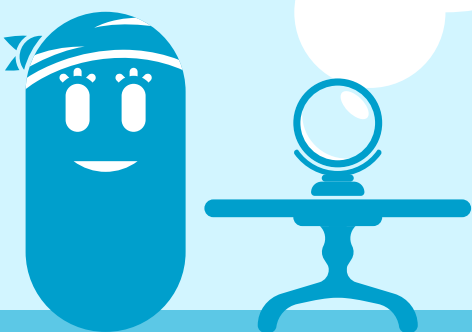


FORECASTING YOUR **ALLIED HEALTH BUSINESS**



Forecasting your Allied Health Business

What tools and metrics to use so you can make data driven decisions about your practice:

1. Set Benchmarks

Outline how to build growth projections from various financial ratios, like gross margin, operating profit margin and total revenue. These come from your financial statements.

1.1 Establish Key Goals/Assumptions

The keys steps to financial forecasting within the business plan is to have -

1. **Master Spreadsheet** - to input your goals into while you build the picture.
 2. **List of Expenses** - downloaded from your financial statements.
 3. **Revenue Ratio Goals** - review your revenue by analysing specific ratios.
-

2. Analyse Expenses

Here you need to separate and estimate two aspects of your expenses -

- a. **What are your fixed costs?** Like rent, accounting, legal and supplies.
- b. **What are your variable costs?** Costs that change with the rise and fall of revenue and output.

2.1 Forecasting Expenses

Be conservative when you forecast your expenses. Over-estimate things like -

- a. **Marketing** - over-estimate up to 1.5x - 2.5x
 - b. **Legal and Insurance** - over-estimate up to 2x - 3x
-

3. Forecast - Financial and Operational Metrics

Look at your P&L, Balance Sheet and Cash Flow Summary from the past 12 months.

3.1 Financial Metrics

- 1. **Total Revenue** - review your previous 12 months financial statements and apply a key forecast assumption to your revenue figure.
 - 2. **Gross Margin (or Profit)** - determine the net revenue and then the Cost of Sales. Ask yourself what gross margin do you want?
 - 3. **Operating Profit Margin** - measures how much profit your company wants to makes on each dollar of sales, after paying for the costs, such as wages and rent, but before paying interest or tax. Calculated by dividing Operating Profit by Net Sales.
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3.2 Operational Margins

The last area to assess your operational requirement in order to achieve your financial goals. When forecasting your operational metrics, ask yourself:

- a. How many staff are required to achieve this goal?
- b. How many referral sources are required to grow from your current position?
- c. How many new clients per week?
- d. Percentage of clients that repeat and use multiple services (i.e. retention)?

4. Summary Spreadsheet

Present a spreadsheet with keys goals/forecasts you have set yourself. Then express this to your team and measure them on a regular basis.

	2019	2020	2021	2022	2023
Total Revenue	\$500,000	\$600,000	\$700,000	\$800,000	\$900,000
Profit	20%	20%	25%	25%	30%
No. Clients.	Achieve 120/day	Achieve 200/day	Achieve 225/day	Achieve 250/day	Achieve 300/day
No. Team Members	10	12	14	16	17
No. of Referral Sources	GPs, Specialists NDIS, etc.	30+	40+	50+	50+
No. of New Clients per Week	60	90	110	120	150
No. of Product/Services Available in Clinic	Physio, OT, Speech, Pilates, Massage	Plus Nutrition	Plus Podiatry	Holistic Centre	Holistic centres
% of Clients that Utilise Multiple Services	30%	40%	45%	50%	55%

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