

Business Plan

MTN Medical Group



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Bethania Noronha, ND
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Naturopathic Doctors

www.MTNmedicalgroup.com

Scottsdale, AZ

MTN Medical Group, PLLC

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1.0 Executive Summary

- MTN Medical Group, PLLC is a business owned by three physicians dedicated to the practice of naturopathic medicine. As documented in the curricula vitae, the members of our group bring a wide range of professional training and practical experience to the business.
- Our decision to locate in North Scottsdale, AZ was influenced by independent market research showing that demographics of the population in North Scottsdale, AZ are similar to those of other regions where alternative healthcare has enjoyed rapid growth.
- Our plan is to open and staff a medical clinic to serve North Scottsdale and the surrounding communities. The attached business plan details our marketing strategy and envisions a pattern of steady growth. We are confident that these goals are attainable and that our clinic will be serving the needs of patients for many years.
- To achieve the financial and professional goals set forth in the following documents, we are seeking a loan of \$75,000 and a credit line of \$74,000. The conservative estimates in the plan provides for payback of the loan over a period of seven years at 5-6% interest. We expect to generate a positive cash flow immediately.
- The loan and credit line, plus the partners' cash investment of \$15,000 will be used to buy office and medical equipment and supplies. In addition, it includes other expenses related to starting and operating the business.
- During the planning process we have sought advice from a number of successful professional and business people. Their input has been included in the plan supporting our application. Thank you for your consideration. We look forward to a favorable response.

2.0 Background

- Naturopathic doctors are board certified and licensed as primary care physicians with prescription rights in states offering licensure.
- All three physicians received their training at Southwest College of Naturopathic Medicine in Tempe, AZ, a four-year accredited medical school program. Admission to the program requires a bachelor's degree with premedical prerequisites.
- Naturopathic medicine employs natural therapeutics and a holistic approach to treatment. Modalities used include nutrition, homeopathy, botanical medicine, acupuncture, physical medicine and pharmaceuticals. Naturopathic medicine can be used to treat arthritis, diabetes, cancer, cardiovascular disease and many other common conditions.

3.0 Business description

- MTN Medical Group will provide naturopathic medical care to Scottsdale, AZ and surrounding communities. MTN Medical Group has been formed as a

Professional Limited Liability Company equally owned by the naturopathic physicians: Dr. Matthias, PC; Dr. Noronha, PC; and Dr. Ostroot, PC.

- Mission statement: The Mission of MTN Medical Group is to merge traditional and modern medicine to return the body to optimal health in a way that is safe, effective, and natural.
- Vision statement: Our vision is to motivate, empower, and inspire our patients and other physicians to transform the current model of healthcare into a system focused on both prevention and reversal of chronic disease.

4.0 Management

- President: Ron Matthias, ND
 - Doctorate in Naturopathic Medicine, Southwest College of Naturopathic Medicine
 - BA Organizational Communication, Arizona State University, Tempe, AZ
- Vice president: Bethania Noronha, ND
 - Doctorate in Naturopathic Medicine, Southwest College of Naturopathic Medicine
 - BS Neuroscience, University of Delaware, Newark, DE
- Secretary, Treasurer: Cory Ostroot, ND
 - Doctorate in Naturopathic Medicine, Southwest College of Naturopathic Medicine
 - BS Biology, St. Mary's University of Minnesota, Winona, MN
- The principals of MTN Medical Group collectively have practical experience in public relations, sales, marketing, entrepreneurship, and teaching. Each physician has also completed a minimum of 1600 hours of clinical training.
- Curricula Vitae detailing each physician's experience are available on request.
- Advisory Council:
 - Dickson Thom, DD, ND: Naturopathic Physician, Scottsdale, AZ
 - Nicole Cain, ND: Naturopathic Physician, Scottsdale, AZ
 - Sarah Marshall, ND: Naturopathic Physician, Scottsdale, AZ
 - Andre Belanger, trusted advisor, master coach, and entrepreneur, Barrie, Ontario

5.0 Financial Strategy

- The total amount needed, \$149,000, consists of the cost of opening the doors of MTN Medical Group in October 2015, \$84,169 plus the next 6 months of operating costs.
- The owners of MTN Medical Group will contribute \$15,000 towards the total needed and will secure a loan for the remaining \$75,000. We are also hoping to secure a line of credit for an additional \$74,000 for an additional 4-6 months of operating costs.

- The plan provides for this \$149,000 loan to be paid back over 7 years at a 5-6 % interest rate for a total repayment of \$178,416.
- MTN Medical Group reaches a break-even point in the 2nd month, November 2015. The assumptions used to arrive at the break-even point were conservative projections obtained by researching the growth of other naturopathic practices in Scottsdale as well as our unique business offering.
- All owners of MTN Medical Group have part-time employment outside of the medical practice to cover all living expenses.

5.1 Costs (Please refer to the Cost spreadsheets in the Financial Appendix, p. 9-12)

- In month 1, MTN Medical Group has fixed costs of \$84,169. Of that amount, \$52,809 will be used to purchase tangible assets such as medical, laboratory, medicinary equipment, and office equipment and medicinary stock. An itemized list of these items will be provided on request.
- Total costs (fixed plus variable) for year one = \$250,241; year two = \$461,416; year three = \$692,680.

5.2 Revenue (Please refer to the Revenue spreadsheets in the Financial Appendix, p. 13-14)

- MTN Medical Group has an initial investment of \$164,000 (\$75,000 loan, 74,000 line of credit, plus \$15,000 cash).
- Revenue is from patient medical and therapy visits, room rental income, medicinary and laboratory sales. All assumptions are listed in the Assumptions as part of the Financial Appendix (p. 14) and a copy of the room rental agreements will be supplied on request.
- Total revenue for year one = \$208,915; year two = \$632,591; year three = \$1,140,981.

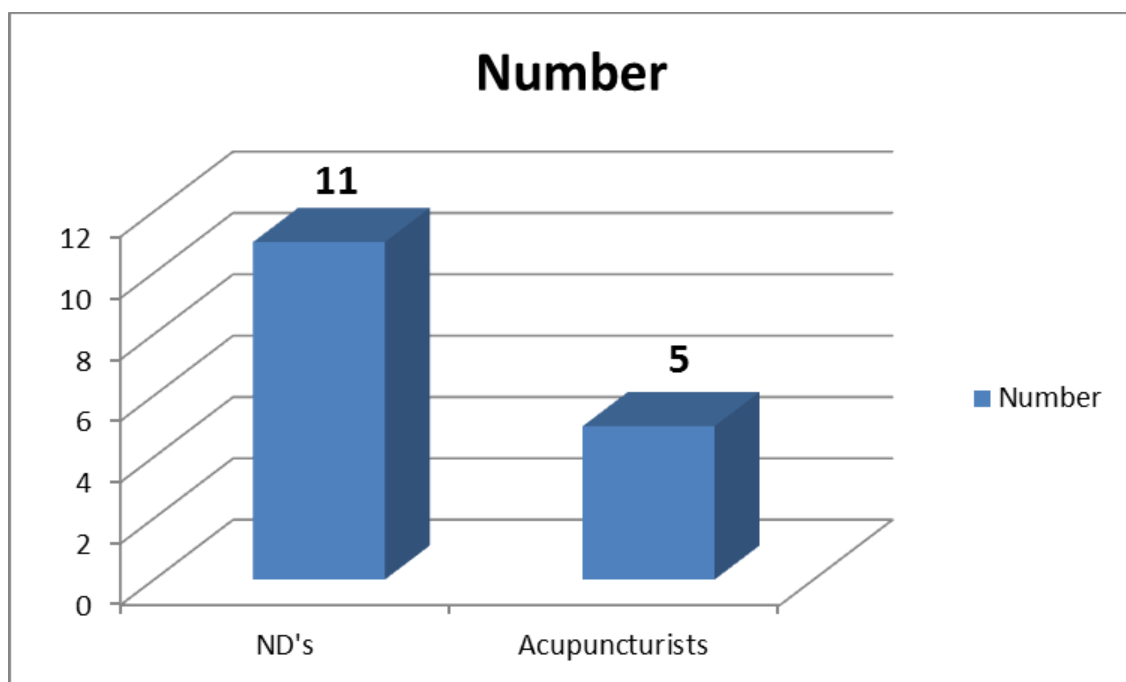
5.3 Cash Flow (Please refer to the Cash Flow spreadsheets in the Financial Appendix, p. 10-15)

- MTN Medical Group monthly cash flow remains in deficit until November of 2015, but we have provided for this deficit in our start-up cost estimation.
- Our monthly cash position in December of 2015 = \$16,206; December 2016 = \$43,986; December 2017 = \$86,386.
- Our net cash position in December of 2015 = \$120,082; December 2016 = \$487,579; December 2017 = \$1,231,146. These positions do not include owner draws.
- Cash flow position is also shown with practitioner shares paid out monthly after MTN Medical Group has reached the breakeven point. These pay outs are hypothetical and the decision to do this will depend on our cash position at this time. If we have met and/or exceeded our projections, payouts will be made. If we have not we will refrain from taking money out of the business until such time it is clear these payouts are supported.

5.4 Assumptions: (Please refer to the Assumptions spreadsheet in the Financial Appendix, p. 14)

6.0 Competition

- Our target area includes an 8-mile radius surrounding Pinnacle Peak and Pima Rd with a focus on the 85255 zip code. We also expect to draw patients from Cave Creek, Carefree, Northeast Phoenix, and various other communities within this radius.
- We only included naturopathic physicians and acupuncturists in our competitive analysis because these professions offer our greatest competition. Medical Doctors, Osteopathic Doctors, Nurse Practitioners, and Chiropractors are not included in our competitive analysis as their offerings are completely unique from Naturopathic medicine.
- Because naturopathic practice is highly specialized, Naturopathic Doctors may form cooperative relationships with Medical Doctors, Osteopathic Doctors, Nurse Practitioners, and Chiropractors with a mutual system of referral being extremely common.
- In the state of Arizona, the highest concentration of Naturopathic Doctors is in the South Valley. Other physicians are scattered throughout the state in smaller communities. Most practices are located in close proximity to the Naturopathic Medical School – Southwest College of Naturopathic Medicine.



7.0 Marketing Plan

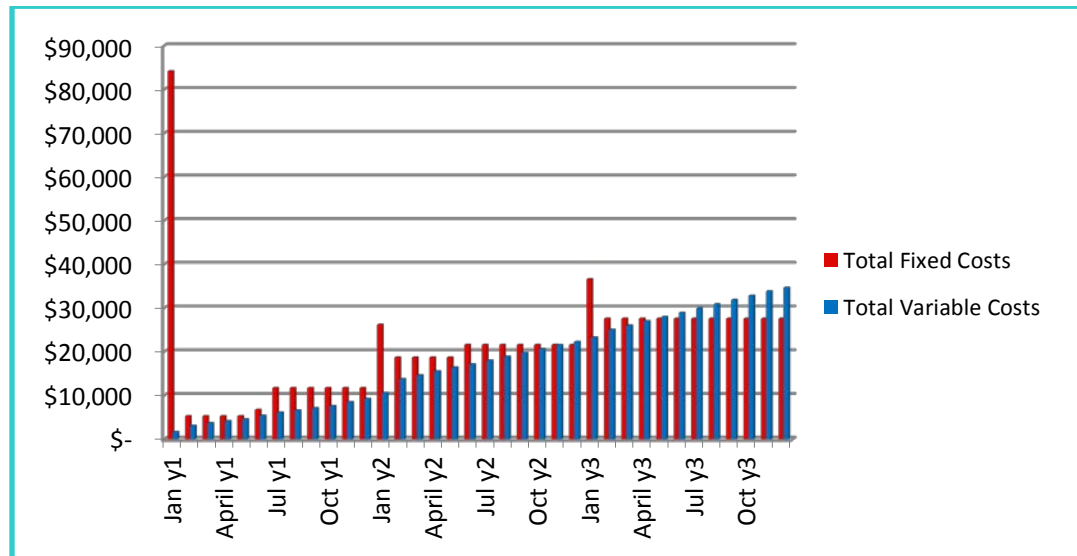
- **Marketing strategy**
 - Our marketing strategy involves building a strong community presence, educating potential clients, and detecting and filling the unique demands of patients.
- **Pricing strategy**
 - Because of the demographics of the target area, prices set out by the plan are on the higher end comparable to those charged by naturopathic doctors throughout the state. Prices reflect the time spent with patients (typically 1.5 hours for a new visit and 30-45 minutes for a follow-up), the education and skills of the physicians, and the quality of the service provided.
 - MTN Medical Group is a private pay, cash-based practice. Insurance coverage may be possible in the future.
- **Promotion strategy**

Promotion strategies include the following:

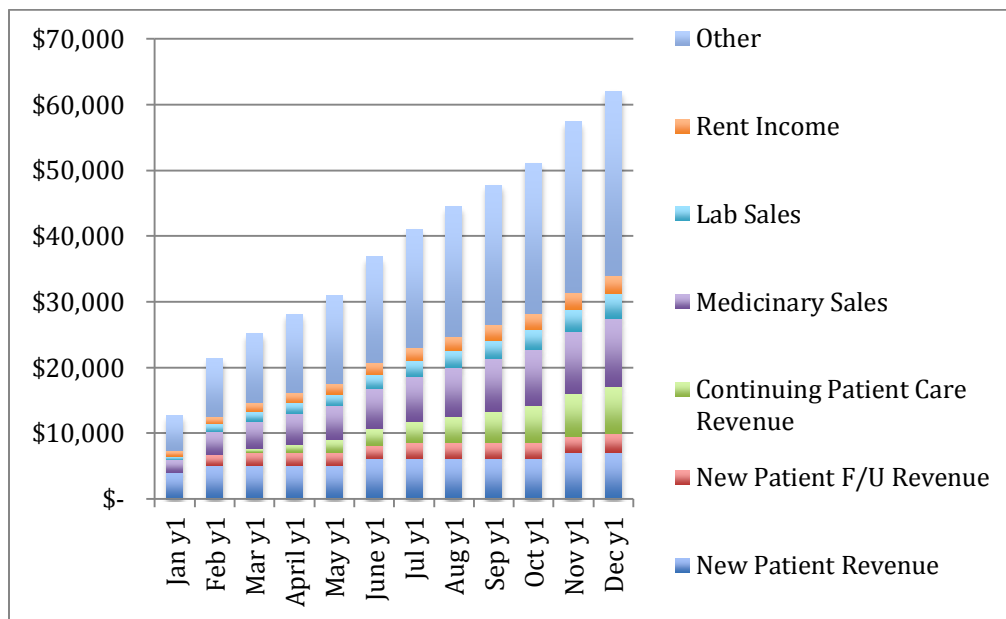
 - Advertising in yellow pages
 - Distribution of brochures and flyers to health food stores, health clubs, yoga studios, Pilates studios, book stores, and similar establishments
 - Setting up a referral network with other physicians and healthcare practitioners
 - Weekly speaking engagements
 - Circulation of print and e-newsletters
 - Maintenance of website with linking to popular internet search engines (we have had a working website for 2 months at www.MTNmedicalgroup.com)
 - Calendar of community events at which we will conduct blood pressure screenings, scoliosis checks, etc.
 - Hold regular open houses at office
- **Target Market analysis**
 - Our target market is adults ages 25-54. Women slightly outnumber men in most areas, including Arizona. The largest groups by percent in the areas we surveyed were those ages 45-54. By percentage, individuals ages 25-54 make up 42% of the area population. Women are assumed to compromise 55% of this group. The average median age for all areas surveyed is 43.5 years old. Having a large number of individuals in the 35-44 age group also ensures that we will continue to be able to target the 45-54 year old demographic in future years.
 - Although our target market is adults age 25-54, we treat all age groups from pediatric to geriatric patients.
- A full marketing plan has been completed and will be supplied upon request.

8.0 Financial Appendix:

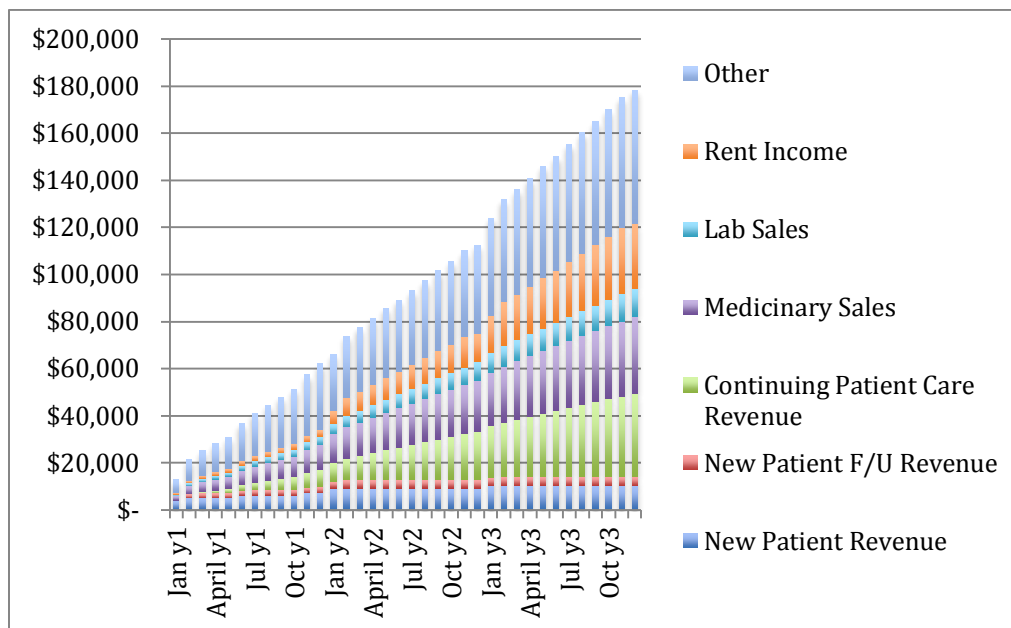
Cost Summary



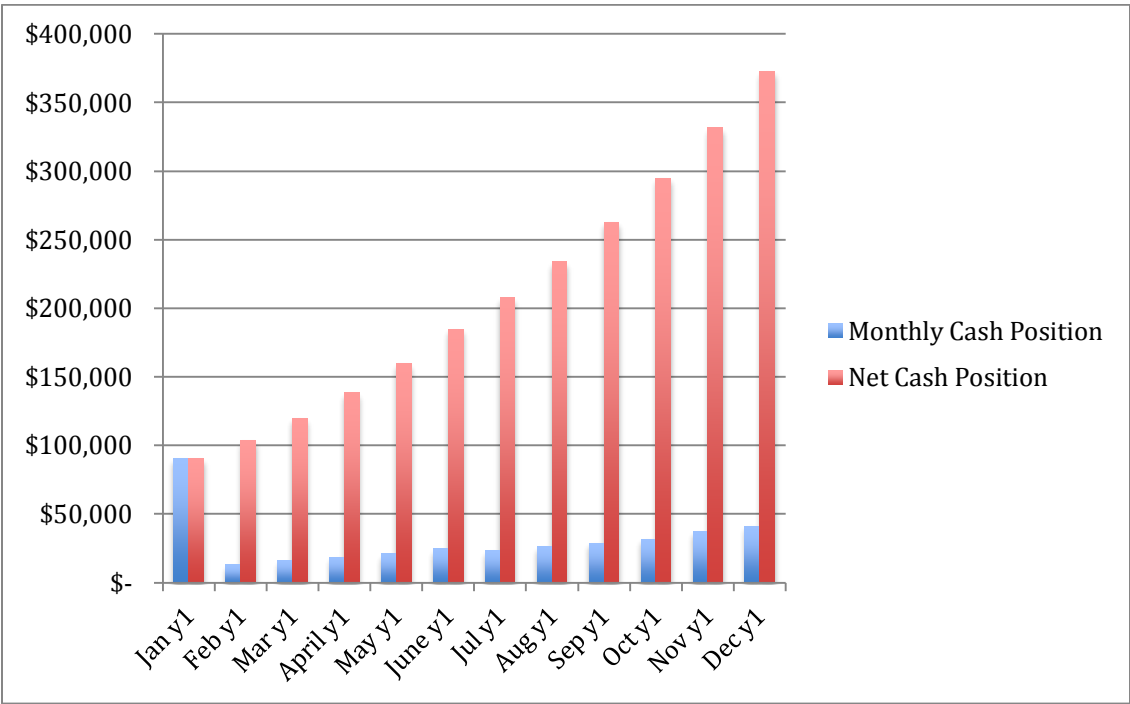
Year 1 Revenue Summary



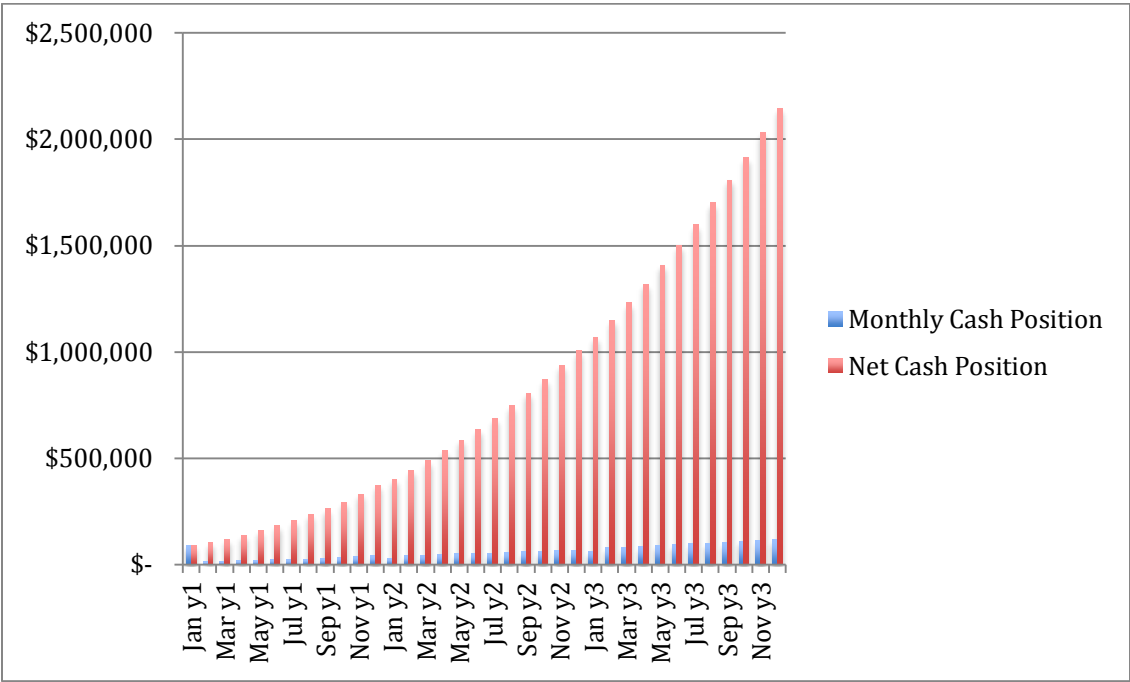
3 Year Revenue Summary



Cash position – 1 Year



Cash position – 3 years



Assumptions	<i>Dr. Matthias</i>	<i>Dr. Noronha</i>	<i>Dr. Ostroot</i>
New Patients			
New patients (month 1)	4	4	4
Additional new patients per month (2-5)	5	5	5
Additional new patients per month (6-9)	6	6	6
Additional new patients per month (10-12)	7	7	7
New patients per month (year 2)	9	9	9
New patients per month (year 3)	10	10	10
% New Patient visit	97%	97%	97%
% New Patient visit - acute	3%	3%	3%
\$ New Patient visit	\$345	\$345	\$345
\$ New Patient visit - acute	\$225	\$225	\$225
Return Patients			
% New patients returning for f/u	75%	75%	75%
% Established patient f/u	95%	95%	95%
% Established Patient - Acute	5%	5%	5%
% Counseling visit	0%	0%	0%
\$ Established patient f/u	\$195	\$195	\$195
\$ Established Patient - Acute	\$225	\$225	\$225
\$ Counseling visit	\$295	\$295	\$295
Continuing Care			
% New patient retention	60%	60%	60%
% Patient base returning (each month)	40%	40%	40%
% Established patient f/u	75%	95%	75%
% Established Patient - Acute	5%	5%	5%
% Counseling visit	20%	0%	20%
\$ Established patient f/u	\$195	\$195	\$195
\$ Established Patient - Acute	\$225	\$225	\$225
\$ Counseling visit	\$295	\$295	\$295
Annual attrition	5%	5%	5%
Medicinary			
% of patients visiting medicinary	90%	90%	90%
\$ average medicinary sale	\$150	\$150	\$150
New walk-ins (month 1)	1	1	1
Walk-ins per month (2-12)	1	1	1
Walk-ins per month (year 2)	2	2	2
Walk-ins per month (year 3)	2	2	2
\$ average walk-in sale	\$50	\$50	\$50
Lab			
% of patients visiting lab	50%	50%	50%
\$ average lab sale	\$100	\$100	\$100

Online Medicinary Sales			
% of active patient base using online med,	25%	25%	25%
average sale	\$100	\$100	\$100
commission	20%	20%	20%

Lab			
% of patients visiting lab	50%	50%	50%
\$ average lab sale	\$100	\$100	\$100

Online Medicinary Sales			
% of active patient base using online med,	25%	25%	25%
average sale	\$100	\$100	\$100
commission	20%	20%	20%