able to change. It might be a little expensive, but as the longer you're in business, the more people wanna do business with you, right. So say that you can't get alone in the beginning that does not mean that one, two, three, four, five years down the road, you couldn't buy out your own loan that you already had with any of those lenders or switched to a different lender. And you might have to pay again interest on that. But if that's something you feel strongly about, if you feel like that partnership is not working it is really interesting to see what comes down the pipe later. So keep in mind, you might be using a little bit of all of these things. That's for me anyways, how it ended up shaking out. But also that you can possibly change it later as well. So just knowing that that's a potential, I feel it's still a big, it's a big ass, it's a lot of work to get all these together. And I think in the beginning it's so complicated. There's so many things that you're trying to figure out that it's nice to have one simple option, but if you're able to wrap your head around doing a little bit of everything that also can sometimes give you more flexibility down the road. So, and other alternatives to loans are grants lines of credit in angels investors. So let's dive into these categories. All right, so who does not wanna have grants? Right, I feel like

this is something that everybody would like to have, right. Grants are free money. But when you get free money sometimes it's going to come with certain requirements, right. and it's gonna usually be for certain groups and it's gonna probably come in smaller quantities, right. So again, getting financing is a lot of work. And it's all about how much you put into it, right. What you're gonna get back. So if you have the time to dive in and go for it, I think it's a really, really great option. So where can you find grants? Google of course. But also really looking at the local level, right. People wanna give money to people that they know that are going to support their own community, right. So looking at your city, your County, your chamber of commerce you can look at the big SBA, but also the small business development centers that we've talked about the last couple of talks that we've given, right. They're gonna be a little bit more locally. And even our audiology organizations, right are going to have some of this capital that they are willing to invest in you.

And that's not only for these grants, you know, getting funding, but it's also practicing it's practicing sales, right? You were selling yourself to all these people and marketing, right. Even if they don't give you the loan, particularly if it's local now they know about you. So I think it is worth the time to look into to see if you can obtain it. And if not, you might at least to market yourself. So there's different kinds of grants. So we've got the locally owned, right. And that's, again, they're gonna wanna invest in someone that is also investing in their community. As audiologists, right we don't have a lot of diversity and I think we are in a new route where we're working on that, but we are definitely a woman kind of dominant field. So there might be some really unique opportunities for audiologists in particular, right to get some of these women owned grants. When it comes to minorities owned right, it's not just based on you know, ethnicity, but also veterans, there is a lot of veteran loans that are out there. And also not just loan, sorry. There are a lot of veteran loans particularly, but also grants. And I would absolutely recommend looking into that if you are a veteran. And then finally the development side. So with COVID and everything coming on, I think all us business owners have been looking, you know, where we can get help. And I've been interested, ever been

surprised, like even, I think FedEx and Verizon, you know, a lot of these bigger companies are trying to help keep their customers alive, right. And so they're gonna invest in you particularly if you have a good story to tell, right. Are you serving a community that is underserved? Are you going into a place that has really great need with very little access. So really taking the time to look and see what's available is a great place to start and it could help you again, as we move on in our fifth and six part of the series, kind of looking at that marketing side too. So definitely would take some time to look at these as options. All right, moving on to lines of credit. I will say I don't own a house. So this is something that I think a lot of people who own houses probably know a lot about. So this was kind of something new for me. And we can have unsecured or secured lines of credit and we can have open-ended and closed lines of credit.

So what is an unsecured loan or line of credit? It is one that is going to really be based on your credit history, right? There's not gonna be any assets that are gonna be taken into place, and it's gonna be harder to get, if you are a startup. You know, you can absolutely go for it, but really for those unsecured loans, they're gonna be a lot easier to get if you've had been in business for two, three, four years versus a new startup, but again, explore your options sometimes, you know, people surprise you and that might be an option for you. But just keep in mind that will be you, it's gonna be a little harder to get as a startup versus an established business. So for the secured loans this is gonna be easier to get if you have assets, right? So if you have a house, right a car and a spouse, right? All those things are gonna help you have assets, right. So they're gonna look at that income of your other spouse, right? They're going to look at yours, which is gonna be questionable 'cause you're doing a startup and those other assets that you have. So this is gonna be a little bit more realistic for you to get than that unsecure option. So you can get open-end and closed end lines of credit. So open-end, I mean, the one that I think most of us are all familiar with is gonna be a credit card. So you know how much you got, you're gonna have that access to every month. You know that it's gonna have a higher interest rate, right if you don't pay it off in full

but it's pretty flexible, right. And you could spend it on whatever you choose, right. Obviously if it's a business expense that needs to be spent on certain things to be taxable, but working to the taxes later, I should say. But that is kind of the best example I can think of. A close-end is gonna be a fixed amount of money for a shorter period of time, right. So I didn't say that open-ended it's each month. You have a certain amount, but close- ended it would be more like a car loan, right. So it's going to be short term pretty planned out fixed amount of money over that short period of time. And then it's gonna exit, it's gonna end it's closed. So this can be nice if you need some capital for maybe a build out or repair. Those are gonna be usually pretty predictable. I shouldn't say that with like a repair in a building, but at the same time, that's what that's gonna be more likely to be used for. All right, angel investors. I'm sure a lot of you guys have heard of shark tank.

So when we look at angel investing, this can be from a individual like a shark. It can be from a group of individuals or it can be crowdsourcing. With angel investors, right they are making, taking a big risk hoping for a big return, right. So when they give you these funds you know, they're, it's not a guarantee that this is going to work. They're really investing in you as a person in the hopes that they're getting more back than what they put in. So when you look at angel investors, which is very typical, I believe for you know, more of these corporations type businesses you're not gonna be a hundred percent owner anymore. So we talked about that family and friend influence, right? If you take one of those loans, these people are also gonna have quite a bit of influence 'cause you're using their money as an investment versus a loan, and they wanna see that money back and they wanna see not just any money, but you know, it can be up to 25%, you know, of that fund coming back. So when you pick your angel investors, they're picking you, but you're also picking them. And you need to make sure this is someone you feel comfortable with continuing to work with down the line so that you can build the practice that you want taking their concerns into consideration. So business partners, right if you are investing with someone else that could be a business partner. So say it's two audiologists going into it together. If you're bringing in angel

investors, right, that would be another partner that's gonna be helping again, make some of those decisions. If you're bringing in family investors right, again, they're gonna have more say in your business, so you may want that, right. It's could be, Oh, these people are giving me assistance, helping make some of these tough decisions, but you may also at some point say, okay, I've learned a lot. I don't want that influence anymore. And now you've got all these other voices that are kind of guiding that practice along. So you just wanna make sure when you pick what your financing is gonna be, realize that all of these people have somewhat of a say depending on the terms and you really wanna get familiar with that before you sign anything. So that way you can build the business that you want.

So let's talk about some self-funding because whether you like it or not, you're gonna have to self-fund some of this. And we talked a little bit about seed money, and that is a form of self funding. But again, you're probably gonna have some type of down payment. You're gonna have to do some type of purchasing before the initial lending lumps on this provided to you, or you're gonna need to purchase things outside of the funding that's actually being offered, regardless of how much money you ask for. So there's always ways that you can self fund. And the best thing about the self-funding is that the boss is always right. And if you don't get that, it's because you are the boss. So when it comes to self-funding, you're putting in the money, but you have entire say over that. So as Dr. Link mentioned earlier, the downside to self-funding is that if the business fails, nobody's gonna share in that failure because it is your actual investment that goes in. So thinking about different self-funding options, a savings is probably the most common. So as you are thinking about going into private practice, the more you can save the better it's going to be. You're gonna need some sort of savings to start paying the first six to 12 months in terms of your lending. And you're probably gonna need, again, a little bit of seed money, and you may even need some form of down payment or assets or whatever that might be. So the big thing was savings is that you can get some savings for the initial investment when you actually open your doors. So on day one, when your doors are open, you're not gonna be 100% profitable. You're

probably not gonna have a full schedule, or I should say, if you do, it's very rare and you're gonna need some type of funds to actually reinvest into paying your monthly interest, to pay your loan back. And sometimes that's gonna be self funding. So while your bank might build in a little bit of cash to help you through that, I say that when I started, I was profitable while it was break even right around 18 months. Now I do have a very different business plan, but I was a break even no, I was break even about 10 months, but I was profitable about 18. So between day one and month 10, I had to figure out how to put some money into the business because my income was not meeting my expenses. And that's when the savings came into hand. Another thing is that you can look at stocks.

So I realized that, or hopefully we're all saving for retirement or hopefully you're maxing out your IRAs or your Roths or your 401ks or your 403Bs or whatever you are eligible for. And while the financial advisor is never going to tell you to take things out of your retirement unfortunately, sometimes you do have to do that because if we think of a private practice, the private practice is also part of your retirement. And so some forms of stocks can be transferred into cash, much faster than others, and some with less penalty rates than others. But if you have some money that might be, even if you take a very big hit on it, which I know some of them you're gonna take up to 50%, but when it comes to failing versus being able to continue, that might be again, the realistic option when it comes to you and Dr. Link made a really good point before she doesn't have a house, she's not currently married. You know, some of those things are all on herself and so stocks could be even more important at that point if you don't have finances coming through a partner's income or things like that. When it comes to inheritance, obviously this is pretty simple to understand, but unfortunately, a loss of a family member, a friend, whatever that might be could mean that you have a large lump sum of money coming in for whatever you decide to put that money towards. And that could be really helpful in those situations. Now, clearly I'm not advocating that we should lose any of our family members, whom we love very much, but I'm just saying that that is an option. And I alluded to this earlier, actually had a very close family

member who is like a grandfather to me when he passed away, my mom became the executive on the estate and so the day I told you that I was crying, talking to my mom, she said, it's no big deal. Uncle Jim and I have the money. Well, uncle Jim had been gone for, Oh gosh, you know, eight years at that point. But it was like, no, no, we have an inheritance. This is what it's for, you'll repay me. But I didn't have any interest. So that was really nice. That's where the FFM came in, but was that inheritance that really pulled me through that. When it comes to credit cards, credit cards get a bad rap. And I understand why, I mean, nobody wants to carry a debt on their credit card, but credit cards can be a really fast way of getting some funding for a short term thing. And so I'm not gonna belabor credit cards because most of us know how they work and we have them and we're using them perhaps. But obviously the downside with the credit card is that there's a very high interest rate if that monthly payment isn't paid back in full.

So you're gonna have a loan limit it may or may not get you to what you need. So if you're trying to buy audiology equipment on a credit card, it's probably not going to allow you to buy an entire practice worth of audiology equipment on one credit card. Your loan limit is probably not gonna be that high, but excuse me, if you simply need a new Saruman pump or your, I don't know, hit box goes out something like that, that's when a credit card could be a very nice advantage to get that immediate funding when you need to pay for something in full and then you can pay that back, knowing that your interest rate is gonna be a little bit higher. I do have a quick side note when it comes to credit cards. And I don't know if Dr. Link's gonna kind of dive into this a little bit later on in her slides, but I highly recommend you have at least two credit cards for your business. You need one, and this is gonna sound really premature. But when you are initially starting looking and going through some seed money, I highly recommend getting a separate credit card, at least just to separate those expenses out. So you may not have a business name yet, which is presentation number one, in case you missed it, but put it in your name and start to track all of your expenses on that credit card. And I recommend two per business. And so I would mix them between the credit

card company. So we know there's four main ones, Visa, MasterCard, Discover, and American Express. I would get one of two of those. So currently have a visa and I have an Amex. Not everybody's gonna take American Express, not everybody's gonna take Visa, etc, etc but I have different credit cards for different reasons. And so it was very easy at the beginning stages because I opened my credit card about two months after I formed my business, which I wish I had done a little bit earlier, but I could very easily for tax purposes, track everything that was related to the business because it was all on one credit card. And now I currently have actually have three credit cards for the business, but I use two of them on a regular basis. One of them includes everything that is tied to a patient. So anything that could have PHI on it, it goes on one credit card. So this is all of my ear molds. These are all of my hearing AIDS. These are all of my accessories and anything related to a patient where a patient name would be assigned to it. And the reason why I do that is because I know if something happens if that credit card gets hacked, if a company gets hacked, whatever it might be I know anything related to PHI is on that one credit card. And so I feel very, I feel more secure knowing that I could cancel that credit card and open another one or change that number very quickly.

So it's something happened to it related to PHI. My second credit card takes care of everything else. It has my Oak tree account and has my Verizon Comcast bill on it. It has my cell phone bill. It has office max. When I go make copies of things, it has WB Mason when I order paper, whatever it is, everything else is on that second credit card. So that credit card gets annual or monthly charges, reoccurring charges on it for the phone, the fax, the EHR, everything else. But again, my PHI is all separate and I don't know why that makes me feel better, it just does. So at the beginning, you might just need that credit card that has where you can put everything on it because you're not ordering hearing aids or your ear most specifically for a patient. But again, you might think about opening that second one. I will also mention that while not necessarily in the lump sum of credit card, there are some credit institutions that will also provide some form of funding. And the best example I have for this is PayPal. PayPal offers up

to $50,000 in terms of business loans to businesses. So unfortunately you do have to have the business going, but very early on before I was even really seeing patients, I had the option of applying and I was pre-approved for a PayPal loan. I didn't end up using it. So I can't walk through those kinds of ins and outs with the PayPal side of things, but it can be another really great Avenue. Should you need some funding and maybe credit cards are your cup of tea, or maybe some of the other options aren't giving you as much money as you need and you're gonna go another route. To what? Okay, I'll stick you there. All right, I'm gonna hit the next one, Alicia. All right so what Alicia was really alluding to there? Let's read her record keeping, right. And so I will say, especially for my Dave Ramsey fans, I know that credit cards are a no, no. And that's fine. There are different ways to do it. I think what the advantage was that each of us found, and I wish I would've gotten that business credit card sooner was just in the very beginning.

So if we go back to slide one, right, when you are figuring out your business name and figuring out what kind of business you're gonna establish, and before you create the with the secretary of state you know, establish your business as an LLC, S-corp whatever you're gonna pick there are costs in seed funding that you're going to pick up and you just wanna make sure that's separate so that you can know what you paid for. And it's not gonna be immediately something you're gonna have to deal with, but later when taxes come into play, you're going to be able to have those factor in to give you lower taxes. And that is a big deal particularly as a business owner. So before you have set up your business, right, you can't set up a bank account for it. And so that's just kind of where for her and I, we found having a credit card, even if we paid it off every month, right. It just helped us say, okay, this was a business expense. This was personal. In the beginning, it's kind of hard. It's like, what, what is it like is this personal is a business and you get much, you get awesome at it as you keep doing it, but that is where we found that advantage. And for me personally it took me about a year of kind of planning the business before I established it as an LLC. And so I did not take the best records moving forward. And so I could have done that again, having a separate

credit card, having a separate bank account, right? You could, you can write checks and debit stuff out of that specifically. That would be a totally fine way to do that, but you just wanna make sure you take good records. We talked about your teams, right? So as you're going through this process, if you, you know, get a little bit into it, I would hire on an accountant sooner than later just to get your bookkeeping started. Or if you feel like you can do that on your own, perfect. But you are gonna need to start bookkeeping before you even have a business, essentially that again comes to this record keeping process. It is super expensive in the beginning, right? As you're getting everything purchased, it might all again be before you even establish that business. And so just make sure you take those records so that it does not bite you in the butt later.

- [Alicia] So I apologize. I'm over here speaking on mute. So I hope you all can hear me, if not, I know a good audiologist, but when it comes to your startup costs, and this is a great comment, I see it just came in from an attendee. Your initial costs for the startup of the business is gonna vary, vary, greatly, depending on how you decide to go through. So the first one and probably the biggest costs you're gonna have is related to your office space. So I mentioned that I bought my spaces clearly more expensive because I did buy, but if you're renting, that's gonna be a little cheaper and also your square footage. So you really have to make the decision do you start small and keep your costs very contained? Or do you start with your end goal in mind, knowing that you're gonna be paying a lot of money for space that you may not necessarily be using right away? So that's a decision that you have to make, but rent is gonna be one of those biggest things that comes into play. The next biggest one is probably gonna be your equipment. And again, I'm smiling because I do see the comment coming in and same decision you have to be. Are you buying all of the equipment that you need for your end goal, even though it's gonna change, or are you buying the minimum necessary of what you need. And then you plan on expanding as you go through services. So most people are gonna need an audiometer. That's probably not negotiable, and you're gonna need some computers, but maybe your goal is to do

have a cerumen management, area, kit, studio, whatever it might be. But that being said that you're just gonna start with some basic disposable Bionics curates, and then you're gonna expand into some stainless steel options. And then eventually you're gonna get a suction pump, and then maybe you're gonna get an irrigator. And then you're gonna get a recliner, maybe not the recliner for wax, but you're gonna get a professional barber chair with a pneumatic up and down to do that. The other thing related to equipment is that you can buy new, which is clearly gonna be more expensive or you can buy used.

And so you can find some really great use deals through buymajyoski through the audiology, happy area marketplace by contacting your local equipment person. You can often find used equipment at a very good price. And I would suggest that if you're gonna go that route, you also look at some things when you have trade shows going on, or when you have national conventions, because the equipment promos during that time can often make things almost as cheap as buying or renting if you're going through some tired of hearing aid manufacturer or buying group if they have a renting type of program for the equipment. Obviously the employee still needs to be paid. Other than you, as the owner, everybody's going to expect a paycheck regardless of how nice you are, how great you think the practice is gonna be. So I would highly recommend if you can get away with it, start small. This is gonna help for a lot of different reasons. Number one, you can pay yourself as much as you're bringing in which at the beginning is gonna be $0 but the employees have a lot of costs that come with them, not just the salary, you're gonna need unemployment insurance. You're gonna need perhaps disabilities. You're gonna have to be paying taxes. And again, we go into some of that in the second webinar that we did back in pre-corona time BC. But I think that was in February. So those employees have a lot of underlying costs with them as well, besides just their salaries. The other advantage to starting on your own is that when you are the only person, as I often used to say, I clean the toilet, I see the patients and I do the billing and coding. You're gonna know every single thing intimately in your practice. And if you've ever read any of Michael Gerber's books,

which I highly recommend his big one is the E-Myth Revisited it's very fast read, but unless, you know, every single thing that's going on, you're not going to know how to make it better or how to improve it, or how to catch something if something's gone wrong. So that being said, being the only employee, at least at the beginning can be very beneficial. And then again, when you look at your services, I realize an audiometer is not free, but when you look at, or when your lenders ask you how much you need for your equipment, and you tell them what the cost of equipment is, sometimes they laugh at you because the dentists have an X-ray for every two rooms that, or maybe every single room you're not buying an MRI. Some of those equipments for the services that you're providing are gonna be very cheap and I realize I just mentioned equipment when it comes to services, but think of services outside of the box too. Do you really need an office space? There are some great business plans that I've seen shameless plug through the ADA student business plan competition related to some of these up and coming early career professionals, doing mobile services, doing only telehealth services, doing kind of those concierge type of things, especially with musicians and how they're mimic and some of her things that she's doing this space, she just eliminated that office space. And so that can be a huge savings when it comes to your startup costs.

So when it comes to a business plan you're gonna have an entire section that's gonna be to the finances of your business plan. And one of them is gonna be your initial list of expenses. And this is gonna be probably the one thing that your lenders are gonna flip to immediately. And so don't think they're ignoring you, but this is what they really wanna see. So your business plan should include all of these different breakouts in them, and you need to make it very easy to find and very easy to see. And I will say, I'm not an MBA. And I learned a lot through this, even being a minor in math in my undergraduate days, but this is really something that if your business plan is not strong in the finances, you can just kiss financing goodbye. So if you need to enlist help, this is where sometimes Dr.Link mentioned an accountant could be very helpful. Maybe you have a family and friend that's an accountant, or maybe you have some

audiologists shout out to the one who's not on the call right now, but knows who she is that helped me with my finance section. So that being said, the list of initial expenses is what everybody's really gonna be looking at. And these are some of the initial expenses. I'm not gonna dive into them because all of you can read that will go into your business plan when it comes to the initial expenses. And so you have to account for all of these things when you're putting your business plan together. Even if you think, well, gosh, my salary is gonna be $0 million. Don't put $0 million in, put in what you think are realistic good first year, small business owner might make. And I can tell you, it's not gonna be six digits because they wanna know that you are actually gonna be compensating and you're invested. But then if you need that money somewhere else along the line, you can kind of steal from your salary and put it towards your equipment. If you're a little bit over, put it towards your telephone, whatever that might be. And the reason this is so important and I did pull up an example of something that shows kind of the list of initial expenses is because if you fail, the bank wants to know what can they sell off immediately to recoup some of their cash. So they really wanna look at it and know what can they sell? What is, what can be turned into cash. What's an asset that can be turned into cash and go from there. So these numbers are made up and but they're based off of my business plan finance section. And again, I just made the numbers up to kind of show the illustration.

- [Christie] I'm gonna cut in real quick Alicia. I will say for everyone, when you put the financial section together, you are literally making it up. So it is fun to look back and see what you estimated but you need to estimate and you need to go through that process to figure answers out and you'll be wrong. But anyways, just, I had a comment since you said making it up, cause really when you're a startup, that's exactly what you're doing. Sorry in fact.

- [Alicia] No, you're good. And that's a great comment too, is that we're not just making it up because we think, right. We're not making it up as I tell patients sometimes, right? This is a very educated guess, right? You're not just pulling numbers out of the sky, but

you do have to make an educated guess. But at the end of the day, yes, you are still kind of trying to predict the future, which actually leads into my next slide. And I have written down here as kind of my notes that I wanna talk about. If I had a magic eight ball, this is exactly when I would use it because everybody always wants to know how much do I really need to ask for? And each person's business plan and philosophies and goals and services is gonna be entirely different and what you think you're gonna do when you're putting your business plan together, versus what it actually will be two years later is gonna be different. So don't be afraid if you guess, and you guess incorrectly because they say hindsight's 2020 and it should be right. It should be, you should be able to look back and have a better guest than what you did the first time around, but a couple of things to keep in line and these numbers of 30,000 and 175 actually mean something. And again, they mean something to me. I put this slide together, but when in doubt you need to overestimate.

And so if you go to a lender, they're never going to give you more than you ask for, right. That seems ridiculous, but they might give you less than you ask for. So if you overestimate and you get a little bit less, you're still gonna feel a little bit better. That being said, I had, again, a great mentor in the state of Maryland, Lisa Nelson, who is now a retired audiologist, told me whatever. I think I needed for my funding to write it all down every possible thing you can think of, write it all down and then triple it. And I thought, Oh my gosh, triple it. And she's like, yes, triple it and then put that in your business plan. Now the lender might go look at it but like I said, it's very hard to ask for more money if you wrote down a number rather than asking for less, if you need to trim things out. So startups have a lot of trade secrets. And so you'll start to see some numbers as I have written here, but I know of owners who are very successful in their startup, they did their entire startup for $30,000. And their goal was to pay it off in the first one to two years, which they did. And then they worked on expanding and buying new equipment and adding new services and going that route. I've also seen the majority of kind of quote unquote normal business plans are gonna run somewhere between 120 and $150,000 for their startup. On the upper end I think once you start

asking more for $175,000, people are gonna look at you and think you don't know what your numbers actually mean. And so 175 is really gonna kind of be your upper echelon of what you should be asking for. Now, I just gave you you a price range that's pretty big and you have to figure out what's best for you. If you're in Manhattan and you asked for $30,000, my guess is again outside of COVID, you probably can't pay your rent for six months. That's a guess I don't live in Manhattan. If you are in and this is a random example because I have no idea if you were in Bozeman, Montana, and you asked for $175,000, maybe you're building a house in addition to your private practice. I don't know that's a made up guess, but the point is you really have to do what you believe in.

Otherwise you're gonna fail and you need to have those numbers match what you believe in as well. And so coming up on the end, when you make the ask for lenders, most lenders again, know very little about audiology and you are truly the expert when it comes to this, but you need to be ready to explain everything and you need to be ready to explain things in terms of finances, as well as at a level of somebody who doesn't understand audiology, but understands financing and going from there. Whatever you do bring a double or triple or at least five extra business plans with you. When you're going to a meeting, it doesn't matter how many business plans I brought. I always needed more than what I had. So the day I brought five extra ones, I needed seven at that point in time. And don't have your own business plan with some notes on it 'cause you're gonna end up giving it away to somebody else. Confidence is gonna go a really long way in making for the ask because yes, they are looking at your business plan and realistically, they're probably only looking at your finances and of those finances. They're probably only looking at your list of initial expenses, but they are going to make a decision based upon your confidence. So don't be cocky, but you do need to be very confident in what you're doing. And I actually had my lender after we closed the deal and we went out and celebrated and had some drinks. And he said, we knew immediately when you walked in and sat down just based on how you carried yourself, that we were gonna be able to fund you because you had the confidence

there. So they didn't even care about my business plan they made that entire decision of me. And again, I have a very different business model. So just know that your confidence will carry you through a lot of things, which is why you have to be so, you have to believe in yourself so much more when you are the practice owner.

- [Christie] Alicia and I'm gonna quick comment on that too. It's been many moons since I've graduated from high school, but I still remember my high school. I don't know what you call that, the speech that was given was by a local pharmacist. And he said, the way that we got our business loan is when I walked in him and his wife were both pharmacists, I should say. And they asked for that bank loan and he pulled out the chair for her, right. And so that impression that you make it is what people are investing in. They're investing in you. I have a patient, so I've read, I recommend the book, the Pumpkin Plan. And so I went through and interviewed kind of my patients that I'd love to find their clones in the world to get to know them better. And one of them said, I believe in angels. And if you ever need angel investor, I'm there for you, right. And so those, you know, we have a relationship, right? That's what you wanna build with sometimes they're gonna come to you. You're not even gonna where they're coming from, right. Like this patient, I was not trying to get that. I was just trying to how he can make my practice better for him, right. And that was what came from that conversation. So think about if someone came to you and asked you for money, right? You've gotta be a good steward of that money. You've got to explain to them and make them feel confident, right. That this is what you need and why, and that you're going to get it back to them. So thanks Alicia.

- [Alicia] Sure, no problem. I'm glad you can jump in and I'm gonna be, I don't wanna end on a down note, but it turns out I'm going to. If you're an early career professional and I do recognize some of you, so shout out to those of you who wanna listen to me more after I've taught your class. If you're an early career professional, you need to take a long, hard look at your finances. And I don't mean related to a business plan. I mean, your finances in general. Dr. Victor Bray gave an amazing speech, presentation

last year at the ADA Audacity Conference so 2019, where he was talking about the student debt ratio and the debt to income ratio that we have as a profession. So we all know you're spending a lot of money getting your AUD degree, or you just spent a lot of money getting your AUD degree and that your income is not equivalent to other clinical doctorate and professions. When you enter the workforce or maybe even in your first five to 10 years in the workforce, or realistically until you are a private practice owner. So sidebar think about that when you start employing people, but these early career professionals and this might be you are having a very difficult time getting funding because you don't have a lot of credit or you don't have a high credit score. You don't have a good ratio and the banks are becoming very skeptical. And so, again, I don't mean to be the bearer of bad news, but I really want you to start taking a look at it if this applies to you. And so your first thing would be to go check your credit report. If you don't know how to do that, Google annual credit report pick a free one, but the higher your credit number, the better it is, you need to clean some of those things up. And obviously whatever you can do to have to make that debt to income ratio, more favorable, you need to do it.

So if that means paying off some of your student debts and maybe postponing and private practice, one or two years, that's gonna help you with the funding side of it. Or if that means maybe taking a little bit higher paying job, knowing that perhaps you're not going to be staying for 10 years so that you can build up some assets so you can get some income you need to look at the end goal as you're moving along their career path. So again, I don't mean to be the bearer of bad news, but I do wanna put that warning out there for any of you who are a ECP. So again, Dr. Victor Brays talk at Audacity last year is fantastic. And I'm sure if you reached out to him, he's at Salus university, he'd be able to help you as well. I'm not gonna dive into each piece of this because you kind of heard Dr. Link and I talk about it throughout the entire presentation, but this is essentially how my funding turned out. What, how much came of FFM, how much came from self-funding and then how much was my bank throughout the entire process? So Dr. Link, I think we deserve a drink because we

actually stayed within our 90 minutes. And at this point, I'm gonna turn it back to Christie, to go through any questions we might have.

- [Christie] Thank you, Dr. Spoor, thank you, Dr. Link. We do have a couple of questions coming in here with the last few minutes of our webinar time. The first one is from Angela. Angela asks, what was the name of the financial affirmation that you like? She has two toddlers running around and she missed it. If you would be able to review that.

- [Alicia] Was that you Dr. Link? I would be happy to answer that. I don't even know who was talking about that at which point in time. So Dr. Link, does that jump out to you or maybe Angela, if you can reach out to us via email, that might be a little bit,

- [Link] Yeah sorry. My audio cut out for a second. I was just reading the question. Angela, the book that I was talking about was called the Wealthy Spirit. It's just like one page a day for a year. I'm rereading it for like ever, I think. And yeah, happy to email that along to you too.

- [Christie] And we have, Let's see here, we have another question. Would you be willing to share any interest rates charged is one question that the member asked.

- [Alicia] Sir, so I'm happy to tackle that Dr. Link. I would say again, as mentioned most medical loans, which audiology typically doesn't fall under medical. Most medical loans if you get 8%, you're considered to be doing pretty well, those loans are typically gonna run between eight and 10%. My experience is that audiology is gonna run more around 6% in terms of those interest rates. So if you find somebody who's willing to fund you at less than 6% interest rate, you're doing pretty well. If you're at 6%, just to know that that's kind of the norm. And if you're going above that, then I would say you should probably re-look look at things because the information that I've gone through over the years has shown that the hearing aid manufacturers, the buying groups, and

most small business lenders are going to be right around that 6% or a little bit less. I can tell you personally mine's a little different because it's SBA as to how it was written out. And so I was just under 6% for a while, and then I bumped up to that 6% range. So I would keep the number six in mind.

- [Christie] Thank you Dr. Spoor. And one last comment from a member. Bradley mentioned that equipment costs can be decreased by buying used equipment. And then you can upgrade in the future when your financial status improves,

- [Alicia] You know, and I was actually gonna come back to that too. We talked about credit cards. I don't think you can get equipment on it credit. Maybe not, at least you can correct me, but usually that's gonna be cash on hand. So that just kind of triggered that. And I will say that is true sometimes. I bought a lot of used equipment and then moved in and my suite had a bunch of electrical interference. And so I had to, you know, again, this is part about being a startup, right? I thought it was gonna start on time, which is silly, 'cause that never happens. That is, that is not realistic. And so I had to go out and get all new equipment right after I had just opened. And so that is absolutely something that it, depending on what kind of practice you wanna have, that's a great research to look into and just keeping in mind. So, you know, again with Alicia saying, ask for three times what you think you need. I certainly had asked for more than what I thought I needed and I'm so glad I did, because again, I had to go out and buy all new equipment to be able to stay in the suite that I had just built out. So those kinds of things do come up.

- [Christie] Thank you. And that looks like we are a wrap in terms of any questions or comments coming through from our members. I'm gonna hand it back over to the both of you to close out the classroom. I hope that you all can join us next week at the same time for number four in this installment of the series.

- [Link] Thank you so much Christie. I guess I just wanna close out with a little optimism. I am an early career professional who went into private practice and the things that I have seen in the last couple of months makes me really inspired for all of you, if you want to get into this I think again, you need to know where your money's at, but also I've seen some really inspiring things come from early career professionals and you might have time now that you didn't have before and investing in your practices, also investing in paying off those student loans. So just kind of my last little 2-Cents there. Thanks everybody.

- [Alicia] Perfect, yeah. And I would echo that. I would say that through all of this pandemic, if you were still with us and you are on one and two and are now on three, whether you're watching live or recorded, you are definitely gonna make it as a private practice owner. Optimism is a key component and you have to be able to see the lemons or sorry you to be able to see the lemonade or in my mind, the lemon cello through the lemons. So with that being said just hang in there, know that it's a great time to be looking at this. And like Dr. Link said, you know, sometimes now is the best time to work on all of these backend things that you feel like you never had time for as we're working to it. I do wanna make a quick comment. I saw the last thing that came, the last question that just came in about used equipment. I highly recommend looking at some of the Facebook groups like the Audiology Happy Hour Marketplace is an option looking at Budmajesti, who I think, I hope I'm saying his name correctly. I think he's up in the Northwest side of Portland, Seattle type of area, or to contact your local calibration equipment specialist. Or if you feel like you don't wanna contact your local one, because an employer might find out that you're thinking about leaving, reaching out to a colleague who's not in your region to contact, to put you in touch with their equipment person can help with any of those non-disclosures noncompete type of situation. So hopefully that answered your question. If it doesn't feel free to reach out to us.

- [Christie] Actually we're gonna cover that in detail next time. So just check in next week and we'll get you all covered on not just audiology equipment, all that good stuff.

- [Alicia] Perfect, so have a great Tuesday and thank you very much.