

## Grow Your Clinic Ep. 209

# Improving Your Clinic's Cash Flow with the C.R.E.A.T.E. Strategy

## Description

In this episode, we'll be giving you a rundown on what happened this month at the Clinic Mastery finance immersion. We'll talk about key ideas around finance, specifically around improving your cash flow and cash allocation.

Listen to the full episode!

## SHOW NOTES

- Cash allocation strategy [02:40]
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If you want to know how your clinic measures up in the benchmarks of your field and in relation to the level of your clinic growth, you can take this [FREE Assess Your Clinic Scorecard by Clinic Mastery](#).

You'll be receiving a free report and we'll also walk you through the strategies that can help you progress your clinic.

If you want to get in touch, send a message to [jack@clinicmastery.com](mailto:jack@clinicmastery.com). We'd love to have a conversation and offer free insights.

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# TRANSCRIPT

## [INTRO MUSIC]

*This is the Grow Your Clinic podcast from Clinic Mastery. We help progressive health professionals to lead inspired teams, transform client experiences, and build clinics for good. Now, it's time to grow your clinic.*

Well, good day and welcome back to the Grow Your Clinic Podcast. My name is Jack O'Brien, your host — super excited to bring you another short, sharp and shiny episode for you today. Whether you're on the treadmill at the gym, going for a walk in the bush, perhaps you're driving, I want to give you a couple of thoughts, some key ideas around finance.

Inside the Business Academy this month in particular, we're doing a finance immersion, a member challenge all around immersing ourselves in our finances, and we're in wait for on for as we get towards the end of May. We've covered things like your mindset around money, profit and loss statements, budgets, balance sheets, all of the financial tools. We've had guests, we've had resources, tools, calculators, accountants — so much immersion happening around finances.

And today, just before I recorded this podcast, we have conducted our session around cash flow and cash allocation. And so I wanted to give you a bit of a peek behind the curtain, a bit of a glimpse, maybe a 1% or 2% of all that we cover here in the Clinic Mastery Business Academy and our Finance Immersion this month. And so specifically around cash flow.

You know, they say that cash is king. And we would say that cash flow is Queen. You can't just have cash without flowing. Having cash is one thing — having cash flowing is a whole nother ball game. And so cash and cash flow go hand in hand together. But we know that money doesn't grow on trees. And so what do we do when it comes to cash? Money doesn't grow on trees. but we would say that you can create cash. And when we say create cash, it's a play on words. You can't just manufacture it but you can C-R-E-A-T-E cash — you can create cash. So I want to step you through this acronym of CREATE cash. Of course, there's there's a system for each one, there's a process, there's a resource and a toolkit for each of these pieces, but might get you thinking

around 'Alright, it's May, coming to June and the end of financial year, I need to be immersing myself in finances. What do I need to be thinking about?'

### **Cash Allocation Strategy**

So here we go. Number one: C. You need a Cash allocation strategy. This dictates what you do with what's leftover — what we do. And you know, our P&L, profit and loss statement, is one thing. It will talk about.. it'll give us our operating profit. And then what happens from there? With that operating profit, we need to allocate some to our liabilities, some for our tax obligations. We need to assign some for cash reserves, investment reserves. And we also need to be taking some owners' drawings. And so having a cash allocation strategy that has the right bank accounts at the right percentages is key — making sure that you're managing and allocating the cash that you've got.

### **Increasing Your Revenue**

And then we move through create to: R. And R is increasing your revenue. So one way to get more cash is to increase your revenue is to help more people, help more often, and add more value. There's strategies for each of those three components of the growth formula: have helped more people, help more often, add more value — increase your revenue.

### **Decrease Your Expenses**

As you work through C.R.E.A.T.E.: C - R - E, E is to decrease your expenses. And it's been said that in order to generate \$1,000 worth of profit, you could decrease your expenses by \$1,000 or increase your revenue by a factor of 10, by \$10,000. And sometimes managing your expenses, decreasing your expenses, is much easier — it's 1000 versus 10,000. And so we run through different strategies that you can analyze your profit and loss and your expense accounts in order to find hundreds and thousands and tens of thousands of dollars of cash that's currently running through your business but not sticking in your business.

## Looking into Your 'Accounts Receivable'

So we've talked about cash allocation, revenue, expenses, the A is for accounts receivable and how you manage your accounts receivable, your outstanding accounts. So many clinics, especially when we talk with speech pathology, psychology, occupational therapy clinics, they have huge dollars outstanding and owed to them. And the fact of accounts receivable is that it is your money, it's owed to you, you've delivered a service and it is owed to you, but yet you're letting it sit in someone else's accounts and you're letting them work with your cash. And so the systems and processes and scripts around improving your accounts receivable, setting dollar targets, benchmarking percentage targets, is huge in creating cash flow.

## Timing of your 'Accounts Payable'

The T in the C.R.E.A.T.E acronym is the timing of your accounts payable. And how can you take control over what you are to pay others and improve the timing of that so that it improves your cash flow. In other financial circles, this could be referred to as 'Inventory Days' or something to that effect, and the managing, the timing, of your accounts payable is huge.

## Evaluation and Reflection of Progress

And then finally, the E — C-R-E-A-T — E is evaluation and reflection on your progress. And we speak through the rhythm of weekly, fortnightly, monthly, quarterly, and annual rhythms for you to be reflecting on your cash flow. And you don't have to do it in all of those time domains, cash flow happens on a weekly, and a monthly and a quarterly basis. And so making sure that you've got the right rhythms in place to evaluate your current cash flow and project effectively so that primarily you can sleep at night, you know that there'll be plenty of profit leftover, and you'll be able to appropriately invest in your community, in your clients, in your team, and in the growth of your business.

So we know that cash and money doesn't grow on trees. We know that cash is king and cash flow is queen. And so we need to C.R.E.A.T.E Cash, **C.R.E.A.T.E** being the acronym: **C**ash Allocation Strategy, Increase Your **R**evenue,

Decrease Your **E**xpenses, Reduce **A**ccounts Receivable, the **T**iming of Accounts Payable, and **E**valuate Your Progress.

I trust that that's been useful. If you need some systems if you need some help. If your accounts receivable is more than \$10,000 right now and regardless of the size or type of your business, that can be improved. And so get in touch with us if you want to know how your clinic measures up in the benchmarks according to other clinics, and the stage of your clinic that you're in, head over to our website [clinicmastery.com/podcast](https://clinicmastery.com/podcast) and all the links will be there for you to take the Assess Your Clinic Scorecard, there's a specific degree around how you measure up when it comes to the Degree of Finance. And we would love to give you a free report and walk through the strategy behind how you can assess your clinic, diagnose your clinic, and progress your clinic.

I trust that's been useful. If you want to get in touch you can email me: [jack@clickmastery.com](mailto:jack@clickmastery.com) to human on the other end, we would love to have a conversation around how we might be able to help you and perhaps just offer some free insights. Please do get in touch.

Thanks for tuning in to this episode of the Grow Your Clinic Podcast and we can't wait to bring you another episode again really soon. Bye for now.

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**[OUTRO MUSIC]**

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