

Summertime Cleaning: 7 Tips for Getting Your Business Finances in Order



What a better time to look at your medical practices financial health than the start of a new season! While caring for your patients is why you practice Medicine, you have a business to run and it is important that you keep your business afloat by taking the time to get all your finances in order.

Fortunately, getting your finances back in tip-top shape doesn't require a complete overhaul. You just need to dedicate a few hours to tidying up and start making a few more intentional decisions. Here are some tips on how to get it all done!

Tips for Getting Your Business Finances in Order

1. Clean Up Your Books

With everything going on day-to-day to run the practice, it's easy to get behind on your financial to-do list. If your financial records are not up-to-date, you could risk losing money by failing to keep up with late payments by your customers or failing to realize that it is time to pay your suppliers. Maintaining a good record of your finances will help you track your expenses, debts, and creditors, and be able to apply for additional funding if the need arises.

- **Collect your paperwork:** Gather your receipts, bank statements, bills, invoices, and the like. If you're using cloud-based bookkeeping software (more on that soon), you'll have this taken care of in no time.

- **Organize your income and expenses:** Double-check all of your transactions to ensure they're appropriately categorized. This information can help you with your tax deductions and business planning later.
- **Generate financial statements:** Go ahead and create your primary financial statements: balance sheet, cash flow statement, and profit and loss statement. Give these a quick look through to discover any trends, opportunities, or risks.
- **File your taxes:** Don't wait around for the due date to get your taxes completed. Get it done and off your mind.
- **Verify inventory levels:** Do a quick count of your inventory to ensure your digital and physical records are in sync.

2. Adopt Cloud-Based Bookkeeping Software

If you haven't already, now's the perfect time to invest in cloud-based bookkeeping software. And since there are so many free bookkeeping solutions, the biggest investment is really just your time setting it up (which really doesn't take that long).

Bookkeeping software can help automate several financial tasks. It can organize invoices, send late-payment reminders, generate financial statements, and even categorize your expenses.

3. Take Control of Debt

Debt isn't inherently bad, but it can become a problem if it gets out of hand—much like an unruly plant or a shopaholic with a credit card. Analyze your financial reports to see where your money is going. Do you really need to have that much inventory on hand? Should you hire seasonal help instead of another full-time employee? Could you lease equipment instead of buying it brand-new? Can you refinance business debt?

Answers to questions like these could save you big bucks in the long run, and that in turn can increase your profitability (not to mention a good night's sleep, too).

4. Build Up Your Cash Cushion

2020 completely wiped out most businesses' rainy day funds, and that's okay—that's what they're there for. If you emptied yours to survive the pandemic, don't panic. Begin building it back up slowly and steady. Start by regularly putting in small amounts. You may choose to deduct a portion of every sale to rebuild your cash cushion, or you may decide to commit to a fixed amount each month. Regardless of what you choose, begin building up your rainy-day fund again—who knows when you might need it.

5. Create a Business Game Plan

First and foremost, you should be looking at where your business is right now and look forward to where you see your practice over the next few years. On the financial side, you should be able to tell how you will finance your business and its activities, how much money you will need, and where it will come from.

Look at the big picture.

Where is your business currently headed? Where do you want it to go? How will you get it there?

Answers to these questions will shape your business game plan. It'll help you create goals and realistic steps for achieving them.

6. Hire a Professional

In this age where everything is going at a fast pace and everything is at your fingertips, competition in the medical industry gets really stiff. Instead of piling up an additional burden of doing the bookkeeping yourself, it would be wise to hire an expert who would do it on your behalf so you could concentrate on the other important aspects of your practice where you naturally excel at. Focus on treating your patients with the utmost care. This way, you could build relationships with your customers and avoid errors in your books. The professionals at [Tower Physician Solutions](#) are experts at helping your medical practice thrive.

7. Get Financing Before You Need It

Don't wait until your business is drowning to look for financing. Start doing your research now and securing the funding you need. Here are a few popular options to consider:

- **Business Line of Credit:** A business line of credit gives your business access to revolving cash. You can use it on just about any business expense, and once you repay the funds, you get access to the funding again.
- **Business Credit Card:** Business credit cards work the same way as personal credit cards—you swipe now and pay later. They're an excellent tool for expanding your working capital while also building your business credit score.
- **Invoice Factoring:** Invoice factoring empowers you to sell that pile of outstanding invoices for cold, hard cash. You'll get an advance on up to 90% of the funds, and then the factoring company will give you the rest (minus their fees) once they collect the payment from your customer.

SBA 7(a) Loan: You can use an SBA 7(a) loan to finance everything from equipment purchases to real estate investments. However, the application process is notoriously long and paperwork heavy. Get ahead of the curve and apply well before you plan on needing the cash.

Let's face it, running a medical practice is challenging and finding the time and energy to clean up the finances can be tough. Set aside some time on the weekend and tackle one of these items, then come back to this list every now and then until you manage to get your practice's financial planning done.