

Strategic Planning – How to get Started



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I recently attended a Strategic Planning meeting that a dentist organized for himself. He invited his wife, his accountant, his investment/retirement consultant, his insurance specialist and myself as a valuation/sales broker. The accountant brought to the table the dentist's current financial situation and tax position. The investment/retirement consultant was a long time business advisor and confident. The insurance broker was familiar with his insurance needs including practice insurance. I was invited as I had valued his practice in the past and understood the strong and weak points of his practice management as well as establishing the value of his practice for retirement purposes.

The meeting included a review of his debts, his income, his future cash requirements (i.e., children's wedding costs). The big question was: What should he do today to reach his objectives in the future? Future objectives included:

1. Total debt elimination in five years
2. Maximize RRSPs for both himself and his wife
3. Balance the retirement savings for both himself and his wife
4. Minimize future taxes.

We discussed practice management techniques to improve his bottom line. The overhead in the practice was higher than it should have been. The decision was made that he should start up a hygiene/management company owned by his wife. The expectation was that excess income could be accumulated in the hygiene corporation and transferred to an investment company. This would keep the current taxes as low as possible on the excess income until drawn out for personal use. It was felt that the excess income would not require the dentist to form a Canadian Controlled Private Corporation (CCPC) to shelter excess income at this time. A laboratory corporation was discussed but was considered too complex for the time he had available and other projects would make better use of his time.

At the end of the meeting, which took three hours, there was a consensus to establish priorities for the each member of the group in order to achieve the dentist's short and long term objectives. It was good from the aspect that everyone knew where they were headed with a time frame to achieve objectives. There was

a five year plan, a ten year plan and a fifteen year plan. It was arranged that the group would meet annually after we have completed his comprehensive valuation for the previous year.

If you do not know where you are going how will you know when you have arrive.

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