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IF YOUR BUSINESS DOESN'T WORK ON PAPER, IT WON'T WORK IN REALITY!

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Urgent message: A business plan should never be a formality to meet bank or investor requirements. Rather, it should represent a rigorous testing of all your analyses and assumptions around a business decision. Because, sometimes, the “best” outcome from diligent business planning just might be the decision to forego the opportunity altogether.

Physician-entrepreneurs were the pioneers of the early urgent care landscape, and today remain central to the growth and expansion of the industry. And while their entrepreneurial spirit made them the driving force—then as now—many still venture into the urgent care space lacking a solid foundation in the myriad business aspects of a well-run operation. Eager to practice urgent care medicine, yet short on experience in running a retail-oriented business, we often see beginning physician-entrepreneurs seek out a boilerplate “business plan template” to simply meet their bank’s lending requirements.

A business plan, however, is far from a simple cut-and-paste endeavor. Indeed, a proper business plan is a rigorous exercise in analysis in which every aspect of the business is detailed, and every assumption tested. Because if a business doesn't

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work on paper, it won't work in reality! This is a truth to which many owner-operators of failed urgent cares can attest.

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The Importance of the Urgent Care Business Plan

An urgent care center can struggle at the outset, fail to gain traction, or shutter its doors completely for any of the following reasons:

- Incomplete or inadequate market analysis (including competitor strengths and weaknesses)
- Lack of understanding of the target consumer demographic (their expectations and unmet needs)
- A poorly executed operation (resulting in inefficiency and disengaged employees)
- Excessive spending at the outset (ie, setup, supplies, labor) that exhausts working capital
- Inadequate or ineffective marketing (failing to differentiate from competitors)
- A poor patient experience (resulting in negative reviews and no repeat visits)

A thorough and effective business plan addresses all the above issues. And business plans are not just for new centers, but every business decision—whether its adding capacity at an existing center, expanding and adding new locations, or adding new service offerings.

With that in mind, here are several of the major topics an urgent care business plan should cover:

- Market analysis
- Your strengths, weaknesses, opportunities, and threats (SWOT)
- Marketing plan
- Bottom's up analysis

Market Analysis

Before you open any business, you must determine the demand for the goods and/or services that business will provide. For urgent care, this begins with understanding the customers in the urgent care market and the type of walk-in medical services they'll want. This type of market analysis is generally comprised of answers to the following questions.

- Who are your customers?
- Where do they live?
- What are their demographics (ie, age, household size and type, income, type of insurance, healthcare needs)?
- How are the trade areas shaped? What are the geographic boundaries that will draw people to your location? What is the catchment area for your center?
- Who are the competitors in the market?

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Essentially, you need to identify *who* you're going to serve and whether they have a need or want for your services that is either currently unmet, or that you can meet better than existing options.

SWOT

A SWOT analysis is a technique for examining a business in the aforementioned areas to provide a framework for which direction a business should go in its strategic planning. Given that consumers tend to be creatures of habit, a SWOT is particularly important in helping you understand what you'll be doing better than incumbent competitors.

What makes a SWOT so valuable is its ability to aid in clarifying specific objectives and identifying any obstacles and hindrances that might be present. A SWOT is typically in-depth and thorough, takes on the perspective of the urgent care center's competitors, and addresses both internal and external factors that affect company performance. By far the best way to perform a SWOT analysis is through brainstorming sessions attended by all members of the urgent care team. Examples of SWOT analysis questions might include some of the following:

Strengths

- What differentiates our urgent care from existing options?
- What makes our patients return for repeat visits?
- What are our strongest assets regarding our human capital (workforce), facilities and technology, and leadership/management?

Weaknesses

- Is our urgent care competing well enough in the market?
- What are the areas in need of improvement for increased performance?
- Are we properly staffed during peak and slow times?
- Are our equipment and facilities due for an upgrade?

Opportunities

- What are the emerging trends in healthcare we need to be keeping up with?
- Does our center face any new or emerging legal/regulatory challenges?
- In what ways can we leverage technology, marketing, and events to spotlight our company?
- What consumer groups or geographic markets remain underserved in our area?

Threats

- What are our local competitors doing that could give them a competitive advantage?
- Are our competitors spending marketing dollars on advertising that draws patients away from our center?

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- Are there any regulatory challenges looming that could hinder or stall our urgent care center's performance and future growth?

Marketing

An effective business plan will necessarily include the marketing strategies and tactics the center will employ to raise awareness, promote the brand, and gain top-of-mind awareness with the local patient population. Common marketing strategies might address the following areas:

- Signage and billboards – A center's visibility to heavy drive-by traffic is the single biggest predictor of volume in urgent care, as patients must be aware that the center exists.
- TV and radio ads – Traditional electronic media channels, albeit expensive, can reach thousands of people in the local community (although they may be potentially cost prohibitive for single centers in major markets).
- Digital media – Internet and online advertising in the way of digital ads, PPC, and social media campaigns.
- Grassroots initiatives – Local events, team sponsorships, church affiliations, and other community tie-ins help entrench the urgent care within the local community and facilitate brand loyalty.

Bottom's Up Analysis

A "bottom's up" analysis allows an urgent care center to get very granular and rigorous in analyzing the major line items of the *pro forma*. A *pro forma* is a standardized, columnar-format statement businesses use to arrange and analyze relevant data in the process of business planning. Some of the major line items in an urgent care *pro forma* might include:

- Revenues
- Expenses
- Staff salaries
- Equipment
- Advertising
- Earnings before interest, taxes, depreciation, and amortization (EBITDA)

For a *pro forma* to be truly effective to your bottom's up analysis, it's important that the urgent care doesn't borrow from another center or simply "plug and play" with industry benchmarks. Borrowing a *pro forma* from another business completely undermines its predictive value since it's not customized to the target business. A ton of thought and analysis must go into every number in a *pro forma*. By customizing the *pro forma* and documenting the assumptions that drive the numbers, when and if changes in the business occur, the *pro forma* allows the urgent care to go back and adjust those assumptions to determine if the business should change course, scale back, or accelerate its efforts.

Strategic Planning vs Business Development

It's important for an urgent care to differentiate its strategic planning from its ongoing business development plans. Indeed, a business needs an overall plan at the outset but once the doors open, ongoing business development must occur to refine and further build the business. In both cases, a business plan supports each of those objectives. The difference between the two can be summarized as follows:

- **Strategic planning** sets the overall direction a company is going to take, defines the scope of the business, clarifies the target customers and their needs, outlines the strengths and weaknesses of the competitors, and develops operational goals and a plan for investing the company's resources to reach those goals.
- **Business development** pertains to growing the company's revenues by ensuring the needs of the marketplace are being met by the urgent care center. This requires consistently examining how well the company meets customer needs relative to its competitors, and can entail adding new locations, adding new services, marketing to and drawing in new customers, and improving the operation so that it becomes more profitable.

Conclusion

"If your business doesn't work on paper, it won't work in reality!" should be the mantra repeated constantly by every urgent care operator who is committed to their business surviving in an increasingly competitive market. To that end, a proper business plan is a necessity for providing clarity to the in-depth, rigorous, and detailed business assumptions that must be regularly tested, analyzed, tweaked, and adjusted to ensure the urgent care operation remains successful and thriving.



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