



# Knowing Your Numbers in Private Practice

Learning how to understand the financial side of private practice...



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## What you will learn...



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1. Understanding your money mindset.
2. Knowing your numbers and creating a plan.
3. Setting session rates to cover costs, paying yourself, taxes and profit.
4. Using the power of allocation.
5. Growing and scaling for the long haul.
6. How to dive in deeper; the full course & bonus tools.

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# Money Mindset



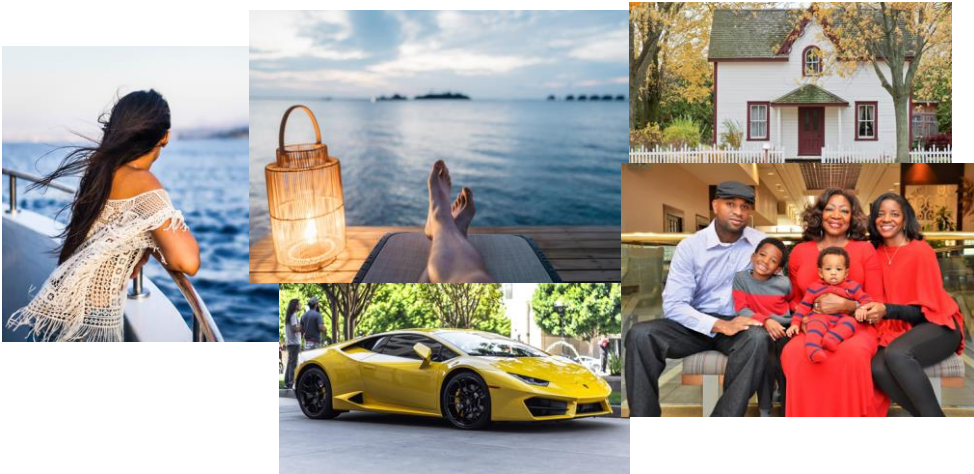
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## How do you think about money?



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## What's the lifestyle you really want?



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**How much money do you need to maintain the lifestyle you want?**

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**Knowing Your Numbers &  
Creating A Plan**

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Know your numbers...



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KPI's - Key Performance Indicators

**OVERHEAD**  
**PER SESSION RATE**  
**NUMBER OF SESSIONS**  
**TAXES**  
**PROFIT**  
**OWNER'S PAY**

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## Know where you are going...



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## Begin with the end in mind...

The current average salary for counselors and therapists in the US, according to the Bureau of Labor Statistics, is \$42,840.00.

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## What are your numbers?



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## Gather your data...

- What you will pay yourself
- Per session rate (average)
- Number of sessions (average)
- Operating costs (AKA "Overhead")
- Taxes you will owe

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## The Formula

Ideal Salary (annual) ÷ number of weeks you want to  
 work  
 + Weekly Operating costs of the practice  
 + Weekly taxes  
 ÷ Average session rate  
 = Number of sessions needed each week

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## Start with where you want to end up

\$50,000.00 a year salary  
 ÷ 48 Weeks  
 = \$1041.00 a week

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## Translating into clients and sessions needed

Ideal Salary	\$1041.66 weekly
Practice Expenses	\$500.00 weekly
Taxes	<u>\$187.50</u> (assuming 18%)
Subtotal	\$1729.16 gross income needed per week

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## Number of Sessions Needed

Sessions per week needed based on session rate (Divide \$1729.16 by session rate):

<u>Rate</u>	
\$200.00	9 sessions
\$150.00	12 sessions
\$100.00	18 sessions

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## The Key...



Do what you can to get your average per session rate higher...

Get your operating costs (overhead) as low as possible...

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## The Problem...



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## The Solution...



Using averages and percentages to get you there...

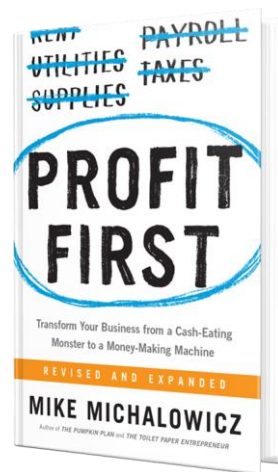
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## Using Allocation Percentages (AKA) Profit First

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## Profit First by Mike Michalowicz

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Thinking differently about profit...

$$\text{---} \text{INCOME} - \text{EXPENSES} = \text{PROFIT} \text{---}$$

$$\text{INCOME} - \text{PROFIT} = \text{EXPENSES}$$

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Parkinson's Law

*The demand of a resource tends  
to match the supply of a  
resource...*

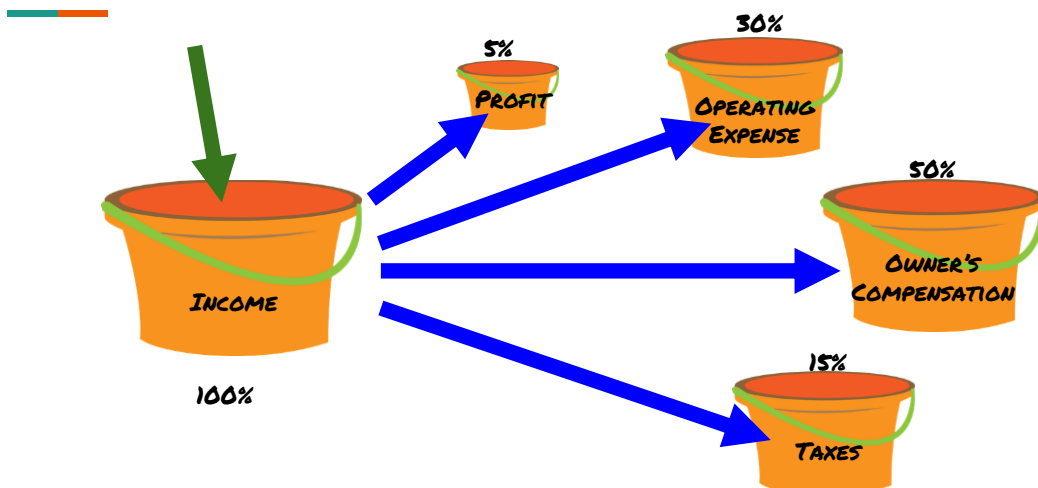
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In other words...



The size of your bucket determines what you will spend. Control the size of your buckets!

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## CAPS and TAPS

CAP = Current Allocation Percentages

TAP = Targeted Allocation Percentages

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## Step 1 - Calculate Your CAP

Divide you expense (allocation) by the total income.

Example:

Income = \$120,000.00 (100%)

Profit = \$2000.00(1.6%)

Taxes = \$3000.00 ( 2.5%)

Owners Comp = \$25,000.00 (20.9%)

Operating Expense = \$90,000.00 (75%)

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## Step 2 - Set Your TAP

Income = 100%		
	<u>Target</u>	<u>Actual</u>
Profit		1.6%
	5%	
Taxes		2.5%
	15%	
Owner's Comp		20.9%
	50%	
Operating		75%

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## Work toward your allocation goals...

- Continue working to increase your income
- Work toward decreasing your operating expenses
- ALWAYS allocate something to profit, even if you are only starting at 1%
- While you are growing, allocate to build your buffer/reserves for slow times

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# Growing and scaling for the long haul...

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**Create a buffer or cushion...**



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## Financial Planning

- Create a financial buffer and reserves
- Eliminate your debt as much as possible
- Start saving and investing in retirement ASAP
- Look for an create a diversity of income streams...THINK OUTSIDE THE BOX!
- Grow to the right size practice for YOU!
- Consult with financial and private practice experts; find some mentors and coaches

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## What next?



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A person is performing a handstand on a wooden dock that extends into a calm lake. The person is wearing a blue tank top and dark shorts. The lake's surface is perfectly still, creating a clear reflection of the person and the surrounding landscape. In the background, a dense forest of evergreen trees lines the shore, and beyond that, a range of mountains is visible under a soft, overcast sky. The overall scene is peaceful and scenic.



THE  
**PRACTICE**  
OF THERAPY

## The Course...

- ❖ Basic accounting and concepts
- ❖ Business entities
- ❖ Bookkeeping and Understanding Reports
- ❖ Understanding Taxes
- ❖ Setting fees
- ❖ Creating a more detailed financial plan
- ❖ The power of allocation and "Profit First"
- ❖ Hiring Contractors and Employees
- ❖ Planning for retirement

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## Feel confident about the financial side...



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Here's the pitch...



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Regular price: \$297.00 or 4 Monthly Payments of \$75.00

*But since you joined the webinar today you can get 25% off...*

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# 25% Off

Get the course PLUS the Profit First Tracking Spreadsheets Templates

Use the code "GORDON25"

(This offer ends on July 20, 2019)

— AND...

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Regular price: \$98.00 or 3 Monthly Payments of \$38.00

Get 25% off with code "GORDON25"  
(you save \$24.50)

OR

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PLUS

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# 25% Off

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— AND...

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# Questions?

