



PLYMOUTH FAMILY CHIROPRACTIC CLINIC
Business Plan

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Executive Summary

The Practice

Plymouth Family Chiropractic Clinic will be opened by Dr. Andrea Hoglen in June of 2011. As a part of the Integrative Health Solutions complex, it will provide a much needed center of natural medicine that cooperated with traditional healthcare solutions. Dr. Hoglen aims to coordinate care with other doctors of the Integrative Health Solutions complex, to provide the highest quality care to the families and individuals of the Plymouth-Canton area.

Dr. Hoglen is a native to Plymouth, MI. She grew up in Old Village and attended the Plymouth-Canton Educational Park, prior to beginning her collegiate education at the University of Michigan. Despite many offers to practice elsewhere in the country, Dr. Hoglen has chosen to return to her family and her hometown, to further re-build the suffering Michigan economy

Dr. Hoglen looks forward to investing in the community. Her practice will become profitable within 6 months of opening, and can begin to invest further in the area. Not only will Dr. Hoglen invest financially in the community, but she also intends to start a number of complimentary wellness groups within the area, with the aim of making Plymouth-Canton a healthier and more vital community.

The Structure and Management Team

Dr. Andrea R. Hoglen will be the head of personnel at Plymouth Family Chiropractic Clinic. In addition to administrative responsibilities, Dr. Hoglen will serve as the primary clinician and patient care representative. Dr. Hoglen has over four years experience working as administrative assistant in a very successful chiropractic office, where she also served as the head of public relations and marketing. She was fully trained in insurance billing, coding, as well as medical records maintenance. In addition to administrative experience, Dr. Hoglen has abundant clinical experience serving in the Logan College of Chiropractic Health Centers. In addition to Dr. Hoglen, Plymouth Family Chiropractic Clinic will employ one full time chiropractic assistant, and one part time office manager.

Plymouth Family Chiropractic Clinic will operate under the organizational structure of a Limited Liability Company. Dr. Andrea R. Hoglen will be the sole owner of Plymouth Family Chiropractic Clinic.

In order to assist the growth and development of Plymouth Family Chiropractic Clinic, several individuals have agreed to consult with Dr. Hoglen on a complimentary basis. Donna Bank is the Director of the philanthropic division for Microsoft, Midwest Division.

Richard Jones, who is a successful small business owner, operating a lawn care and snow removal service, will be assisting Dr. Hoglen in matters of advertizing and internal referrals. Erin Caverczan, is a full-time mother and small business consultant, who works primarily consulting with massage therapists and other natural wellness practitioners in regards to office design and layout to optimize patient perception and therefore stimulate internal referrals. Anna Hnatuik-Dewey has been the full time head of marketing for the Players Guild of Dearborn for the past 7 years. Mrs. Dewey has agreed to assist Dr. Hoglen in the construction and distribution of print media advertising.

Industry and Local Market

Locally, the Plymouth-Canton, Michigan region supports 32 practicing chiropractors according to Chiro-Map. The continued growth of the Canton Community after the construction of Ikea, along with several other major businesses, has easily supported the chiropractic density there. Chiro-Map also reports the number of chiropractors to ideal population ratio is 1:1081. This ratio expresses the number of individuals who fall between the ages of 25 and 54, who is perceived as the ideal candidates for chiropractic care. Though this ratio is below the ideal ratio of 1:2500, it does not take into account Dr. Andrea Hoglen's target market which will include Mothers, Expectant Mothers, and their Children. It is well known in healthcare that mothers are the gateway to healthcare for the family. Mothers most frequently choose the doctors who will treat themselves, their husbands, and their children. In addition, females prefer a female doctor to discuss their health care with.

Chiropractic statues in the state of Michigan have created a base of chiropractors who are not fully board certified, and whose primary focus is "back pain". Dr. Hoglen is fully board certified in both chiropractic and physical therapy, and has clinical experience in treating with a wellness based perspective. This offers a wider array of alternative health services, including dietary counseling, weight loss plans, nutritional supplementation, as well as exercise programs both for physical performance and stability.

Uses of Funds

Plymouth Family Chiropractic Clinic will require \$30,000 to open. There will be an additional \$36,000 required as working capital to sustain the business through its first several months. Monthly operating expenses will range from \$10,000-\$14,000 per month over the first six months.

Sources of Funds

Dr. Hoglen will be obtaining a loan of \$55,000 through Grand Trunk Credit Union and investing a total of \$11,000 from personal savings. The loan obtained as a 7-year loan at 6.50% interest and will be paid in monthly installments. The monthly payment for the loan will be \$816.72, which will be paid monthly for the complete term of the loan. This payment amount is included as a monthly expense in the attached financial worksheets.

Management Structure and Ownership

Management and Staffing Plan

Dr. Andrea R. Hoglen will be the head of personnel at Plymouth Family Chiropractic Clinic. In addition to administrative responsibilities, Dr. Hoglen will serve as the primary clinician and patient care representative. Dr. Hoglen has over four years experience working as administrative assistant in a very successful chiropractic office, where she also served as the head of public relations and marketing. She was fully trained in insurance billing, coding, as well as medical records maintenance.

In addition to administrative experience, Dr. Hoglen has abundant clinical experience serving in the Logan College of Chiropractic Health Centers. She has 16 months experience in the Health Centers where she was assigned to patient management for both students and outpatients. She provided both chiropractic care as well as physiotherapy. In addition to clinical requirements, Dr. Hoglen also completed Marketing experience modules, as well as independently organizing additional marketing events for the Montgomery Health Center.

Dr. Hoglen gained additional administrative and clinical experience while serving as one of the few Senior Intern Assistants at the Montgomery Health Center, where she was able to coordinate between administrators, clinicians, and interns alike.

As part of administrative responsibilities, Dr. Hoglen will be charged with writing all reimbursement checks, payroll, making all deposits to the Plymouth Family Chiropractic Clinic financial accounts, as well as patient education, marketing, and all clinical duties. As Dr. Hoglen has also served as a custom graphic designer and webmaster for John P Hoglen Web Design, she will be the head of all website and social media advertizing and maintenance.

In addition to Dr. Hoglen, Plymouth Family Chiropractic Clinic will employ one full time chiropractic assistant, and one part time office manager. Responsibilities of the Chiropractic Assistant shall include answering of phone calls and booking appointments with patients, collection of fees from patients, and assisting patients in establishing a treatment plan. Chiropractic assistant will be primarily responsible for patient communication, including reminder calls, letters, and regular promotional mailings. Chiropractic assistant will also be responsible for vitamin and support product inventory and sales.

Office manager will be a part time position, responsible for supporting both the chiropractic assistant as well as Dr. Hoglen. Office manager will be responsible for patient billing, insurance billing, coding, and all file maintenance, as required on a weekly and quarterly basis. In addition, the office manager will be in charge of ordering

of vitamin and support product stock, monthly or as necessary. The office manager will be an assistant to Dr. Hoglen at marketing events, and will regularly schedule smaller outside marketing events for Dr. Hoglen. Office manager will be responsible for handling any patient disputes, or discrepancies with patient accounts. The office manager will also be responsible for managing statistic for patient retention, collections, production, and referral sources. If necessary, the office manager will also assist Dr. Hoglen with maintenance of office facilities and supplies.

Compensation, Ownership, and Legal Structure

Plymouth Family Chiropractic Clinic will operate under the organizational structure of a Limited Liability Company. Dr. Andrea R. Hoglen will be the sole owner of Plymouth Family Chiropractic Clinic.

Compensation of Dr. Hoglen will be at \$42,000 per year. Based on the 13th Annual Salary & Expense Survey performed by Chiropractic Economics, the average compensation for a practicing chiropractor is \$87,000 per year. As Dr. Hoglen's compensation falls below that by a considerable amount, it allows greater funding to be put toward growth of the practice. Compensation of Dr. Hoglen may grow proportionally to the growth of the practice over time.

Compensation of both the chiropractic assistant, and office manager will be based on an hourly pay grade. Chiropractic assistant will be compensated at \$10 per hour, which is well within average for a full time chiropractic assistant in the Plymouth Area. Office Manager will be compensated at \$14 per hour, with overtime for both positions to stand a time-and-a-half. Bonuses will be awarded and arranged after the business becomes cash positive.

Advisory Council & Mentorship

In order to assist the growth and development of Plymouth Family Chiropractic Clinic, several individuals have agreed to consult with Dr. Hoglen on a complimentary basis.

Donna Bank is the Director of the philanthropic division for Microsoft, Midwest Division. Her duties at Microsoft not only include organizing charitable works, but also advertizing and publicity for Microsoft at these events. She has already coordinated with Dr. Hoglen in regards to donating time as a volunteer physician at the Breast Cancer 3-Day, and will further assist Dr. Hoglen in marketing at this enormous, annual event.

Richard Jones, who is a successful small business owner, operating a lawn care and snow removal service, will be assisting Dr. Hoglen in matters of advertizing and internal referrals. Mr. Jones has owned Jones Lawn & Snow in BattleCreek, Michigan for over

15years, and continues to have a consistent stream of business, despite the seasonal nature of his work.

Erin Caverczan, is a full-time mother and small business consultant, who works primarily consulting with massage therapists and other natural wellness practitioners in regards to office design and layout to optimize patient perception and therefore stimulate internal referrals.

Anna Hnatuik-Dewey has been the full time head of marketing for the Players Guild of Dearborn for the past 7 years. She has been successful in increasing advertisement revenue for the Player's guild, while at the same time, increasing satisfaction of those who are advertizing through the Player's Guild. Mrs. Dewey has agreed to assist Dr. Hoglen in the construction and distribution of print media advertizing.

In addition, several successful chiropractors have agreed to assist Dr. Hoglen and the growth and development of Plymouth Family Chiropractic Clinic. Dr. Davis Brockenshire of Integrative Health Associates, also practices in Plymouth, MI, and has mentored Dr. Hoglen throughout her undergraduate and chiropractic education. He served as an associate for 10 years before opening his own practice in November of 2009. Dr. Robert E. Potter, Jr. of Canton Center Chiropractic Clinic has also mentored Dr. Hoglen in regards to the practice of Chiropractic. Dr. Potter served as Dr. Hoglen's employer from 2003 through 2007, and in the 2006-2007 fiscal year, his multidisciplinary practice produced over \$1 million in services.

Infrastructure

Alongside Dr. Hoglen's advisors and mentors, a number of fee for service contractors have been retained to assist the business as necessary. Their contact information is as follows:

Morris Goodman, Attorney
Goodman LLC
14207 Ford Road
Dearborn, MI
(313) 846-1900

Steven Ponce, Accountant
Schultz & Associates PLC
496 W. Ann Arbor Trail, Suite 205
Plymouth, MI 48170
(734) 354-2380

Lease and Contracts

Plymouth Family Chiropractic Clinic will lease space in the Innovative Health Solutions Complex, at a rate of \$1,500 per month for 1,400 sq ft. This lease will be signed for five years.

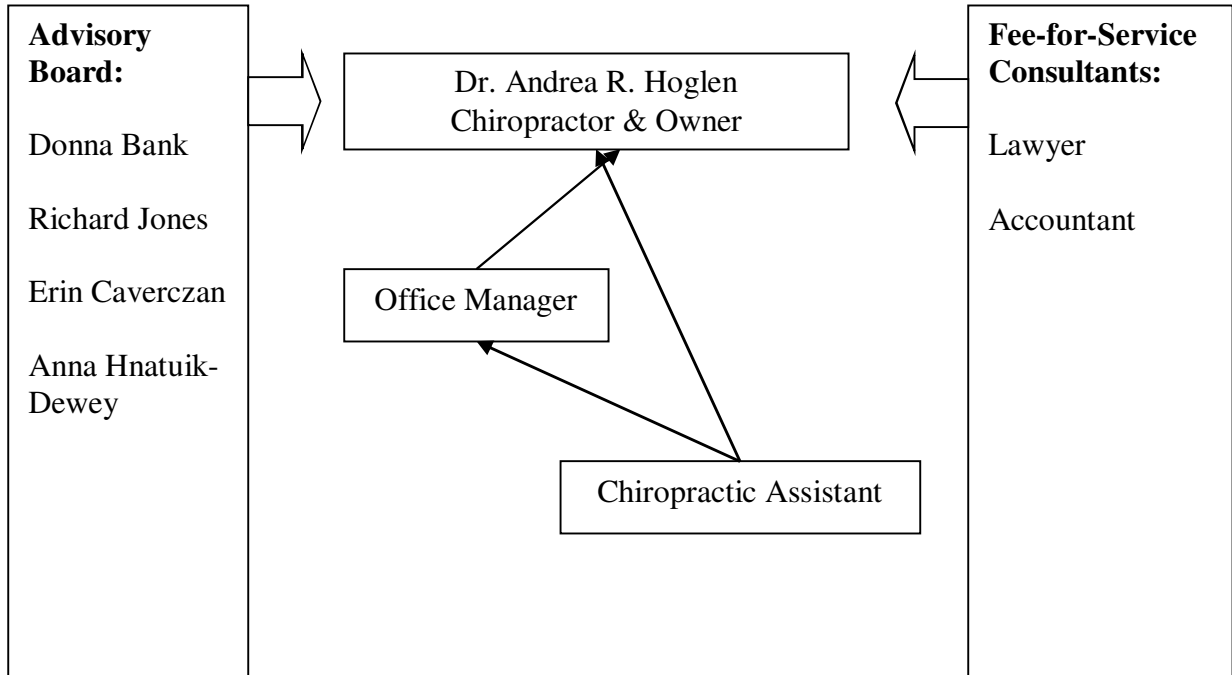
Malpractice and Liability

Malpractice insurance shall be obtained through NCMIC and will be an occurrence based policy, meaning that coverage exists for all incidents during the coverage period, regardless of when a claim is filed. Claims of this nature range from \$1,200 - \$1,500 annually and include a \$25,000 supplement to cover all legal expenses. The low price of chiropractic malpractice insurance is derived from the incredibly low rate of malpractice claims made against chiropractors, and the even lower rate of successful legal actions made against chiropractors.

Employee Incentives and Rewards

In addition to those incentives discussed under the above heading of "Compensation", employees will be rewarded a \$100 annual "Christmas" bonus. This bonus has been represented in the financial statement as part of the monthly employee expenses throughout the year. The Employees and their immediate family (husbands, wives, & dependents) shall also receive all chiropractic services at no charge, provided they do not take appointment times away from paying patients. This increases the likelihood of internal referrals based on a positive and personal experience with care.

Organizational Chart



Marketing

Current Size of the Chiropractic Profession

According to the International Chiropractors' Association (ICA), there are currently approximately 60,000 licensed chiropractors practicing throughout the United States. The Bureau of Labor Statistic places the number of licensed chiropractors at approximately 49,000 in 2008, and congruently projects growth of the profession. The ICA also estimates that the state of Michigan has one practicing chiropractor for every 5,242 individuals.

Locally, the Plymouth-Canton, Michigan region supports 32 practicing chiropractors according to Chiro-Map. The continued growth of the Canton Community after the construction of Ikea, along with several other major businesses, has easily supported the chiropractic density there. Chiro-Map also reports the number of chiropractors to ideal population ratio is 1:1081. This ratio expresses the number of individuals who fall between the ages of 25 and 54, who is perceived as the ideal candidates for chiropractic care. Though this ratio is below the ideal ratio of 1:2500, it does not take into account Dr. Andrea Hoglen's target market which will include children, nor does it account from growth of the practice. Dr. Hoglen's Target market will be discussed in more detail below.

According to the Centers for Medicare and Medicaid Services, the total amount spent in the US for health care services exceeded \$2.3 trillion in 2008 alone, with increasing prices of most traditional health care approaches driving the inflation of expenses. The Chiropractic Journal reports that in 2007, Americans spent \$30.5 billion dollars seeking chiropractic care for back pain and other complaints.

Growth Potential of Chiropractic

With the ICA reporting over 30 million Americans seeking chiropractic care annually, and the number of practicing doctors continuing to rise, Chiropractic is an ideal profession for young healthcare professionals, such as Dr. Hoglen. In addition, recent laws passed in Michigan to expand the Scope of Practice will encourage further growth of the profession once implemented in July of 2011.

Chiropractic to date, has only managed to attract 11% of the total population. According to the Marketing model presented by Philip Kotler in 2004, the chiropractic profession has attracted a division of the population called "Early Adopters". This segment of the population are among the first individuals to adopt a new trend, such as that of Alternative Healthcare, right behind the sector of the population called "Innovators" who are the first to adopt new trends. The "Early Adopters" are not as concerned with price as the larger portions of the population, and are willing to spend more to have the most current in care.

In order for chiropractic as a profession to reach a greater percentage of the population, it is necessary to make demand for the service more congruent with price. Marketing is required to increase the perceived value of the service, showing the general population that chiropractic care can treat more than just back pain. Those in the “Late Majority” sector of the population, making up approximately 34% of the market, are naturally skeptical of new products and services. In order to reach this sector of the population, chiropractic marketing must be focused on addressing skepticism with evidence and testimonials.

Geographic Locations

Though chiropractors are distributed throughout the nation, in both urban and rural settings, there are regions which are more populated than others with practicing chiropractors. According to Chiropractic Planet, Michigan is fifth among the top states for chiropractors. This may be largely attributed to the previously lenient licensing laws, which permitted chiropractors who had not successfully passed all of the board exams to still practice in Michigan. These laws have recently changed, and Dr. Andrea Hoglen is fully board certified in all areas of chiropractic practice. California and Colorado are also states largely popular among chiropractors, though this is likely due to the population profile of those states.

There is also a pattern of increased chiropractor density which develops surrounding chiropractic colleges, whereas recent graduates choose to remain in the area to practice. Michigan hosts no chiropractic colleges, and thus is largely unaffected by this pattern.

As chiropractic statutes in Michigan currently define the scope of practice as “spine only” the majority of chiropractors in Michigan have focused their practice on treating strictly back pain. Dr. Hoglen has focused her education on wellness based chiropractic, and with recent legislation going into effect to expand Michigan’s scope of practice, Dr. Hoglen will be able to offer a full spectrum of wellness and nutrition services, above and beyond those services offered by most established chiropractors.

Industry Trends

Alternative medicine is the fastest growing trend in health care, with chiropractic among the more popular choices. Cooperation between medical and alternative health professionals is being recognized as the most beneficial for patient care.

From a marketing aspect, social media and internet advertizing is perhaps the newest, most inexpensive way for a healthcare provider to reach a mass audience. Dr. Hoglen has experience as a freelance webmaster and graphic designer, and has additional experience in the use of social media outlets. Resources such as Facebook profiles, Twitter, and regular online blogging is a completely cost free method which will allow Dr. Hoglen to reach individuals within the ideal chiropractic population, as well as younger individuals who would benefit from chiropractic care.

Dr. Hoglen's website will be maintained by Dr. Hoglen and assisted and advised by John P Hoglen Web Development. This web development firm has extensive experience working with healthcare professional, lawyers, advertizing firms, and authors to make their websites optimized for search engines and easier to find for the causal internet browsing patient.

Seasonality Factors

Essentially, seasons have a limited effect on chiropractic. However, there are several exceptions to that rule. Heavy snowfall in Michigan results in many individuals shoveling large quantities of snow, which results in acute back pain. Raking of leaves in the fall also result in similar pain syndromes, as does gardening in the spring. Times of increased travel, during the summer and at holidays, will cause increased incidence of back pain from prolonged sitting in cars. Late summer may also see an upswing in school physicals. Altogether, these factors balance out over the course of the year to provide limited changes in business production throughout the seasons.

RMA Profit Characteristics

The RMA Industry benchmark data from 2010 reports that average profitability before taxes for a chiropractor was 16.7%. Based on the 13th Annual Salary & Expense Survey performed by Chiropractic Economics, the average compensation for a practicing chiropractor is \$87,000 per year. Dr. Hoglen's Salary will begin at \$64,000 per year to allow for growth of the practice and increased profitability of the business.

Plymouth-Canton's Competition Profile

As previously stated, chiropractic statues in the state of Michigan have created a base of chiropractors who are not fully board certified, and whose primary focus is "back pain". Dr. Hoglen is fully board certified in both chiropractic and physical therapy, and has clinical experience in treating with a wellness based perspective. This offers a wider array of alternative health services, including dietary counseling, weight loss plans, nutritional supplementation, as well as exercise programs both for physical performance and stability.

Dr. Hoglen will also offer lunch time, evening, and weekend hours, to attract patients who require more specific appointment times. Most chiropractors in Plymouth-Canton are available 2-3 days per week, whereas Dr. Hoglen will maintain office hours on 4-5 days, by appointment only.

Chiropractors, however, are not Dr. Hoglen's only competition. Medical doctors, physical therapists, and Osteopaths also serve as competition for chiropractors. Dr. Hoglen, however, as a wellness practitioner, aims to remove this competitive aspect

through complimentary care, referring patients back and forth with traditional medical practitioners, and co-managing care with these other healthcare individuals.

Chiromap.com projected approximately 69 traditional health care professionals currently licensed in Plymouth-Canton. In addition, 32 practicing chiropractors are established in the area. As most of these practices focus on traditional medical and chiropractic care, Dr. Hoglen will remain unique as a wellness care practitioner, able to offer patients a comprehensive and natural approach to health.

Customer Profile

The ideal chiropractic patient is between the ages of 25 and 54. However, individuals of any age who are perceptive to natural alternatives make ideal chiropractic candidates. Many people who seek chiropractic care do so to avoid surgery or drug treatments that have been advised by medical practitioners. In this population, the existence of 69 other medical professionals in the community may in fact assist Dr. Hoglen's patient base.

Research through www.mybestsegments.com revealed that the Plymouth-Canton market is comprised primarily of upscale, wealthy, and upper-middle-class, middle-aged individuals without children. These groups have an average income of \$53,000 - \$107,000 and tend to be homeowners with a college education. This places them in the ideal financial position to seek chiropractic care. In the categories established by Philip Kotler, these individuals are likely Early Adopters, and Dr. Hoglen's practice is likely to grow when marketing to this community.

Target Market Profile

Dr. Hoglen's target market will include Mothers, Expectant Mothers, and their Children. It is well known in healthcare that mothers are the gateway to healthcare for the family. Mothers most frequently choose the doctors who will treat themselves, their husbands, and their children. In addition, females prefer a female doctor to discuss their health care with.

Not only is it often a preference, but in some cases, it is a religious requirement. Dearborn, MI is a mere ten minute drive from Dr. Hoglen's practice. Dearborn is home to the largest Islamic population outside of the Middle East, and among Islamic beliefs, it is prohibited that a female seek care from a male doctor. Therefore, if Dr. Hoglen is available to treat these women, who cannot see one of the existing male doctors in the area, the practice has the potential to grow exponentially by referral throughout the tight knit Islamic community.

As previously discussed, the ideal ratio of chiropractors to ideal patients is higher than desirable in Plymouth-Canton, however, children do not fall into the ideal patient age. As Dr. Hoglen aims to treat not only mothers but also their children, this enables her to tap into a less sought after market.

Plymouth-Canton's Pricing Profile

The average cost of a CMT1-2 region adjustment in Plymouth, MI is approximately \$50. The average cost of an Initial patient Examination is \$90. Many chiropractors require that patients buy their treatment plans up front, paying minimums of \$1500-\$2000 to begin care. Dr. Hoglen will charge \$45 for a CMT1-2 region, and will not require that patients purchase payment plans. However, for those who wish to purchase payment plans, or who wish to schedule regular credit card billings for fees as a matter of convenience, Dr. Hoglen will offer these as options and not as requirements. Dr. Hoglen's Initial patient Examination fee will be \$80. These fees are subject to rise with the standards set by Medicare, as well as the profitability of Dr. Hoglen's practice.

Community and Patient Referrals

Dr. Hoglen seeks to have a referral based practice. This may be achieved through patient education, as well as offering free lectures to existing patients and contacts for their businesses, churches, and organizations.

Dr. Hoglen will also offer incentives to patients, such as raffles, drawings, and complimentary support products, easily obtained at no charge to Dr. Hoglen from product sales companies.

Basis of Competition

Competition in the Plymouth-Canton market is largely driven by price and acceptance of Insurance benefits. Dr. Hoglen will be in-network for Medicare and Blue Cross Blue Shield. Dr. Hoglen will also set prices slightly below the local average. Dr. Hoglen will also accept Workman's Compensation and Personal Injury Claims.

Break Even Analysis

Based upon annual Fixed expenses of \$111,682 annually, it is determined that Plymouth Family Chiropractic Clinic must see 12 new patients per month in order to break even. This does not include fees accrued from aftercare patients. Dr. Hoglen has estimated an average of 11 new patients per month after the fourth month, which is consistent with her estimations on when the practice will become profitable. Please see Financial Appendix for further details regarding annual and monthly expenses.

Initial Market Penetration

In an effort to communicate the services offered by her practice, Dr. Hoglen will offer a number of complimentary lecture series through Public libraries and community education. Dr. Hoglen is a Red Cross approved lecturer, and she will also offer complimentary continuing education classes to first responders. Dr. Hoglen is also an

avid member of the craft community, and as such, she will advertize her chiropractic practice as part of her appearances at craft fairs and art shows.

Direct Mail / Telemarketing

Dr. Hoglen has chosen not to use these approaches to attract clients, as they are both expensive and have a limited return. These will be further considered later, once the practice has become more profitable.

Advertizing and Promotion

As previously discussed, Dr. Hoglen will offer complimentary lectures throughout the community. Press releases for these lectures will be sent to the Plymouth Crier, the Plymouth-Canton Observer, and the Coffee News, for free publication and distribution. In order to save on advertizing costs, Dr. Hoglen will take advantage of free options to announce her complimentary lectures, as opposed to direct advertizing for her business. However, Dr. Hoglen will place small, business card ads, into local shopping store flyers, as these are considerably less expensive and have the potential to reach the target market of women with children. The annual budget for this aspect of marketing will be \$250.

Trade Shows / Festivals / Community Events

As many of the events in Plymouth-Canton make an effort to limit the number of individuals from each profession who can attend, it is unlikely that Dr. Hoglen will be able to obtain a space to advertize specifically at these events. However, as previously discussed, Dr. Hoglen may attend as a craft fair participant, and advertize for her business on top of her craft sales.

As Dr. Hoglen will be attending these events as a participant in a larger group of craft/art individuals, there will be no additional costs to her practice.

Future Markets and Additional Opportunities

As Dr. Hoglen's practice expands, she will consider the option to expand therapeutic modalities to include Class IV Laser, which recent research has shown to be ideal in treating soft tissue injuries of any origin. It is also a means of advertizing, as there are a limited number of Laser Certified Practitioners in the country, and as of 2010, there are none within the Plymouth-Canton community.

Practice, Target Market, and Brand

Why Plymouth, MI Needs Another Chiropractor

Chiropractic is a method of alternative healthcare which specializes in musculoskeletal and nutritional care to improve overall wellness, without the use of drugs or surgery. Gentle manipulation of the joints allows the chiropractor to improve joint motion, thus relieving pain and improving the communications within the nervous system. Chiropractic was once an expensive alternative care, however as the expense of surgery and drugs have risen, cost-effective chiropractic care has entered the forefront of modern healthcare. Patients now want to avoid invasive surgical procedures in lieu of alternatives that are more natural and even less costly. In addition, chiropractors serve as primary natural care providers, assisting people in staying well on a daily basis, therefore reducing much of the need for expensive drugs and surgery in the first place.

The Plymouth-Canton community is currently served by a number of chiropractors. Due to the existing scope of practice laws, the doctors currently in practice have been unable to treat using physiotherapy. Dr. Andrea Hoglen, as a recent graduate, is up to date with the changing scope of practice laws in the state of Michigan, she is fully board certified in both chiropractic and physiotherapy. The vast changes being made in the laws open the door for new doctors trained in more update techniques, those now made legal by the scope of practice changes. Dr. Hoglen also is seeking a Masters Degree in Clinical Nutrition, making her the ideal resource for patients seeking natural care.

Unique Features of Plymouth Family Chiropractic Clinic

Plymouth Family Chiropractic Clinic will offer care to families, allowing the benefits of chiropractic care to be shared with parents and children alike. Though chiropractic care has often times been offered to women and children, rarely has it been done by a female doctor. Dr. Hoglen is the first female chiropractor to open a clinic in the Plymouth-Canton area, and her focus on women and children makes her an excellent choice for family care. As stated before, Dr. Hoglen is also fully board certified in chiropractic and physiotherapy, something that is extremely rare among Michigan chiropractors.

Stage of Development in the Product/Service Lifestyle

The International Chiropractic Association (ICA) reports that chiropractic first began in 1895, when D.D. Palmer delivered an adjustment to his deaf janitor, which restored his hearing. Though not every adjustment since then has been so profound, chiropractic continued to affect the lives and health of individuals every day.

Though Chiropractic has existed for over 100 years, it still reaches a relatively small segment of the population, with approximately 11% of Americans seeking chiropractic care. According to the product diffusion curves outlined by Philip Kotler, this places the current chiropractic market in the field of Innovators and Early Adopters. These individuals are not very concerned with price, and are often among the first to try new products and services. Though Dr. Hoglen still intends to target these individuals, her goal is to reach out to a greater percentage of the population. She intends to offer complimentary workshops and health screenings throughout the community, including topics such as Weight Loss, Stress Management, and Family Health Care. These are topics that will attract more of the Late Adopters, at a price that will appeal to a greater range of the population.

Dr. Hoglen has negotiated the lease of office space in the Integrative Health Solutions complex at the Corner of Lilley Rd. and Ann Arbor Rd. in Plymouth, MI. She will be entering a complex which is already established for alternative and integrative care.

Social Networking and Internet Presence

Dr. Hoglen will begin social networking by holding an open house to include professional and social contacts that Dr. Hoglen has made in her 22 years of living in the Plymouth-Canton Community. As this is both a professional and personal event, expenses will be covered personally, in order to encourage friends and family within the area to attend.

Dr. Hoglen will also be offering complimentary lectures to a number of local businesses, including Curves, hair salons, and churches. These locations are frequented by women or families, which will allow Dr. Hoglen to efficiently reach her target market.

Dr. Hoglen will also be creating a very visible internet presence. She will have profiles available on both Facebook and Twitter, with two website presences. www.doctorhoglen.com will serve as Dr. Hoglen's primary internet marketing site. This site will be search engine optimized as a complimentary service from John P Hoglen Web Design, so that it is easily found in all internet searches. Dr. Hoglen will also be listed on the homepage for www.integrativehealthsolutions.com, listed among the doctors of the complex. Both websites will have a frequently updated blog section, which will allow Dr. Hoglen to share current information with patients. Doctorhoglen.com will also have the availability for patients to download forms to be completed in advance of their appointments. A listing of all of Dr. Hoglen's complimentary lectures and health screenings will also be maintained. In accordance with HIPPA, Dr. Hoglen's privacy policy will also be listed on both sites.

Additional internet presences will be on technique websites: www.activator.com, www.icak.com, and www.sorsi.com.

Future Research and Development

Dr. Hoglen is seeking a Masters Degree in Clinical Nutrition, in addition to continuing education opportunities which allow her to remain updated in the field of chiropractic and natural healthcare. Furthermore, she will seek certification in pediatric care through the International Chiropractic Pediatrics Association (ICPA). After 5 years in practice, Dr. Hoglen will be able to pursue further certification in craniopathy and sacro-occipital techniques.

Government Approvals

Licensure in Michigan requires that Dr. Hoglen successfully complete National Boards in Chiropractic as well as the State Jurisprudence Exam. Dr. Hoglen has completed both of these, and in addition has also completed the National Board in Physiotherapy.

Local laws prohibit Dr. Hoglen from practicing in a residential area, however the Integrative Health Solutions complex is already established in a commercial area.

Additional state laws will govern Dr. Hoglen's location and protection of her xray room. However, as Dr. Hoglen does not intend to open her practice with an xray room, she will refer out for all imaging.

Product/Service Limitations and Michigan's Scope of Practice

For those patients and services which fall outside of Dr. Hoglen's Scope of practice, she will refer to other doctors within the Integrative Health Solutions Complex, as well as to other physician's within the community.

The Michigan scope of practice is outlined by the Department of Health & Human Service in the Michigan Public Health Code, Section 333.16401

(1) As used in this part:

- a. "Chiropractor", "chiropractic physician", "doctor of chiropractic", or "d.c." means an individual licensed under this article to engage in the practice of chiropractic.
- b. "Dislocation" means complete disruption in the normal relationship of 2 bones forming a joint resulting in no contact of the articular surfaces. A dislocation does not include a subluxation.
- c. "Joint dysfunction" means a joint that is impaired so that it does not function properly.
- d. "Musculoskeletal system" means the system of muscles, tendons, ligaments, bones, joints, and associated tissues that moves the body and maintains its form.
- e. "Practice of chiropractic" means that discipline within the healing arts that deals with the human nervous system and the musculoskeletal system and their interrelationship with other body systems. Practice of chiropractic includes the following:
 - i. The diagnosis of human conditions and disorders of the human musculoskeletal and nervous systems as they relate to subluxations, misalignments, and joint dysfunctions. These diagnoses shall be for the purpose of detecting and correcting those conditions

- and disorders or offering advice to seek treatment from other health professionals in order to restore and maintain health.
- ii. The evaluation of conditions or symptoms related to subluxations, misalignments, and joint dysfunction through any of the following:
 - A. Physical examination.
 - B. The taking and reviewing of patient health information.
 - C. The performance, ordering, or use of tests. The performance, ordering, or use of tests in the practice of chiropractic is regulated by rules promulgated under section 16423.
 - D. The performance, ordering, or use of x-ray.
 - E. The performance, ordering, or use of tests that were allowed under section 16423 as of December 1, 2009.
 - iii. The chiropractic adjustment of subluxations, misalignments, and joint dysfunction and the treatment of related bones and tissues for the establishment of neural integrity and structural stability.
 - iv. The use of physical measures, analytical instruments, nutritional advice, rehabilitative exercise, and adjustment apparatus regulated by rules promulgated under section 16423.
- (2) The practice of chiropractic does not include any of the following:
- a. The performance of any procedure that cuts or punctures the skin.
 - b. The dispensing or prescribing of drugs or medicine.
 - c. Except for diagnostic purposes only, the use of x-ray.
 - d. The performance of an invasive procedure involving a body orifice or cavity unless allowed by rules promulgated under section 16423 and limited to examinations involving the ears, nose, and throat.
 - e. The treatment of fractures or dislocations.
 - f. The performance or ordering of non-x-ray diagnostic imaging tests that were not allowed under section 16423 as of December 1, 2009.
- (3) In addition to the definitions in this part, article 1 contains general definitions and principles of construction applicable to all articles in this act and part 161 contains definitions applicable to this part.

Business Liability and Malpractice

Chiropractic care is considered a safe, natural approach to healthcare, and thusly, malpractice insurance is extremely affordable. Dr. Hoglen's policy will be approximately \$1,200 annually. NCMIC will provide malpractice coverage for Dr. Hoglen, and the occurrence based policy will cover Dr. Hoglen for claims made against her for discrepancies that arise during her coverage period, whether or not her coverage is current at the time the claim is made.

Business Liability insurance will be purchased through ING, and will cover incidental claims which may arise from the business and property, as opposed to malpractice claims. This insurance will cost approximately \$3,000 annually.

Related Products/Services, Retail, and Spin-Offs

Dr. Hoglen will support her chiropractic care by selling nutritional products from Standard Process, Energetix, Nordic Naturals, and Designs for Health. Dr. Hoglen will also keep a limited stock of Lumbar support belts and sacroiliac support belts. However, Dr. Hoglen does not intend to open her practice with an existing stock of products, as individual orders may be easily placed on behalf of patients until Dr. Hoglen's practice is selling enough product to warrant keeping stock.

Operations, Procedures, and Manuals

As previously stated under the management section, the office manager will be a part time employee who is responsible for insurance and patient billing, with additional requirements to include statistics analysis and posting payments made by insurance companies. Dr. Hoglen will be primarily responsible for treating patients, signing checks, and coordinating payroll for the office. The chiropractic assistant will be responsible for front desk responsibilities. This will include answering phones, making appointments, collecting visit fees, and maintaining paperwork. All employees of Plymouth Family Chiropractic Clinic will contribute to marketing, with Dr. Hoglen being the head of Public Relations.

Dr. Hoglen will provide procedure manuals for each position that will detail the following: responsibilities, requirements, dress codes, grounds for punishment and termination, vacation policies, reimbursement policies, and HIPPA regulations. As Dr. Hoglen has previously worked as a chiropractic assistant, she has written and amended procedure manuals in the past, and will be creating her manuals personally.

As previously discussed, diagnostic imaging will be referred out, and therefore Xray OSHA manuals will not be required.

Facilities

Dr. Hoglen's facilities will include 1,400 sq ft within the Integrative Health Solutions complex. This will provide sufficient space for 3 treatment rooms, 1 examination/consultation room, reception area, private doctor's office, children's area, and storage area. Dr. Hoglen's private office will include a lending library.

The treatment room located at the exterior corner of the building may be altered to serve as an xray suite, in accordance with state and local laws. Should expansion be necessary, the Integrative Health Solutions complex has agreed to alter square footage as it becomes available within other units of the complex.

Should the practice grow beyond the boundaries provided by the IHS complex, Dr. Hoglen will seek a larger location elsewhere.

Community Involvement and Giving Back to the Community

Giving back to the community is of the utmost importance to Dr. Hoglen. She intends to not only offer no charge lectures and health screenings, but she also intends to offer free chiropractic services as part of the Medical Staff for events such as the Breast Cancer 3-Day, Race for the Cure, as well as the Detroit 'Turkey Trot' Marathon.

In addition, Dr. Hoglen will offer lectures and health screenings at no charge to area businesses, churches, and organizations.

Internal Controls and Procedures

Procedures for Processing Patients

The primary employee for patient interactions will be the CA. Upon arrival, the CA will assist patients with sign in, completion of new patient healthy history packet, and take the patients ID and insurance information. The health history packets will be made up in advance by the CA during slow office hours, and will include basic history information, review of systems, financial policy, privacy policy, and consent forms. The CA will enter this information into the Electronic Medical Records (EMR) Program under a new patient file. This information becomes immediately available for Dr. Andrea Hoglen to further assess and treat the patient, while easily maintaining all records electronically. Initial patient visits will include a complete physical, neurological, orthopedic, and chiropractic examination. If necessary, x-rays will be ordered from a cooperating facility such as St. Mary's Hospital.

Prior to treatment, the CA will address the financial plan with the patient, and then Dr. Hoglen will treat the patient if further imaging is not required. Fees will be collected in full at time of service by the CA. Dr. Hoglen will call each new patient after their initial treatment to check on their progress.

Established patients will require considerably less paperwork. They will be required to sign-in, and the CA will assist them to a treatment room. There, Dr. Hoglen will perform a brief chiropractic evaluation and treatment, which will be documented by Dr. Hoglen into the EMR program. Fees will be collected in full at time of service by the CA.

Patients who have not been treated in over 12 months will be treated as if they were new, having to complete paperwork and examinations again to comply with legal requirements. Letters will be sent out by the Office Manager and will include: New patient welcome, missed appointment letters, 6 & 12 month reminder letters, birthday letters, and release letters. All letters will be sent based on timeframe with the exception of release letters, which will be specifically determined by Dr. Hoglen.

Billing Customers and Electronic Billing

The office manager will be the head of billing for Dr. Hoglen. The OM will transfer information from the EMR program to paper billing if necessary, and will electronically bill all insurances direct from the EMR weekly. Weekly billing ensures that payment from the insurance companies is received quickly and frequently, without creating the expense of a full-time daily billing employee.

Patient payment options will include acceptance of insurance (Medicare, BCBS), Visa/Mastercard, Check, Cash, and pre-payment plans. Pre-payment plans will allow patients to buy a package of 10 visits, receiving 1 visit at no charge after the pre-paid visits have been completed. Patients paying with a credit card will be responsible for the 2% surcharge incurred by the credit card companies, at least for the first 5 years of operation. For insurance patients, any co-pays or non-covered fees will be collected at the time of service. The OM will send any necessary billings to patients should a balance arise on account. Dr. Hoglen will write reimbursement checks if necessary.

Paying Suppliers and Vendors

Dr. Hoglen will have a small business account through Grand Trunk Credit Union, and will be the sole person with access to the account. Dr. Hoglen will use QuickBooks along with the assistance of a CPA to track all income and expenses. Invoices from suppliers will be maintained by Dr. Hoglen and checks will be written on the 1st and 15th of the month, assuring that all bills are paid when due.

Collecting Accounts Receivable and Past Due Accounts

The OM will be charged with the billing of unpaid patient accounts up until they are 60 days past-due. Dr. Hoglen will employ a collection agency for accounts which have become delinquent, along with addition of a 15% late payment fee. All additional fees will be collected at the time of service, will insurance billings done weekly, and insurance payments expected within 60 days of billings.

Payments received from insurance will be posted on the day they are received by the OM to the patient accounts. Any new or additional patient balances will be billed at that time. Reimbursements to the patient will be left on account for future use or until they request a check, at which time Dr. Hoglen will generate a reimbursement check.

The Chiropractic Economics Salary Survey data regarding net collections for a mature practice is approximately 70%. Therefore Dr. Hoglen will anticipate 60-65% net collections during the first year of practice.

Practice Policies

Dr. Hoglen will maintain an open policy regarding staff complaints and concerns. The procedure manual will be given to each employee upon hiring and must be read as part of staff training. The procedure manual will address all aspects of their job responsibilities, along with privacy policies, professional conduct rules, consequences for insubordination, dress code, and salary/pay details. Each employee is responsible for knowing their job duties and carrying them out in a pleasant and professional manner.

They will be expected to be honest with patients, friendly, professional, and efficient. They will also encourage patients to remain pleasant, as arguments between them will not be tolerated in the office.

Staff Development and Continuing Education

Mandatory staff development meetings will be held monthly, and will include evaluation of monthly stats, issues which have arisen over the past month, praise for properly executed protocols, and further education on the field of chiropractic. Any weaknesses in training will be addressed, and procedures will be modified if necessary.

Dr. Hoglen will complete continuing education in accordance with the State of Michigan requirements. In addition, Dr. Hoglen will seek training in the areas of practice management, billing, marketing, pediatric care, pregnancy care, family care, and nutrition. Staff members will be invited to attend these seminars when the opportunity arises for them to attend with Dr. Hoglen at no charge. This is often negotiable with the seminar presenters or sponsors.

Customer Complaint Management

Dr. Hoglen and Staff will all be available to receive complaints from patients and customers, as individuals will tend to avoid filing a complaint with the person they have a complaint about. There will also be an anonymous feedback box at the front desk. Annual patient satisfaction surveys will be presented at the front desk, where patients may leave comments, concerns, and compliments in the anonymous feedback box.

These patient comments will be carefully analyzed in order to improve the function and appearance of the clinic, as well as Dr. Hoglen's patient care. Concerns with staff will be addressed by Dr. Hoglen.

Company Budgets

Dr. Hoglen will use QuickBooks and a CPA to assist with maintaining the budget of the practice. Dr. Hoglen, with the assistance of the CA and OM, will manage cash flow. Budget and financial statements will be reviewed by Dr. Hoglen weekly and analyzed to ensure that the budget is met and not exceeded. The OM will review weekly billings, and the CA will review daily collections. The CPA will assist Dr. Hoglen with yearly and quarterly taxes.

Health insurance Portability and Accountability Act – Procedures

All employees will be required to review HIPAA policies and procedures annually. A full, unabridged copy of the procedure will be available in Dr. Hoglen's office at all times. An abridged version will be presented to each patient as part of their initial intake paperwork, and signed at that time. Patient information will be protected, in accordance with HIPAA, and will be visible to Dr. Hoglen, staff, and insurance carriers only. Files will be locked when not in use, and the computer network will be password protected and encrypted for network protection.

Patients will have full access to request medical records when providing proper authorization forms with signatures, and records will be sent certified mail or handed directly to the patient.

The HIPAA contact representative for Dr. Hoglen will be the OM. The OM will accept complaints regarding any HIPAA non-compliance as well as requests for medical records.

A Notice of Privacy Practices (NPP) informing patients of abridged HIPAA requirements will be framed and posted within each treatment room. An NPP will also be available on the website.

Both the NPP and HIPAA policy manual will be amended with the notation that Dr. Hoglen intends to use a public sign-in sheet, and that patients may choose to initial the list instead of signing.

Documents and Paper Flow

Documentation will be maintained on an EMR program, however some paper files will be required. Initial patient intake forms will include basic history information, review of systems, financial policy, privacy policy, and consent forms. Additional Patient forms will include: Change of Patient Information (insurance/address/name), Accident Report, Symptom Survey, and Request of Records forms. All information from paper forms will be entered into the EMR program by the CA. A manila file will be maintained for each patient and shall contain all forms which include an original signature by the patient, and any additional forms that must be maintained by law. These files will be maintained by the CA.

All insurance billing forms will be completed and maintained by the OM.

Start Up

Practice Development

Dr. Andrea Hoglen will be opening Plymouth Family Chiropractic Clinic on August 1st, 2011. Dr. Hoglen will schedule lecture opportunities during the months of July and August to promote health and wellness for women and children, in accordance with her market identity. Dr. Hoglen will also be going door to door to introduce herself to local businesses during the month of July, to promote the opening of her practice. During these lectures and introductions, Dr. Hoglen will present pamphlets and business cards that explain her goals in treating all ages without drugs or surgery.

Financial Requirements

Dr. Hoglen will obtain a loan for the necessary funds through the Grand Trunk Credit Union during April 2011. Her start up costs will total approximately \$55,000. Dr. Hoglen will invest \$10,000 in personal funds from savings, so the total amount of the loan will be \$45,000.

Dr. Hoglen also has available co-signers in John P. Hoglen and Joseph Walter Greenwood. However, these co-signers will only be used if absolutely necessary.

Market Penetration

As previously stated, Dr. Hoglen will begin market penetration in July of 2011, approximately 1 month before the opening of her practice. Based on advisement from her mentors, it would be unwise to advertize sooner, as constructions delays have often caused a delay in opening the practice.

Dr. Hoglen will be responsible for lecturing to the community, including topics such as weight loss, family wellness, and no-charge continuing education to the police and fire departments. Dr. Hoglen will also be going door to door to introduce herself to local businesses. In addition, Dr. Hoglen will be having an even in May 2011, to promote her graduation from chiropractic school and inform friends and family about the opening of her practice. This will be a personal event, and as such, will be covered by personal funds.

Dr. Hoglen will utilize www.doctorhoglen.com as well as www.integrativehealth.com to market her website. Dr. Hoglen will also have business cards, pamphlets on the practice, flyers to promote lectures and the grand opening, as well as social media presence on sited such as facebook and twitter.

Dr. Hoglen will select her suppliers in April of 2011, as soon as she has obtained the start-up loan amount. She will begin build-out construction on the location in early May 2011, and she will begin obtaining equipment in June of 2011.

Management and Infrastructure

Employees will be hired by Dr. Hoglen in July of 2011. Both the CA and OM will be hired at this time, and will be expected to assist Dr. Hoglen in any remaining set-up of the office. This hiring time will also allow time for them to be trained on the EMR software. The advisory board has already been consulted at this time, and they will continue to guide Dr. Hoglen through the start-up of her practice. The accountant, attorney, and malpractice insurance will all be obtained prior to obtaining the loan in April 2011.

Risk Analysis

The largest risk posed to Plymouth Family Chiropractic Clinic would be a lack of patients. If Dr. Hoglen were to be unsuccessful in marketing, there may be insufficient patients to produce sufficient revenue. Therefore, Dr. Hoglen will utilize her advisory board to aid in her marketing activities. Marketing is also Dr. Hoglen's primary focus during her first few months of practice.

Dr. Hoglen will monitor her statistics weekly and monthly, while also observing the economic climate in the Plymouth area. If there is an increase of competition in the Plymouth area, Dr. Hoglen will increase efforts in marketing, and focus on her target market, as female will still be more likely to see a female doctor, based on the religious foundation of Plymouth and its surrounding communities.

Dr. Hoglen will also monitor statistics on patient retention, new patients obtained, and patients released from care.

In the case of practice failure, Dr. Hoglen intends to sell her equipment to Dr. Potter, one of her mentors who is a chiropractor and who has considered expanding his practice with a satellite clinic in the Plymouth area.

Salvaging Assets

Should Plymouth Family Chiropractic Clinic be unsuccessful in practice, Dr. Hoglen is prepared to sell the clinic, equipment, and patient records to Dr. Potter. Dr. Potter has sought to open a satellite clinic to his existing practice in the Plymouth, MI area, and as such, he may be able to take over Dr. Hoglen's lease in addition to purchasing equipment and records. This would allow Dr. Hoglen to recoup a large percentage of her investment into the clinic.

Growth

New Offerings to Market

Dr. Andrea Hoglen and Plymouth Family Chiropractic Clinic intend to pursue a number of avenues for growth. Dr. Hoglen has allowed space in her office which could easily be converted from a chiropractic treatment room, to be used as an acupuncture room. Auriculotherapy and Massage Therapy are further wellness options available for Dr. Hoglen to offer, as the Plymouth Community moves toward a more wellness based community. There is also room for expansion of the office within the Integrative Health Services complex. Should Dr. Hoglen expand her practice physically, she would have additional space to add an advanced fitness center with an exercise room. These options allow Dr. Hoglen to remain up to date on advancements in chiropractic, as well as changes within the Plymouth-Canton community.

Capital Requirements

Dr. Hoglen intends to save 5% of net profits each month in an account with Grand Trunk Credit Union. This will allow funds for expansion of the office, should the need for a physical build-out present itself. In the case of expansion by adding additional therapies, these providers would be added as independent contractors. Though Dr. Hoglen would lose a small amount of revenue on the treatment room that would be contracted out, the revenue produced in rent from the independent contractors would compensate above that loss.

Personnel Requirements

As the practice expands, Dr. Hoglen will expand the office hours of her office manager from part-time to full-time. After even further expansion, Dr. Hoglen will hire an additional Chiropractic Assistant. Both of Dr. Hoglen's Chiropractic Assistants will be trained to complete all of the same tasks, and will be able to rotate between all of their responsibilities equally. This prevents delays if one of the assistants is ill or on vacation.

Exit Strategy

The expansion of the practice will make it an overall more appealing practice for another chiropractor to purchase. Dr. Hoglen intends to sell the practice when she is ready to retire. It is her intention to hire an associate, which over the course of 5 years will take over management of the practice until Dr. Hoglen is able to retire at the end of those five years. This will make the transition for patients and doctors more fluid. Not

only is that the ideal situation for the purchasing doctor, but it also leaves open the window for Dr. Hoglen to return to the practice as a consultant, as many retired practitioners do.

Financial Plan

Cash Requirements

The total start-up expenditures for Plymouth Family Chiropractic Clinic are projected to be \$29,500. This total is detailed in the attached financial projection worksheets. The projections indicate the need for an additional \$36,500 in working capital for the practice, which is estimated to be approximately six months of operating expenses.

It is estimated that 30% of the practice revenue will be collected in cash at the time that services are rendered, with the remaining 70% of fees being submitted to third party payers such as personal injury or insurance companies. These projections are based upon a 60 day average for accounts receivable, which is in accordance with industry standards for third party payers.

According to the 13th Annual Salary Survey as published by Chiropractic Economics, all uncollectible revenue is estimated to total 40% due to the nature of a new practice. This balance not only reflects bad debt, but also the reduced fee agreements required to operate within an insurance network. Studies by Chiropractic Economics have indicated that 70% net collections should be expected by an established, successful practice.

Acquisition of this start-up amount will result in a cash balance of \$5,795 at the end of the fourth month in practice.

Sources of Financing

Dr. Andrea Hoglen will be obtaining a loan of \$55,000 through Grand Trunk Credit Union and investing a total of 20% or \$11,000 from personal savings. This makes the total investment in the practice a total of \$66,000. The loan obtained as a 7-year loan at 6.50% interest and will be paid in monthly installments for the complete term of the loan. This payment amount is included as a monthly expense in the attached financial worksheets.

Billing and Sales

Revenue projections for the first 12 months of practice are projected to be \$189,165 based upon Dr. Hoglen's market research, pricing structure, and attached financial worksheets. According to the 13th Annual Salary Survey as published by Chiropractic Economics, this amount is well beneath the industry average of \$541,396. However, after three years the practice is estimated to projected to earn \$350,910 which is more consistent with a growing practice.

The revenue projections are based upon market research conducted by Dr. Hoglen prior to opening the practice and are based upon national averages for new practices as detailed in the following sections.

The chiropractic industry considers “Net Collections” when determining “Revenue”. Those practices who contributed to the 13th Annual Salary Survey demonstrated an average of 70% Net Collections Rate. A large portion of this is due to reduced fee arrangements required by health insurance companies as part of their in-network agreements. Most insurance companies reduce fees to 80% of the amount billed, and will reimburse no more than is deemed reasonable and customary. As a new practice, Plymouth Family Chiropractic has estimated a 60% Net Collections Rate.

Monthly Billings Generated Per Patient

All fees are assumed to remain constant over the first 3 years of practice. Fees have been estimated based on the local fee averages investigated by Dr. Hoglen.

1 st Month (7 Visits)	Initial Visit:			
	New Patient Examination	\$100		
	Diagnostic Fees	\$70		
				\$170
2 nd Month (8 Visits)	2 Weeks (3 visits per week):			
	CMT 1-2 Reg (Adjustment)	\$45		
	Migan Therapy	\$30		
		\$75	x 6	\$450
	Average Month 1 Revenue Per Patient			\$620
2 nd Month (8 Visits)	2 Weeks (2 visits per week):			
	CMT 1-2 Reg (Adjustment)	\$45		
	Migan Therapy	\$30		
		\$75	x 4	\$300
	2 Weeks (2 visits per week):			
	CMT 1-2 Reg (Adjustment)	\$45		
		\$45	x 4	\$180
	Average Month 2 Revenue per Patient			\$480
3 rd Month (4 Visits)	4 Weeks (1 visit per week):			
	CMT 1-2 Reg (Adjustment)	\$45		
	Migan Therapy (Biweekly)	\$30		
	Re-Evaluation Fee	\$60		
	Average Month 3 Revenue per Patient			\$300

Month 4 – 10 (7 Visits)	7 Months (1 visit per month)			
	CMT 1-2 Reg (Adjustment)	\$45		
	Migan Therapy	\$30		
		<hr/>		
		\$75	x 7	\$525
Year 1 Total (per Patient)				\$1925
Year 2 Aftercare	20 Visits @ \$45 per Visit (CMT)			\$900
Year 3 Aftercare	30 Visits @ \$45 per Visit (CMT)			\$1350

Income and Cash Projections and Assumptions

Income, as used in this section will include the actual net income generated by Plymouth Family Chiropractic Clinic according to these projections. It is assumed that the profits will be taxed at Dr. Hoglen's personal tax rate. This rate is far below the corporate tax rate, therefore taxes are not considered.

Total income for the first 12 months is projected to be \$24, 553 which is 13% of Total Revenue. RMA indicates that the profit before taxes for a practice to be 16.7% in May, 2010. Income in the third year is projected to be \$73,657 which is 19.4%. Plymouth Family Chiropractic Clinic is a Limited Liability Company, and therefore Dr. Hoglen has access to this profit as an Owner's Draw.

According to the attached projections, the practice sees its first month of profitable operations in the fourth month. According to Chiropractic Economics, most practices should expect to show profitability in the sixth month. Dr. Hoglen is confident in her projections due to a clearly defined target market and prior experience with marketing chiropractic.

Payroll will be paid weekly and all expenses will be paid when they are due.

Monthly Expense Assumptions

- Advertising/Promotion will be a total of \$150 per month for a \$50 ad in the Plymouth-Canton High School Sports Program, and \$100 for marketing functions.
- Insurance will be \$200 per month for a \$150 per month State Farm Insurance for a General Liability Insurance Policy, and \$50 per month for NCMIC Malpractice insurance.

- Legal/Accounting will be \$100 per month for the quarterly services of an attorney and a CPA.
- Office Expense/Postage will be \$50 per month for stamps, mail, and incidental office supplies.
- Operating Supplies will be \$125 per month for face paper, latex gloves, and additional practice supplies.
- Rent has been negotiated at \$1,500 per month.
- Telephone and Utilities will be \$400 per month through Comcast West.
- Additional Expenses will be allotted \$100 per month for miscellaneous expenses.
- Payroll has been allotted \$1,800 per month for the Office Manager and CA. This will include new patient bonuses.
- Payroll Tax is 10% of Payroll expenses for all employees
- Dr. Hoglen's Salary is \$3,500 per month