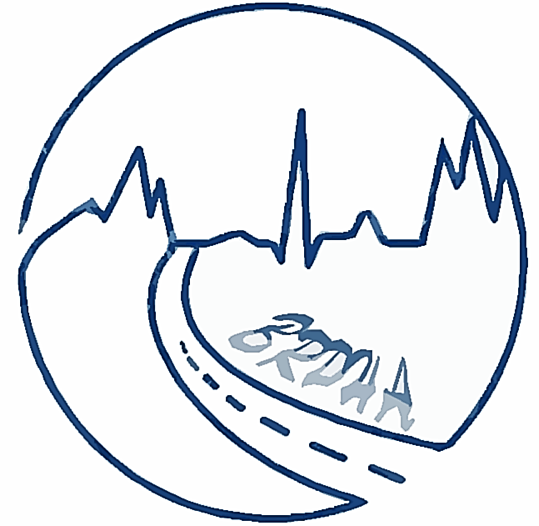
**Blue Ridge Physical Health Alliance**



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**EXECUTIVE SUMMARY**

Blue Ridge Physical Health Alliance (BRPHA), LLC is a private practice, physical therapy clinic created to serve the needs of Western North Carolina. Blue Ridge Physical Health Alliance was founded in 2016 by Keeli Tritz and Natalie Stein, both licensed Physical Therapists specializing in pelvic floor physical therapy. Our practice aims to provide a holistic approach to healthcare and to serve those suffering from musculoskeletal disorders including pelvic floor dysfunction. Blue Ridge Physical Health Alliance plans to open a location in Weaverville, North Carolina a community that does not currently have any physical therapy clinics specializing in pelvic health.

Blue Ridge Physical Health Alliance, LLC not only sets itself apart by having pelvic floor specialists, but by offering Yoga and Pilates classes that are accessible to both clients and to the general public in order to promote health maintenance outside of traditional medical services. Blue Ridge Physical Health Alliance will also house a certified Acupuncturist and Massage Therapist, creating a holistic and alternative approach to physical health.

Blue Ridge Physical Health Alliance has identified 3 specific target markets outside of the general population suffering from musculoskeletal disorders. Postpartum women, geriatric patients and athletes, who are all at increased risk for developing pelvic floor dysfunction.

BRPHA has surveyed the market area and has created marketing strategies in order to draw in potential patients and clients of our services. Some of these include attending local health fairs, building relationships with local primary care physicians and OBGYNS, and hosting lunch and learns at senior citizen centers around the area. The depth of our marketing strategy will be explained in more detail throughout the business plan.

According to our projections BRPHA should break even by week 57 and should turn a profit of $200,845 by the end of year 2. The nature of this business is such that it will take time to reach our ideal number of patients/clients, however, we believe we will be nearing these goals by the end of the first year. The flexibility of the fitness component of the business is enough that we will likely be able to add classes and possibly more instructors over time as the demand increases. The income from these services will be almost pure profit. We will determine at each semi-annual quality outcomes assessment meeting, whether the demand has increased enough to consider hiring a physical therapy assistant (PTA).

**BUSINESS IDEA**

***Mission Statement***

Our mission at Blue Ridge Physical Health Alliance is to provide unique, personalized care to each individual that walks into our clinic. We aim to create a warm, welcoming, and non-judgmental environment where patients feel that they are viewed as a whole person rather than just their ailment. With collaboration between Massage Therapists, Acupuncturists, and Yoga and Pilates instructors we strive to deliver a holistic approach to physical wellness and provide a seamless transition between rehabilitation and ongoing health management. Our clinic welcomes all patients and we pride ourselves in understanding the needs of women and men of all ages. As pelvic floor specialists, we are also focused on being a clinic that can provide intervention directed specifically at the treatment of pelvic floor pain, weakness, and dysfunction. We here at Blue Ridge Physical Health Alliance appreciate the patient’s role as an essential member of the health care team in establishing goals and taking charge of their recovery, collaboration between patient and therapist is therefore at the forefront of our approach to therapy. Join us as we help you on your journey back to health!

***Vision Statement***

Blue Ridge Physical Health Alliance will be a leading physical therapy clinic in the Blue Ridge Area. We will become the number one choice for pelvic floor physical therapy and we will be sought out by patients from all around Western North Carolina for our elite, evidence based, and patient focused services. BRPHA will continue to demonstrate excellent collaboration between all health care providers including both conventional and alternative providers. We will grow our Yoga and Pilates services and will increase the availability and frequency of classes and private sessions as our clientele base grows and more individuals seek out our clinic for overall health management and maintenance. Our clinic will uphold its core values as we grow by always keeping the patient as our number one focus and maintaining one-on-one patient-therapist interactions.

***Goals***

* Create a business that supports collaboration between physical therapists and other wellness specialists and offers continued maintenance for an individual’s overall well-being.
* Establish a presence within the surrounding community by building relationships with hospitals, OBGYN’s, birthing centers, family planning centers, senior citizen centers, local sport teams and health departments.
* Become the premiere pelvic floor physical therapy clinic in the area.
* Provide current, evidence based practice in order to alleviate pain, improve function and improve quality of life.

***Objectives***

* Have a total of 8 Yoga and Pilates classes offered per week by certified instructors within the first month of business progressively increasing these classes to 15 per week by the end of the first year.
* Have a leasing contract drawn with a Massage Therapist and Acupuncturist before the opening of BRPHA.
* Attend local health fairs, seeking out specifically Women’s Health Fairs.
* Create relationships with local OBGYN’s and Lactation Specialists and start building a referral source in order to pull in postpartum women in need of pelvic health physical therapy.
* Speak to both high school and collegiate level sports teams and educate them on the benefits of pelvic health physical therapy.
* Attend pelvic health seminars whenever possible to keep up-to-date on all the current practices, trends and research in the industry.

***Business Values and Keys To Success***

* Creating a warm and welcoming atmosphere where patients feel that they are viewed as a whole person rather than just their ailment.
* Establishing a sense of community among the clinic and the other building renters.
* Being available and easily reachable to patients even after their treatment session.
* Focusing on educating patients about pelvic floor issues and breaking the stigma that incontinence is a disorder that one “just has to live with”.
* Focusing on a collaborative approach to healthcare by building strong relationships with other health care providers.
* Understanding the benefit of alternative and traditional healthcare practices.
* Promoting preventative health care measures through education and offering Yoga and Pilates classes aimed to maintain health beyond rehabilitation.
* Valuing the patient’s role as an essential component to the health care team in establishing goals and taking charge of their recovery.
* Restoring optimal health and getting patients back to the activities they enjoy most.

***SWOT***

**Strengths:**

* Clinic that offers a holistic approach, which is unique, but would be well received based on the demographics of Weaverville, NC.
* Young practitioners who are dedicated to remaining up-to-date with evidence based practice.
* Physical therapists with personal backgrounds and experience in fitness, mind-body health practices, and women’s health.
* Patient centered one-on-one care for full hour treatment sessions.
* Female practitioners who have taken the Herman and Wallace, Pelvic Floor Series courses and are working towards their specialist certification in Women’s Health.
* Physical Therapists who also have their Pilate’s Instructor Certification from the PMA Pilates Certification Program and will be able to utilize Pilate’s equipment during therapy sessions.
* Physical therapist/owner who is also a certified athletic trainer.

**Weaknesses:**

* Pelvic health physical therapy is not a well-known practice which will make patient recruitment more challenging.
* Owners are not well established in area which could be seen as a threat in a small town, unless proper relationships are formed.
* Low combined years of clinical experience.
* Lack of experience managing company finances and communicating with third party payers.

**Opportunities:**

* Ten mile commute from major Western North Carolina hospital- Mission.
* Close proximity to Mars Hill University and UNC Asheville with many athletes who may benefit from pelvic health therapy
* Only two physical therapy clinics in Weaverville, neither offering pelvic-floor PT.
* Town has shown trending growth in population and average income over last 15 years.
* Average income of $56,802 indicating a certain amount of discretionary income for alternative and preventative healthcare practices.
* Located in a progressive region of North Carolina, which has a history of supporting and searching for more holistic and alternative approaches to health.
* Nearest pelvic floor physical therapy clinic to many people in northern areas of Asheville as well as residents of the neighboring towns of Mars Hill and Marshall, NC.

**Threats:**

* Two other physical therapy clinics in a town with a population of 3,898.
* Cancellation rates due to unpredictable western North Carolina weather.
* Patient preference to go to the larger city of Asheville where Mission Hospital is for health care.
* Massage and Acupuncture Clinic already in Weaverville.
* One yoga studio in Weaverville.
* New competition that may come to area.
* Chance of economic slowdowns in area leading to a decrease in disposable funds that people are willing to spend on additional health care measures.

***Description of Services***

Blue Ridge Physical Health Alliance offers current, up-to-date, evidence based services for a wide variety of orthopedic conditions and as physical therapists specializing in pelvic floor rehab, we have taken courses to help those suffering from pelvic floor dysfunction.

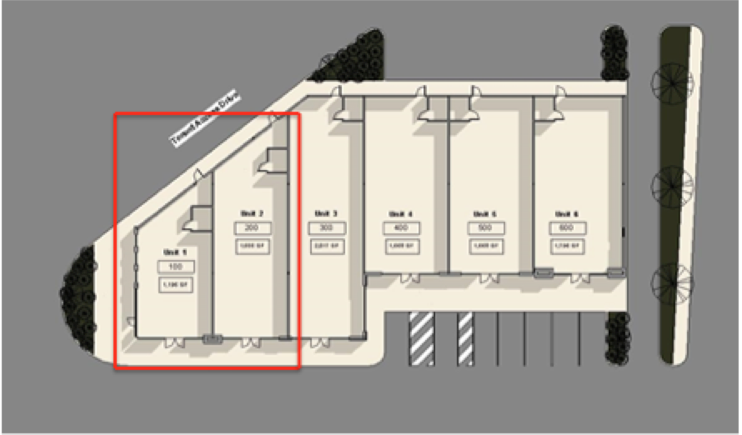
Many of the different physical therapy services offered include treatment of:

* Pelvic floor pain and discomfort
* Urinary and fecal incontinence
* Discomfort during intimacy
* Weakened core
* Pregnancy and postpartum care
* Acute and chronic pain
* Back and neck pain
* Foot and ankle pain
* Leg and knee pain
* General orthopedics
* Neuromuscular disorders
* Pre and post-operative care
* Shoulder pain
* Total-joint rehabilitation
* Manual therapy
* Work injury rehabilitation
* Return to sport rehabilitation
* Osteoarthritis

BRPHA appreciates collaboration between all health and wellness specialists and our clinic will house a Massage Therapist and an Acupuncturist, as well as Yoga and Pilates Instructors. Yoga and Pilates services include group classes as well as private sessions.

***Location and Surrounding Competitors***

Blue Ridge Physical Health Alliance will be located at 54 Weaver Village Way, Weaverville, NC, 20 minutes outside of Asheville, NC. Our clinic will be 2,851 square feet and will be housed in a strip mall that provides free and extensive parking right in front of our door. This smaller community with a population of 3,898 is a perfect location for our clinic for a host of reasons. Weaverville is 10 miles outside from Western North Carolina’s premiere hospital, Mission Hospital and right off of the heavily trafficked I-26 and US-19 highways. This location will provide easy access to physical therapy services to those living in the surrounding area that do not want to deal with the hassle of Asheville traffic and parking. Our clinic has a large parking lot that is hard to come by in busy Asheville, NC. BRPHA is the only clinic in a 20-mile radius offering pelvic floor physical therapy. The closest clinic offering these services is 20 miles south of BRPHA, Cornerstone Physical Therapy in Arden, NC. BRHPA will be the closest physical therapy clinic that houses pelvic floor specialists to the northern cities of Mars Hill and Marshall, North Carolina so we believe our location will draw in patients from these cities and the surrounding northern cities who would prefer a closer clinic than the clinic in Arden. There are two other physical therapy clinics in Weaverville, NC, South Eastern Fitness and Mission Rehab and Sports. We do not foresee this being a major threat to our business due to the different clientele we plan to bring in. By housing a Massage Therapist and Acupuncturist and also providing Yoga and Pilates services we set ourselves apart from these other clinics and offer a unique wellness experience from that of the other clinics. There is only one Yoga studio, one Massage/Acupuncturist business and no Pilates studio in Weaverville. We once again foresee this as being of low threat to our business due to our unique ability to bring all these practices together under one roof. Weaverville is also in close proximity to Mars Hill University and UNC Asheville. With the help of our marketing and by having a Certified Athletic Trainer/ DPT on staff we hope to draw in athletes from these schools who may be suffering from pelvic floor dysfunction, a common disorder in athletes.



*Fig. 1*

***Hours of Operation***

BRPHA will be open from 7:00am- 6:00pm, Monday-Friday. There will be only one Physical Therapist in clinic from the hours of 7am-8am and 5pm-6pm and there will be a lunch break from 12-1pm. Patient visits will be a full hour to provide optimal patient interaction time. We believe our extended workday of 11 hours will provide convenience to patients with a full workday, struggling to find time to attend therapy. The Massage Therapist and Acupuncturist who will be renting room in our clinic will plan their business hours however they desire between the hours of 7:00am-6:00pm. Yoga and pilates classes will be offered according to a set schedule and will be held during morning, midday, and evening timeslots to be most available for the largest amount of clients. Private sessions will be scheduled at the reception desk for any time that is available between set classes.

**MARKET ANALYSIS AND IDENTITY**

***Target Market***

Blue Ridge Physical Health Alliance’s primary target market is middle/upper class women suffering from pelvic floor dysfunction. As two young female Physical Therapists we believe women will be attracted to our facility when seeking out healthcare knowing that they can feel comfortable around us with problems that may feel more private. We also believe that this target market will be very interested in the alternative approaches to health that we provide at our facility. Yoga and Pilates classes are frequented most by this target market because they often desire to regain their prepartum physical shape through low-impact exercise and because they have the discretionary income that allows participation in these activities. By providing physical therapy to these women and by teaching them about the fitness classes that our facility hosts every week, we can begin to build a presence among the community as women tell their friends about all our clinic has to offer. Having customers who attend Yoga and Pilates classes within the same facility as our PT services increases exposure for our clinic’s name and should attract individuals who may need physical therapy in the future and who appreciate our clinic’s holistic approach to medicine. Patients can also feel comfortable knowing that their physical therapist is within the same walls as their fitness class and that they support the benefits of these practices as a preventative and ongoing health measure.

Other target markets that BRPHA plans to serve are athletes and geriatrics. These two populations are also associated with high occurrence of pelvic floor dysfunction and are generally most in need of physical therapy for other orthopedic conditions as well.

***Marketing Analysis***

Weaverville, North Carolina is a small, active community with a population of 3,898 residents. The demographics are 51% female and 49% males. The average age of the population is 48.5 years old, which is about ten years older than the North Carolina average age of 37.9 years old. We believe this age range will be beneficial to our practice because this is often a time when both women and men begin to struggle with pelvic floor dysfunction, especially incontinence. The average household income is $56,802, which is well above the North Carolina average of $45,906. We see this as an advantage to our practice because we believe that this higher household income means that our clientele will be more willing to spend money on health care measures and would be interested in the fitness classes, massage therapy, and acupuncture hosted within our facility. Asheville and the surrounding community (including Weaverville) is known for its open-mindedness and non-traditional practices of living so we believe our holistic approach to medicine and collaborative effort with other health specialists will be accepted well and sought out by those in the area.

***Marketing Strategy***

At Blue Ridge Physical Health Alliance, our goal is to become an integral part of the community and build our name both within Weaverville and the surrounding area. Since we do not foresee having a full patient caseload in the early months after opening the business we plan to direct much of our attention towards marketing ourselves within the community throughout our 45 hour work week. We plan to attend health fairs within a 20-mile radius of our location, especially getting involved in women's health fairs. We will also attend Yoga and Pilates workshops occurring in the community. Since we want to bring in a patient population of both orthopedic needs and pelvic floor needs we will make sure to promote ourselves as a general physical therapy practice that has specialists in pelvic floor dysfunction. At these health fairs and workshops we will provide business cards and brochures letting people know who we are and the services we provide. Our brochures will have added emphasis on pelvic floor physical therapy rehab, since this is the aspect of our clinic that is unique and the least widely known about. As far as building a referral basis, we will begin to contact all OBGYN’s, Midwives, Doulas, Lactation Specialists, Orthopedic Surgeons and General Physicians within a 20-mile radius three months prior to opening. Keeli Tritz, who is also a certified athletic trainer will begin making contact with the coaches and athletic staff of Mars Hill University and UNC Asheville three months prior to opening as well. We will be sure to make them aware of all the services offered at our clinic that set us apart from other PT clinics. We will also establish referral and communication preferences for future interaction.

In our budget we plan to set aside $53.65 a month for marketing because we understand how vital it is to get our name out considering we are a new private practice with no pre-established connections or referrals. These costs will go to brochures, business cards and banners. Banners will be showcased at local high schools and minor league sports teams and will be a great way to get our name out to both the athletic population and to the general community. We understand that in order to hang banners at these fields we will have to purchase the banner placement, which has been accounted for in our budget.

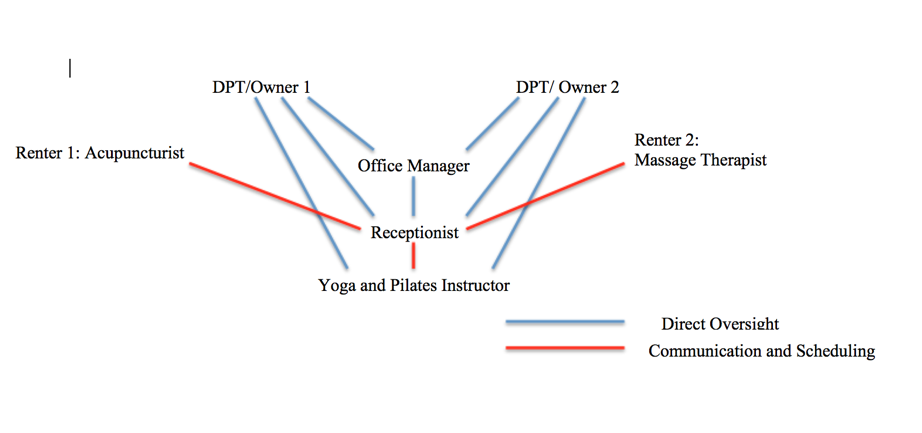
Another way we plan to market our services is by holding lunch and learn services at various senior citizen centers. These centers quite often welcome guest speakers and would be of no additional cost to us. With this strategy we can increase exposure within another target market and educate about our ability to address not only orthopedic needs, but incontinence and other pelvic floor issues that many geriatric patients struggle with and may not know are treatable.

Our Yoga and Pilates instructors are another essential component of our marketing strategy. These instructors are employees of BRPHA and may also teach classes at other locations within the community. We have implemented a tiered payment schedule (further explained in financials) that incentivizes the instructors to spread word of the classes we offer and increase the number of participants in each class.

Outside of clinic promotion and community integration we will be sure to create a warm, cozy, and soothing environment within our clinic. It is important to BRPHA that we take the time to design our clinic keeping these goals in mind. BRPHA will do extensive research into our design and decor to promote a tranquil environment and prevent an intimidating medical clinic feeling. If we hope to attract customers also interested in Yoga, Pilates, Massage Therapy and Acupuncture we must be sure to mimic the soothing atmospheres these practices are known for having. By doing so, BRPHA will satisfy our current patients and clients which will, in turn, lead to increases in customer referrals. We acknowledge that peer referral is vital as it is the most effective way of gaining a clientele basis.

Finally, BRPHA will create an easy-to-navigate website that current and potential patients and clients can use to locate us and learn about our services. Basic education on pelvic floor health and interventions will be available on the website as well as the fitness class schedules and pricing for Pilates, Yoga, Acupuncture, Massage Therapy, and self-pay Physical Therapy rates.

**ORGANIZATION AND PERSONNEL REQUIREMENTS**



Blue Ridge Physical Health Alliance is a Limited Liability Company (LLC) with two owners, Natalie Stein and Keeli Tritz, both licensed Doctors of Physical Therapy. The owners graduated from the University of North Carolina at Chapel Hill and completed the Pelvic Floor Series courses from the Herman and Wallace Pelvic Rehabilitation Institute. Both owners also became Certified Pilates Method Instructors shortly after graduation. As both owners and physical therapists of BRPHA their job descriptions include the following:

* Responsibility for all decisions that affect the clinic as a whole
* Recruitment, retention, and dismissal of employees and renters
* Management of personnel
* Decision-making regarding capital and consumable purchases as well as keeping inventory of what is currently stocked and what is needed at the clinic
* Evaluation and treatment of patients
* Marketing and creating relationships among the community and with nearby medical practitioners
* Creation of and education to employees about clinic policies
* Performing annual personnel and clinic evaluations to make sure everyone and everything is working towards the clinic’s mission and vision statement

***Job Descriptions***

**Office Manager**

* Acquisition of goods communicated through requests from the owners
* Supervise receptionist
* Oversee billing, coding, and collections
* Communicate with third party payers
* Pay medical office bills
* Submit claims to insurance
* Perform data entry and processing
* Generate inventory records
* Maintain patient records
* Make bank deposits
* Perform other duties as delegated from owners

**Receptionist**

* Welcome patients
* Manage scheduling for Physical Therapists, Massage Therapist, Acupuncturist and Fitness Instructors
* Collect copays, deductibles, and self-pay payments
* Collect payments for Pilates, Yoga, Acupuncture and Massage (when insurance not billed)
* Check-in patients
* Answer phone calls
* Notify therapists and specialists about patient arrival
* Perform other duties as delegated by Office Manager or Owners.

**Yoga and Pilates Instructors**

* Teach specific classes at appointed class times
* Provide private sessions
* Maintain cleanliness and order of fitness equipment and spaces

***Personnel Requirements***

**Physical Therapists**

* Physical Therapy Degree and NC Licensure

**Office Manager**

* Preferred bachelors or associates degree in administration and experience running a health care clinic, although not necessary for hire
* Proficient with quickbooks
* Collaborative management style

**Receptionist**

* High School graduate with experience as an office receptionist
* Friendly attitude and kind disposition
* Ability to multi-task and experience managing cash payment

**Pilates and Yoga Instructors**

* Certified instructor in specific field of expertise
* Minimum of one year’s teaching experience preferred
* Bachelor's or Associate's Degree in related field preferred

***Organization***

BRPHA will begin in the craft stage of organizational development three months prior to the opening of our physical location. During this stage both owners will assume equal responsibility of preparing BRHPA to be up and completely running at day one of opening. Tasks completed during this stage include acquiring Employer Identification Numbers (EIN) and a National Provider Identifier (NPI) number for taxation and billing purposes. This is also a vital period during which we will hire a Yoga Instructor and Pilates Instructor and establish leasing contracts with the Massage Therapist and Acupuncturist who will be leasing space in our office. Purchasing of equipment, supplies, and decorations will also be done during this period. Marketing will begin during this stage as well by means of the marketing strategies explained earlier in this plan.

BRPHA will quickly enter the entrepreneurial stage of organizational devolvement at opening due to the expansion of the company beyond just the two owners. The owners Keeli Tritz and Natalie Stein will have direct oversight over the office manager, receptionist and fitness instructors. The Massage Therapist and Acupuncturist are not under the supervision of the owners and are purely connected to BRPHA via their lease contract for space rental in the facility. As part of the lease agreement, these specialists are explicitly allowed to utilize the receptionist for scheduling and collection of standard payments from patients/clients for the entirety of their business week only. Any patient/client who is able to bill insurance for these services will coordinate these efforts directly through the appropriate practitioner. They will also have access to the office copy machine with a designated amount of copies budgeted per month, over which they can opt to pay for more.

***Regulatory Requirements***

Both Natalie and Keeli are responsible for ensuring that the clinic and its employees are meeting regulatory requirements. The owners will ensure that all employment regulation policies are upheld by complying with the Immigration and Nationality Act (INA) and the Americans with Disabilities Act (ADA) by not discriminating against potential employees based on immigration status, disability status, or race. Both owners will also make sure that the clinic and staff meet all requirements of the Fair Labor and Standards Act (FLSA), Occupational Safety and Health Administration (OSHA), Family and Medical Leave Act (FMLA) and Sarbanes Oxley Act (SOX). The owners as well as the office manager are responsible for making sure all financial management regulations and health care regulations are met. Specifically Keeli Tritz will be responsible for educating all staff on Medicare, Medicaid, SCHIP, and HIPPA. Natalie Stein will be responsible for educating staff on Food and Drug Regulations, OSHA, and Environmental Regulations. There will also be a handbook accessible within the clinic that explains all of the acts and laws that the clinic must be compliant with as a resource to employees. Employees will be required to read and take a comprehension test on said policies that directly influence their job responsibilities during initial training. Cheat-sheets will also be posted in the most relevant location to be useful (eg. hand washing reminder in the restrooms).

Natalie Stein is responsible for managing BRPHA’s risk management plan. Part of BRPHA’s risk management plan includes yearly meetings with the staff about regulation compliance and check-ins with current clinic policies in order to make sure all regulatory requirements are continuing to be met. At these meetings the owners will go over any changes made to the risk management plan and make sure all employees are up to date with these changes. In the event that regulations are not met, the owners have the ability to call a meeting, (outside of the annual meeting) within a week’s notice in order to address the issue with the individual employee or the clinic as a whole. Both owners must agree to the necessity of the meeting.

In order to prevent clinic liability of the Massage Therapist and Acupuncturist who rent space at the clinic, the leases drawn in order to rent BRPHA’s space will have a section agreeing to these regulations and state that the renters will retain all responsibility for punishment of any regulations not met and at no harm to the clinic in which they lease space. In compliance with the Stark Law), no incentive or punishment will be provided for any referral or lack of referral between practitioners within or outside of BRPHA.

***Quality Outcomes Assessment Strategies***

Quality outcomes assessment meetings will occur biannually within the first three years of opening. At three years, the owners will reassess and make a decision as to whether these meetings can be reduced to once yearly. Quality outcomes assessment meetings will host staffing performance reviews as well as company performance reviews in order to check in with productivity and patient satisfaction. Natalie Stein will be responsible for gathering both mailed in and emailed in patient satisfaction forms sent to all patients after discharge. She will also be in charge of handing out/collecting staff self-evaluations and 360-degree feedback forms. Keeli Tritz will be responsible for assessing all financials of BRHPA. She will examine BRHPA’s costs, revenue, and productivity in comparison to monthly projections in order to make sure all minimum and maximum requirements are being met. Both Natalie and Keeli will use benchmarking strategies to compare BRHPA’s performance and practices to other physical therapy clinics in the area in order to identify market opportunities and areas for improvement. They will also have one-on-one meetings with employees to address areas of concern on either part as well as recognize positive performance and assess possible promotion/wage increases.

***Long Term Goals***

* Become a household name with local, traditional, and alternative health practitioners.
* Engage in continuing education and research in conjunction with APTA’s special section on Women’s Health.
* Become board certified in the area of Women’s Health after the appropriate amount of patient interaction time (2000+ hours) in pelvic floor therapy has been obtained.
* Provide community outreach in the form of educational demonstrations for new mothers, athletic populations, as well as geriatric community members.
* Hire a PTA who has a similar vision and common goals with the owners.
* Be an integral part of the community that patients and clients feel a sense of involvement and ownership in.
* Hire another Yoga and Pilates Instructor to support an increase in fitness classes offered.
* Be a leading clinic referral among OBGYN’s for women immediately post childbirth.

***Exit Strategy***

Owners, Natalie Stein and Keeli Tritz have agreed to a seven-year commitment to BRPHA for both physical therapy services and managerial support. If either party breaks this commitment they must surrender all their shares to the other owner. At seven years the owner has the option to leave BRPHA and sell their personal shares of the company (50%) to the other owner or to a third party that the other owner must approve of. The exiting party also has the option to maintain up to 10% of their shares in the business and give back the remaining share percentage in order to maintain some financial equity in BRPHA and account for the time and sweat equity they put into the startup of the business. Both owners will take out a personal life-insurance policy on the other owner to cover potential losses due to death. As the business is an LLC we will address potential dissolution of the business on the occasion of an owner’s death within the operating agreement. This section of the operating agreement will explain in detail how the remaining owner will take over and have full decision-making power on the continued existence of the business in this situation.

**FINANCIALS**

Based on the nature of our outpatient physical therapy clinic that provides pelvic floor treatment, the below listed procedures are those we foresee billing on a regular basis. Our fee schedule is set at 200% of the Medicare allowable reimbursement rates with the intent to capture the highest payer rates. We have chosen to set the self-pay discount at 50%, effectively reducing the rate to the same as the Medicare reimbursement fee schedule.

|  |  |  |  |
| --- | --- | --- | --- |
| **Fee Schedule** | | | |
| **Procedure** | **CPT code** | **Price** | **Self Pay rate** |
| **Biofeedback (general)** | 90901 | $71.24 | $35.62 |
| **Biofeedback (internal)** | 90911 | $163.26 | $81.63 |
| **E-Stim (unattended)** | 97014 (G0283) | $26.80 | $13.40 |
| **Self-Care/ Home Management** | 97535 | $68.10 | $34.05 |
| **PT Eval** | 97001 | $146.60 | $73.30 |
| **Re-Eval** | 97002 | $81.66 | $40.83 |
| **NM re-Ed** | 97112 | $64.98 | $32.49 |
| **Ther-Ex.** | 97110 | $62.86 | $31.43 |
| **Ther Activity** | 97530 | $67.60 | $33.80 |
| **US** | 97035 | $25.00 | $12.50 |
| **Manual** | 97140 | $58.18 | $29.09 |
| **Iontophoresis** | 97033 | $62.68 | $31.34 |
| **Gait Training** | 97116 | $55.36 | $27.68 |
| **E-Stim Manual** | 97032 | $37.24 | $18.62 |

Yoga and Pilates classes and private sessions will account for a significant amount of the revenue brought in to BRHPA and will be one of the easiest ways for us to grow and develop our business in the future. Our rates have been set based on a competition-based method in combination with the owner’s expert opinion from years of experience working in the fitness industry. The instructors will be paid a minimum of $25 per hour to teach group classes. The classes will be held as long as the minimum of two participants are present to participate, at which number the cost of the instructor can be negated. The instructors will be compensated at a higher rate for reaching participant goals per class. For classes with five or more participants they will be paid $30 per hour, for groups of ten or more they will be paid $35 per hour. All classes will be one hour in duration including set-up and clean-up time. The business that most nearly reflects our model and was used for pricing comparisons in Inside Out Body Therapies located in Durham NC.

|  |  |
| --- | --- |
| **Yoga/Pilates Rates** | |
| **Single class "Drop-In"** | $20.00 |
| **Class with “10 class pre-pay card”** | $15.00 |
| **Class "new mom"** | $10.00 |
| **Private Session (hour)** | $75.00 |
| **Private Session (half hour)** | $40.00 |

Our capital budget is the result of an extensive amount of thought and research to be as accurate as possible. Most items have a brief explanation of how the number was decided upon in the middle column of the below chart, with the source used to find the number in the right-hand column. Items under the consumables heading are included in the Capital budget as they will add to our one-time start-up cost and will be consumed at varying rates. We estimate that the below numbers reflect an amount of each item that will last at least the first quarter. Items listed under Capital Equipment are those that we do not foresee needing to replace at least for the duration of the initial loan repayment period. Some of our more expensive items including wall-length mirrors and Pilates equipment are not found in many traditional outpatient PT clinics, however, they are critical to bringing in clients for the wellness part of this business venture and will serve dual purposes as the owner/PT’s will utilize them with many of their clients as well. Items were chosen based first on their functional necessity to meet our business goals and secondarily on the least expensive product that could fulfill these needs. We believe that creating a space that is welcoming, comfortable, and meets the expectations of the clients we expect to bring in is crucial to meeting our goals and establishing a powerful presence within the Weaverville community. Details like earthy decorations, comfortable seating, and a warm color scheme will be the small things that make a big difference for patient/client satisfaction.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Capital Budget** | | | |  |
|  |
| **Consumables** |  | **Explanation** | **Source/Further Info** |  |
| Lotion (Free-up) | $29.08 | 2 ct. |  |  |
| Ultrasound Gel | $26.35 | (20.85 for refill+two bottles) |  |  |
| Cleaning spray | $60.66 | cleaners, laundry detergent, bleach | amazon |  |
| Gloves | $12.99 | 200 ct. medium | amazon |  |
| Lubricant | $19.97 | coconut oil | amazon |  |
| Thera-bands | $180.26 | box red, green, Yellow, Silver | amazon |  |
| paper | $15.14 | 3 pack box | amazon |  |
| Ink | $309.96 | 4 ind. color cartridges 3000 prints estimated per cart. | store.hp.com |  |
| Staplers | $7.52 | 2 ct. | amazon |  |
| Sticky Notes | $7.94 | 18 pads | amazon |  |
| Ultrasound electrodes | $37.35 | 40 ct. | amazon |  |
| **Capital Equipment** |  |  |  |  |
| Software | $79.99 | Office Home (yearly subscription 5 computers &/tablets) | www.microsoftstore.com |  |
| Computers | $839.98 | 3 ct. HP - 19.5" All-In-One - AMD E2-Series | bestbuy.com |  |
| Laptops | $2,518.00 | 2 ct. HP Surface 4 | bestbuy.com |  |
| Desks | $3,702.20 | 914,2250, 269.10,269.10 (instructors,reception,2 rolling) |  |  |
| US/ E-stim | $2,780.00 | Chatanooga 4 channel w/stand |  |  |
| Printer/scanner etc | $699.00 | HP PageWide Pro 477dn MFP | store.hp.com |  |
| Internal EMG | $395.72 | 2 EMG/Stimulators and 2 vagino/anal sensor/stimulators |  |  |
| Hydroculator | $292.25 | E-1 with 3 standard, 1 cervical HP and 2 covers |  |  |
| Inclinometers | $104.16 | 2 ct. |  |  |
| High-low tables | $4,300.00 | 2 ct. |  |  |
| Low plinth | $828.00 | space-saver mod. |  |  |
| Filing Cabinets | $315.39 | 3 piece |  |  |
| Models/charts | $809.00 | Anatomy Charts/Pelvic floor model |  |  |
| Fridge/freezer | $750.00 | Includes ice maker | lowes.com |  |
| Washer/Dryer | $1,200.00 | HE stackable 40% off lowes.com |  |  |
| Garbage cans | $20.65 | 7 ct. |  |  |
| Mirrors | $2,792.00 | 8 6x8 mirrors | themirrorcompany.com |  |
| Chairs/ Couches | $399.98 | 2 ct. |  |  |
| Stools | $261.76 | 4 ct. |  |  |
| TV | $399.99 | 48 in. Samsung Smart TV | Bestbuy.com |  |
| Decorations | $300.00 |  |  |  |
| Pillows | $81.00 | 12 ct. |  |  |
| Pillow covers | $22.50 | 10 ct. |  |  |
| Sheets | $212.00 | 24 ct |  |  |
| Pillow Cases | $49.90 | 24 ct. |  |  |
| Small towels | $60.00 | 48 ct. |  |  |
| Large towels | $96.50 | 50 ct. |  |  |
| cleaning rags | $17.98 | 48 ct. |  |  |
| Hospital Gowns | $99.90 | 10 ct. |  |  |
| Free weights | $218.70 | 2 sets (1-10) |  |  |
| ankle weights | $206.99 | adjustable | merrithew.com |  |
| Dumbbell Rack | $90.95 | 2(1-10) sets | yogadirect.com |  |
| Mat/Ball holders | $100.00 | DIY PVC/Wood | yogadirect.com |  |
| Pilates Equipment | $9,999.00 | or 499/mo. over 24 mo. | yogadirect.com |  |
| Mats | $199.80 | 10 ct. |  |  |
| Professional core trainer balls | $69.80 | 10 ct. | amazon |  |
| Yoga Balls | $73.92 | 4 (1 each size) | amazon |  |
| Nustep | $5,000.00 | 1 | isokinetics.com |  |
| Treadmill | $287.00 | 1 | amazon.com |  |
| Stationary Physio Bike | $1,495.00 | 1 | amazon.com |  |
| Cable Machine | $2,300.00 | 1 | amazon.com |  |
| Miscellaneous | $2,000.00 | (utility deposits 100/ service) |  |  |
| **Total** | **$47,176.23** |  |  |  |

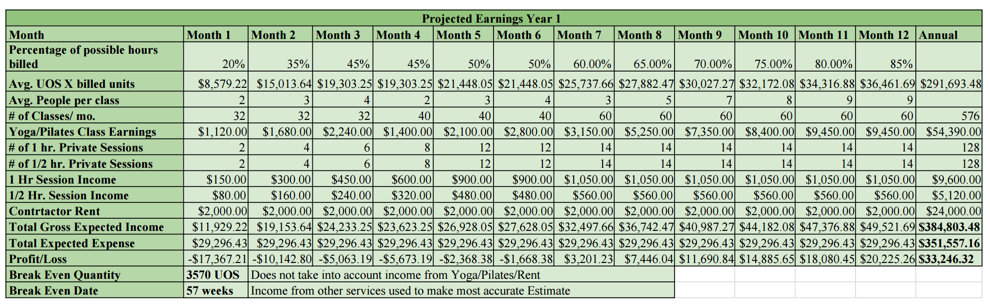
Our expected reimbursement rates are outlined below for the three payer sources we expect to make up the majority of our income based on our target markets as outlined fully earlier in the plan. The Medicare rates are exactly as listed on the CMS website based on the non-facility category. We chose to use 70% of the Medicare fee schedule to estimate what we can expect to collect from private insurance companies after consulting with an industry expert. We realize this number will vary greatly based on payer, however, the actual reimbursement rates are proprietary. Also, being that Blue-Cross-Blue-Shield (BCBS) insures the most lives in the state of NC and they tend to reimburse at a rate that is close to this 70% of Medicare rate, we believe it is as accurate as we can be at this time. We set our self-pay rates at 50% of our fee schedule which was set at 200% of the Medicare fee schedule. This effectively brings the rates to the same as those on the Medicare fee schedule. We believe that Medicare has done the most accurate research into the actual cost and value of the interventions we provide and therefore feel that this is a fair and reasonable way to price our services to those who chose to pay out of pocket or are uninsured. The reason for the difference in the average rate collected between Medicare and self-pay is attributed to the Medicare Multiple-Procedure Payment Reduction (MPPR) which is a 50% reduction applied to all procedures performed other than the most expensive procedure for any given session. We calculated our average Unit of Service (UOS) per payer based on what we would expect an average session to consist of. We determined that our average initial encounter would consist of one Evaluation unit, one Manual Therapy unit, and one Self-Care/ Home Management unit. We also decided that an average treatment session would consist of two Neuromuscular Re-Education units, one Therapeutic Exercise unit and one Manual Therapy unit. We then used these assumptions to come up with a rate for both types of sessions for each payer and averaged the two together. This number was then multiplied by the percentage that we expect each payer to contribute to our total payer mix. Those numbers were finally added together to come up with what we expect our average amount is that we will collect for each one-hour unit of service.

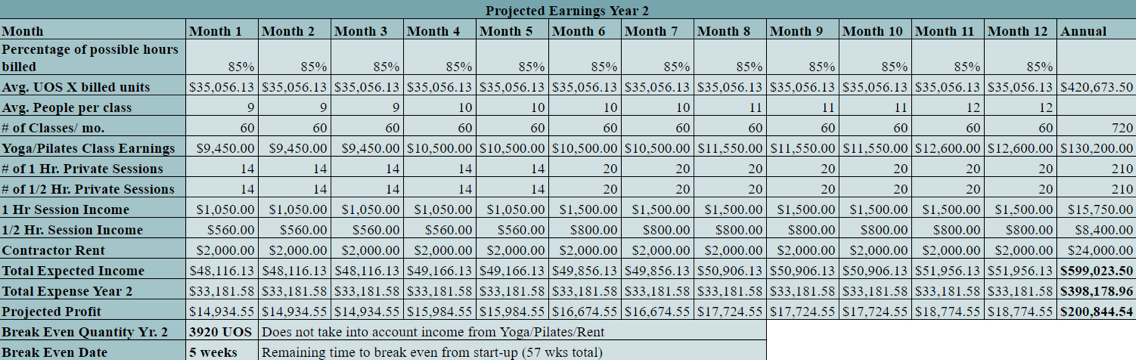
|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Expected Reimbursement** | | | | |
| **Procedure** | **CPT code** | **Non-Facility Medicare** | **Private Payer (eg. BCBS)** | **Self-pay** |
| **Biofeedback (general)** | 90901 | $35.62 | $24.93 | $35.62 |
| **Biofeedback (internal)** | 90911 | $81.63 | $57.14 | $81.63 |
| **E-Stim (unattended)** | 97014 (G0283) | $13.40 | $9.38 | $13.40 |
| **Self-Care/ Home Mangagement** | 97535 | $34.05 | $23.84 | $34.05 |
| **PT Eval** | 97001 | $73.30 | $51.31 | $73.30 |
| **Re-Eval** | 97002 | $40.83 | $28.58 | $40.83 |
| **NM re-Ed** | 97112 | $32.49 | $22.74 | $32.49 |
| **Ther-Ex.** | 97110 | $31.43 | $22.00 | $31.43 |
| **Ther Activity** | 97530 | $33.80 | $23.66 | $33.80 |
| **US** | 97035 | $12.50 | $8.75 | $12.50 |
| **Manual** | 97140 | $29.09 | $20.36 | $29.09 |
| **Iontophoresis** | 97033 | $31.34 | $21.94 | $31.34 |
| **Gait Training** | 97116 | $27.68 | $19.38 | $27.68 |
| **E-Stim Manual** | 97032 | $18.62 | $13.03 | $18.62 |
|  | | | | |
| **Avg. Per Payer/ UOS** |  | $114.49 | $91.68 | $130.97 |
| **Payer Mix %** |  | 0.20 | 0.45 | 0.35 |
| **Payer contribution to Avg.** |  | $22.90 | $41.26 | $45.84 |
| **Avg. collected/ UOS** |  |  |  | **$109.99** |

BRPHA will sign a lease contract for a built-to-suit commercial space that rents for $18 per square foot and is a total of 2,851 square feet. This is a large space, but will be cross-utilized by both the physical therapy and fitness staff as well as the renters. The salary determinations were made with the notion that we will start ourselves off at a lower pay rate than we will eventually expect to collect with the intention of paying off our loan as quickly as we can. We will increase salaries in the future when the business is well established and proven to be consistently profitable. We believe it is very important to treat our employees well and we will offer them raises and benefits as time progresses and the clinic grows as a whole. Due to the nature of the fitness component of our business, we have created two separate yearly operating budgets to most accurately reflect the class and private session increases we expect to see over time. As the amount of these classes and sessions increases, the amount we will be paying to fitness instructors will increase, however the amount of profit will also increase at a greater rate. The second year operating budget also reflects how these changes would affect insurance and tax rates accordingly. It is worth noting is the dramatic increase in the average monthly profit between the first and second years which is reflective of the time it will take to build a patient/client base in this business model. We anticipate that at some point in the future we could further reduce costs by utilizing consultants less, but believe they will be crucial support for the success of the first couple of years.

|  |  |  |  |
| --- | --- | --- | --- |
| **Operating Budget Year 1** | | | |
| **Expenses** | **Monthly** | **Explanation** | **Source/ further explanation** |
| ***Overhead*** |  |  |  |
| **Rent (F)** | $4,276.50 | 51318/yr. | 54 Weaver Village Way Units 1&2 |
| **Utilities (F)** | $393.36 | 3820.34/yr. elec+900/yr. Water | 1.34/sf/yr. |
| **Maintenance (V)** | $35.76 | Estimate need of avg. 2 hrs./Mo | 17.88/hr. annual avg. for handyman |
| **Trash/Recycle (F)** | $61.71 | Waste Management (wm.com) | 64 gallon |
| **Phone/Internet/Cable** | $89.97 | 60 mbps, Phone and basic TV | www.charter.com |
| ***Salaries (year 1)*** |  |  |  |
| **PT's (F)** | $10,000.00 | 60000/PT/Year | Lowest 10% for PT's in Asheville area |
| **Office Manager (F)** | $4,166.67 | 50000/Year | Lowest 10% for Office managers in Asheville area |
| **Receptionist (F)** | $2,166.67 | 26,000/Year | National Avg. Medical receptionist salary |
| **Pilates/Yoga Instructors (F)** | $2,178.33 | Averaged over 1 year |  |
| ***Loans/Interest*** |  |  |  |
| **Startup Loan/Interest (F)** | $2,010.87 | from Capital budget+operation costs for 3 Mo. | http://fitsmallbusiness.com/ and www.tdbank.com/small\_business/sbloan\_calculator.html |
| ***Insurance*** |  |  |  |
| **Worker's Comp (F)** | $166.61 | .9 % of compensation/employee | insureon.com |
| **Gen. Liability (F)** | $50.00 | 575.16/Yr. | insureon.com |
| **Renter's (F)** | $11.17 | NC average is 11.17/mo. | value penguin.com |
| **Professional liability (F)** | $100.00 | (600/PT)2 PT's | 1% of PT salary |
| ***License Fees*** |  |  |  |
| **State privilege License (F)** | $8.33 | 50/PT/year |  |
| **Physical Therapy License (F)** | $20.00 | 120/PT/year |  |
| ***Marketing*** |  |  |  |
| **Business Cards (V)** | $3.33 | 9.99/500 x 4 =39.96 (annually) | vistaprint.com |
| **Brochures (V)** | $33.33 | 200/500 copies x 2 (annually) | vistaprint.com |
| **Banners (V)** | $16.99 | (2) 2.5x8 ft. =52 (once) 100 School Sponsorship | vistaprint.com |
| ***Taxes*** |  |  |  |
| **Unemployment** | $324.14 | State=1.2% on first 22000/emp. Fed=6% on first 7,000/emp. |  |
| **Federal SS (employee's) (F)** | $527.72 | 6.2% up to 118,500 |  |
| **Medicare (employees) (F)** | $123.42 | 1.45% of total compensation |  |
| **Federal SS (owners) (F)** | $1,240.00 | 12.4% up to 118,500 |  |
| **Medicare (owners) (F)** | $290.00 | 2.9% up to 200,000 |  |
| ***Consultant Fees*** |  |  |  |
| **Attorney (V)** | $200.00 | 100/hr. | researchlawers.com |
| **Accountant (F)** | $250.00 | 250/mo. | www.advisoryhq.com |
| **IT (V)** | $165.00 | 55/hr. (3 hr./mo.) | ashevilletechnologyservices.com |
| **EMR Expense (F)** | $98.00 | Web PT Standard Package 49/PT/mo. |  |
| ***Supplies*** |  |  |  |
| **Office (V)** | $82.33 | Items from capital budget assumed to be replaced quarterly |  |
| **Clinic (V)** | $94.48 | Items from capital budget assumed to be replaced quarterly |  |
| ***Miscellaneous (V)*** | $500.00 |  |  |
| **Totals** |  |  |  |
| **Variable Costs** | $1,131.22 | marked with (V) above |  |
| **Fixed Costs** | $28,553.47 | marked with (F) above |  |
| **Total Cost** | $29,684.69 |  |  |
| **Average income** | $32,066.95 | From projections, includes all income sources, averaged over year 1 |  |
| **Average Profit/Loss** | **$2,382.26** |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Operating Budget Year 2** | | | |
| **Expenses** | **Monthly** |  |  |
| ***Overhead*** |  |  |  |
| **Rent (F)** | $4,276.50 | 51318/yr. |  |
| **Utilities (F)** | $393.36 | 3820.34/yr. elec+900/yr. Water | 1.34/sf/yr. |
| **Maintenance (V)** | $35.76 | Estimate need of avg. 2 hrs./Mo | 17.88/hr. annual avg. for handyman |
| **Trash/Recycle (F)** | $61.71 | Waste Management (wm.com) | 64 gallon |
| **Phone/Internet/Cable** | 89.97 | 60 mbps, Phone and basic TV | www.charter.com |
| ***Salaries (year 1)*** |  |  |  |
| **PT's (F)** | $10,000.00 | 60000/PT/Year | Lowest 10% for PT's in Asheville area |
| **Office Manager (F)** | $4,166.67 | 50000/Year | Lowest 10% for Office managers in Asheville area |
| **Receptionist (F)** | $2,000.00 | 26,000/Year | National Avg. Medical receptionist salary |
| **Pilates/Yoga Instructors (F)** | $5,550.00 | Averaged over year 2 |  |
| ***Loans/Interest*** |  |  |  |
| **Startup Loan/Interest (F)** | $2,010.87 | from Capital budget+operation costs for 3 Mo. | http://fitsmallbusiness.com/ and www.tdbank.com/small\_business/sbloan\_calculator.html |
| ***Insurance*** |  |  |  |
| **Worker's Comp (F)** | $195.45 | .9 % of compensation/employee | insureon.com |
| **Gen. Liability (F)** | $50.00 | 575.16/yr. (insureon.com) |  |
| **Renter's (F)** | $11.17 | NC average is 11.17/mo. | valuepenguin.com |
| **Professional liability (F)** | $100.00 | (600/PT)2 PT's | 1% of PT salary |
| ***License Fees*** |  |  |  |
| **State privilege License (F)** | $8.33 | 50/PT/year |  |
| **Physical Therapy License (F)** | $20.00 | 120/PT/year |  |
| ***Marketing*** |  |  |  |
| **Business Cards (V)** | $3.33 | 9.99/500 x 4 =39.96 (annually) | vistaprint.com |
| **Brochures (V)** | $33.33 | 200/500 copies x 2 (annually) | vistaprint.com |
| **Banners (V)** | $16.99 | (2) 2.5x8 ft. =52 (once) 100 School Sponsorship | vistaprint.com |
| ***Taxes*** |  |  |  |
| **Unemployment** | $342.00 | State=1.2% on first 22000/emp. Fed=6% on first 7,000/emp. |  |
| **Federal SS (employee's) (F)** | $726.43 | 6.2% up to 118,500 |  |
| **Medicare (employees) (F)** | $169.89 | 1.45% of total compensation |  |
| **Federal SS (owners) (F)** | $1,240.00 | 12.4% up to 118,500 |  |
| **Medicare (owners) (F)** | $290.00 | 2.9% up to 200,000 |  |
| ***Consultant Fees*** |  |  |  |
| **Attorney (V)** | $200.00 | 100/hr. | researchlawers.com |
| **Accountant (F)** | $250.00 | 250/mo. | www.advisoryhq.com |
| **IT (V)** | $165.00 | 55/hr. (3 hr./mo.) | ashevilletechnologyservices.com |
| **EMR Expense (F)** | $98.00 | Web PT Standard Package 49/PT/mo. |  |
| ***Supplies*** |  |  |  |
| **Office (V)** | $82.33 | Items from capital budget assumed to be replaced quarterly |  |
| **Clinic (V)** | $94.48 | Items from capital budget assumed to be replaced quarterly |  |
| ***Miscellaneous (V)*** | $500.00 |  |  |
| **Totals** |  |  |  |
| **Monthly Variable Costs** | $1,131.22 | marked with (V) above |  |
| **Monthly Fixed Costs** | $32,050.36 | marked with (F) above |  |
| **Total Monthly Cost** | $33,181.58 |  |  |
| **Average income** | $49,918.63 | From projections, includes all income sources, averaged over year 1 |  |
| **Average Profit/Loss** | **$16,737.05** |  |  |

Below are the financial projections for our first two years of operation. We have chosen to spend three months before the opening of the business to do leg-work and prepare to open with all components of our business at the same time. Doing this will reduce our overhead because we will sub-let two offices out to a Massage Therapist and an Acupuncturist for $1,000 per month each. We have attempted to make all productivity estimates as reasonable and accurate as possible and we will be using them to compare against as we regularly assess the success of the business and make marketing decisions to make sure we are at least meeting these numbers. An example of how we attempted to make reasonable estimates is in the number of participants we expect in each group fitness class. We started with the minimum number of people needed to hold the scheduled class and slowly incrementally increased the numbers until we reached a threshold where we increased the number of classes offered, which we expect will temporarily decrease the amount of people in each but will then increase again over time.



***Break-Even Quantity***

Our break-even quantity (BEQ) is complicated by the diversified revenue streams that all bring in a significant amount of income. This being said, we determined our BEQ as if the only revenue stream was that from physical therapy fees collected. The items that were factored as either a fixed or variable cost can be seen in the operating budgets for each year. We determined that the BEQ for the first year is 3570 UOS which seems to be significantly higher than the 2448 UOS that we anticipate being able to bill for over the first year. This is due to the fact that all of our operations costs are included in this BEQ, but not all of the revenue can be. The way we off-set this was by determining the amount of UOS that were “left-over” and using the expected income from the Yoga, Pilates, and Rent determined how many of these would be “paid-off” by the other revenue streams. Taking these sources into account, along with the change in the amount of units we anticipate billing as the second year begins, we determined that the break even date would be 57 weeks, rather than the 66 weeks it would take if these other aspects were not considered. Also worthy mentioning is the fact that the BEQ for year two is 3,920 and the amount of UOS we anticipate billing is 3,978. While this may seem like a very small profit margin (58 UOS or $6,164.82) it means that we could cover the entire cost of operation from PT generated revenue alone with no additional income from rent or fitness revenue. This means we would not have to worry about the business failing if we had trouble keeping the offices rented or keeping classes full. It also means that all of the money generated by these services is essentially pure profit and very much worth of out time and attention to keep them successful. Bottom-Line, the business projections show that BRPHA will break-even near the one year mark and will turn a significant amount of profit by the end of the second year ($200,844.54). The business has potential to continue to diversify and create even more revenue streams without significantly increasing overhead which can lead to even more profit in the future. While there are not extra offices for more PT’s in the future, the current design could eventually sustain the addition of a PTA to increase profit and provide care to more patients should the clinic reach its capacity.

**References**

1. <http://www.city-data.com/city/Weaverville-North-Carolina.html>
2. <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PFSlookup/index.html>
3. <http://www.loopnet.com/Listing/19925963/54-Weaver-Village-Way-Weaverville-NC/>
4. “Managerial and Supervisory Principles for Physical Therapists”, Third Edition. Larry J. Nosse and Deborah G. Friberg