Introduction to Tyler McBroom and His Mission

Everybody is Doctor Ron. I am super proud to introduce Tyler McBroom to the stage. And Tyler is a CPA. But he's a CPA with a million Instagram followers.

Never did I think anybody can get a million Instagram followers. Being a CPA and putting out CPA things, but thus is the industry. But Tyler is the founding partner of his firm, an MC, as well as a US partner to the Tony Robbins Global Accounting Advisors Alliance.

So their mission is to help, business owners all over the United States grow their profits while paying as little taxes as legally possible. And Tyler recently published his book Cash Flow and Growth, which teaches business owners the financial habits and routines they need to implement in their business to grow profitably and increase cash in their bank accounts.

So Tyler and I actually met in a Tony Robbins, Business Mastery event, and we had a really even though it was a short ten minute conversation, it was very enlightening.

So today I'm going to have him on talk about a whole lot more that pertains to medical practices in the operations of business and what he's up to, in the very near future.

Also excited to have you and see you again. Well of course. Yes. Excited to be here. Thanks for having me. Yeah, I know you got a lot of stuff going on in your life right now.

Who do I am so the rest of us. So, I mean, the time is really precious, but, you know, speaking of time, we want to be able to make sure that whatever the heck it is we do that we spend time on, we get money for it, and then we keep it.

So there's another segment where I interview two other primary care doctors, and both doctors said, you know, the biggest lesson that they've learned ever since starting the practice is not about how much money you make, about how much money you keep.

So, but, but let's explore that concept a little bit about how much money you keep. Can you kind of just dive into that, the fundamental concept and how to access time to it? Sure. Yeah.

So first off, I think that's a huge concept to grasp because most people, you and I were the, you know, virtual event here. But most people, when you go to conferences, when you go to these mastermind groups and everyone says, how are you doing?

Well, they're always measuring their yardstick against revenue growth, right? It's never it's never what's actually come to the bottom line, or even more importantly, what cash you have in your.

Is your cash growing in your bank account? And so focusing as you're growing your practice and your business on what's actually coming to the bottom line is a huge concept that like I've been trying to hammer into business owners home head.

So I'm glad you're talking about it. How it relates to taxes is taxes are your largest expense in your life. You know, most people think it's, you know, it's your marketing costs or it's, you know, when it comes to your business and your personal life, your income, your largest expense is taxes.

And what most people don't realize is there's really two tax codes in the United States. There's a tax code for employees, which is pretty much you show up, you get withholdings taken out of your paycheck, you can buy a

home and deduct the interest.

You can give money away to charity and deduct that. And that's pretty much what you can do to lower your tax bill. Then the other tax code is for business owners.

And that is a whole new world of tax code.

Why Keeping Cash Matters More Than Revenue

Literally, the tax code is so thick that if we printed it out and I held it in front of me, you stood across the room with a Colt 45 Magnum and shot shot at me.

You could not pierce through the tax code and hit me because it's so thick, expecting to see a video on the Instagram. I know, I know, that might go viral, right? So?

So what does that mean? It means that, you know, most people, especially when they're new business owners, they they think in terms of the employee tax code and they never actually go in.

And do any proactive tax planning. They just okay, it's February, March, it's time to file my taxes because I saw the TurboTax ad on the Super Bowl. And, so let's go file my taxes.

What you want to do is meet throughout the year, at the very least before year end, where you can meet with your CPA and say, okay, if we do nothing, your tax bill is going to be X, let's do one, two, three, four action items and drop your tax bill by 30 or 40, 50%, sometimes by 100%.

And so most new business owners and frankly, people who've been in business for ten, 20 years sometimes don't realize what you can do to increase your cash through tax planning.

And it makes a huge difference in your overall business. A big song, you know, when I was listening to you talk on stage at the Tony Robbins business, this is probably about three weeks before the pandemic took over the country.

Yeah. In, in Florida. And one of the things that you said, really, captured my, my attention is, is what you just said just now. It's like, you know, a lot of a lot of these conferences, they talk about, hey, let's let's have a measure of your revenue.

But, but but let me ask you this question. Not to criticize the government or anything like that, but but whenever people started looking at PGP qualification, the, the language in there was actually, you know, how much revenue you brought in, not profitability.

So a lot of medical practices spent a lot more fixed costs, even though the revenue was still growing. But the profitability was it was shrinking or going negative during that during the pandemic.

Do you know why that revenue, number was? We put in for the call coffees and PBP. And if you don't like how how should we prepare for that? Yeah, that I don't I don't know as far as why they use revenue on that versus any other qualification.

I think it is. It is because it's such a simple number to that people can comprehend most people when you ask them, even when we do it at like Business Mastery where you metrics, when we schedule our appointments and we try to ask them, what's your net income?

They don't even know what that number, what what that means a lot of times. So like people hear revenue, they hear, you know, so it's it's something that they can comprehend.

So that's the only thing as far as why I could think that because it's, it's it's easy. And they tried to make it as simple as possible. There's, there's such a lack of financial education in the business owner world.

And that's actually the number one reason. So and Tony talks about this a business mastery is the number one reason. Because you know, 50% of businesses fail in five years.

And I forget what the number is after ten and 20. But it's almost always because there's a lack of capitalization or lack of financial knowledge. And that starts with not knowing the basic terms of what net income is and cash flow and projections and planning.

And so, so as far as to answer your question about that, why the government use revenue is the only answer I could think of is it's a it's something that's understandable for for most people.

Well, the reason I ask you this is I made a very interesting observation. So, I have, practices of that are owned by friends of mine who didn't meet the qualification for, for the second, the second BVP.

And it's because they actually grew. However, from profitability standpoint, they were really not doing very well. And on the verge of closing down. Oh, it was really bad. Yeah.

And then I have other friends of mine, who have the opposite. They purposely had the revenue down, but they dramatically decrease fixed costs. Right. So they made more money and then got that.

Exactly. So so I'll give you like, you know what we did a we're kind of in between is we had the, you know, holy shit moment. The very beginning. And then what happened is, we have three locations and we close to and ultimately we closed at the last one.

So to get a small square footage, because we went from 5% telemedicine to 86% telemedicine. So we didn't really need office space. And in fact, that's the model we're going to continue on.

We're not going to even open the other two spots. But the also allow me to use virtual assistants, which also dramatically reduce costs. So, even though the revenue was down right, but the profitability was up, operating cash flow was dramatically up.

Just in the, in, in a couple months. Right.

Tax Planning for Business Owners

But then, you know, and then but but like even so, companies like mine do qualify for the PPE. So I feel like a lot of doctors are asking me, oh, did you qualify.

Does not qualify. Oh you must be doing well. I mean, that's that's not what this is all about. It's all about the how much money you keep. Right? Yeah, yeah.

And you know, it's interesting doing any sort of business planning around a once in a hundred years, you know, government gift, so to speak, is difficult because by the time everyone figured it out, it was already sold out, right?

So so that's it's sort of like there's there were some lucky winners and some unlucky losers in the way that that was categorized. And, and so, yeah, if they're, you know, they used it based on revenue drops.

So if you were able to drop your revenue but also figure out ways to operate more efficiently, that's just good business. And if you were a lucky beneficiary of of still getting the PBP loan, and, and there's a lot of businesses that I mean, with pandemic or not or, you know, new normal or not, just because it grows your revenue doesn't mean it's the right business decision anyway.

So I think that's a good exercise that that every business owner should do. When you're analyzing your business, you should not just say, okay, is my revenue growing?

You should say, what sources are my revenue coming from and what are my costs related to those sources? So it

sounds like that was an exercise you kind of were forced into doing to switch to telehealth.

But if if you had just been going along and had a telehealth practice and had an in-person practice and then went and looked at the direct cost of the telehealth versus the direct cost, the in-person and done that as an exercise, as part of your annual planning or some semiannual planning, you might have realized, hey, let's lean into this, this new method because it's more profitable.

So it was interesting how the pandemic sort of forced people to look at their business model. And there's been people that have been able to pivot, and there's been people who have been caught flat footed and hasn't been able to pivot.

There's in the restaurant business, there's people who were, you know, the restaurant business got crushed, industry, an industry. But there's a couple of clients that we know that took their place where they were unable to operate.

They moved it into a warehouse, created what was called a ghost kitchen, where they they were able to cook food for ten different cuisine types and set up next to, you know, offices and delivered food and became way more profitable because they don't they didn't have to create like, you know, a well themed, well-maintained restaurant space.

It was just a warehouse where they created, you know, and blast the food out. So that was that's like the restaurant version of your telehealth. So it's, you know, looking at ways of, again, not, you know, and their revenues went down relative to that, but their profitability and their cashflow went through the roof.

Yeah. Russell was not, you know, not glamorous. But yeah, the restaurant business and the medical business have a very similar, fixed expense. And, and that's something that, that, you know, I, I know personally from the restaurant business. But here's the thing.

I think that what you said earlier is right, and you can't plan for 1 in 100 year, you know, pandemic style PPE. But I think that was the that was the lesson.

Like you said, it was a lesson for me is the lesson for a lot of business owners to figure out how to pivot and really, like, dive in and understand the actual money component.

But what's not in once in a hundred years is taxes, because taxes is basically, that vehicle that lets us know and gauge exactly how much we're keeping, how much we're not.

But at the same time, even beyond taxes, I think that, you know, I think the title of your book is, is Cash Flow and Growth. Right? It's not reduce taxes and and grow is taxes is one of the vehicle to, to improve that tax flow.

So, I want to kind of get into your book a little bit because, you know, I haven't read it. So let's, let's why did you write the book and why did you name it?

That's very interesting. I thought taxes would be in the title. Yeah, it's actually, I think a lot of people were surprised by there was only there's only one chapter really that even talks about taxes because.

Really. Yeah. Okay. Here's why. Here's why tax laws are always changing. Yeah. I wanted to write a book that was evergreen for business owners, especially business owners that are starting out, have no concept of how to plan financially for their business.

And so what's the book cash Flow and grow is, is it's all of the financial habits and routines that you need in your business to grow a financially healthy business so that you can actually sustained success and not just sell a bunch of revenue and then go out of business in two years because you didn't plan for your cash.

Taxes are a part of that, but they're not the only piece of that. And if I had to, you know, and I guess I could have

written a book all about taxes and part of it, I just didn't want to go into the the legwork of citing every piece of the tax code.

You know, that's just not what I wanted to spend my, my time doing. And then I guess I could have had a, a book that needed a new edition every year that would be good for book sales. Right?

But I wanted to create a, a book that every new business was me. So the handbook for every new or, you know, new to new to actual financial planning, like real business owner, so that they could start learning the basics and the essentials that needed to do around the financials of their business.

Right. It's so funny of one chapter on taxes. That's hilarious. But at the same time, that means, you know, what's essential. And what's essential is not just to learn about tax code.

What's essential to have the psychology around around the business, right.

Revenue vs Profit During the Pandemic

Yeah. And I'd much rather you read about, and understand the psychology and concept around tax planning and then go meet with your CPA and, and and get the, you know, get the real updated current tax law.

You know, here it discusses see if it makes sense for your business. So, you know, I've been following your Instagram for a while and congratulations on 1 million followers.

That's that's that's fantastic. And every to and then my CPA gets so annoyed because I send him like 50 of your posts. Yeah. I'm like, can we, can we talk about this? Like what?

What is this? I never even heard of this. Yeah. And I think that, the CPAs are like people dependent or firm, dependent, if you will. And there's some that crunch number for you and some that really help you understand that cash flow and growth philosophy.

Right. And so and so it's like practicing medicine sometimes you have, you know, doctors specific specialize in one thing and sometimes there's something else and it's, it's quite different.

So, so let's, let's get into that for a second. Like, are there like what would you categorize like the different types of CPAs there actually are. And and and not only that.

Like how do we how do we as physicians choose. Yeah. So there's a number of basically everyone thinks if you're a CPA, are you, you do my tax, you could do my taxes.

And there's actually a whole other side of the CPA profession, which is called assurance. And that's audited financial statements reviewed financial. So it's doing all the.

So when people think you get an audit there's two types of optics. There's what everyone thinks which is an IRS tax like a tax audit. It come in. They look at all your numbers and say you owe an extra $50,000 in taxes because you took the wrong deductions.

The other side is getting an audit and financial statement, which is usually you don't learn about that until you go to your bank and they tell you you need one.

But what that is is the CPA firm. It's not the IRS, it's an actual CPA firm going in and looking at your books, confirming cash flows, confirming balances with vendors, doing all this kind of forensic work on your books, too, so that you can go to the bank and say, these are this is really what I made in my business.

Or if you're about to sell your practice, you know, you can increase the value of your practice or your business by getting a reviewed or audited financial statement because it's someone going and saying, these are, this is legit.

This is what I'm actually making. So it reduces the risk of the of the person buying the book of business. So that's a that's almost almost no one knows about that side of the the public accounting profession until their bank tells them to basically.

So if you're thinking about selling your practice in a few years, having three years in a row of audited reviewing financial statements can can significantly increase the value to a potential buyer, right?

That's something that's totally separate from tax planning. Okay. The other side of the profession is doing the tax returns. You know, there's a lot of CPAs out there.

Just fill out the forms. And so that's the whole, you know, the employee side of the tax code where you go to your accountant, you drop off your receipts and your bank statements and then they tell you how well you did or didn't do last year.

You should not hire a CPA. That only does that if you're a business owner, because all we're doing is we're just we're just historians filling out the forms.

And Frank, right, in today's 2021 or, you know, depending on when you're watching this on, you know, in the replay, world, you can use technology to do that for you.

You don't need a human plugging in your numbers. You just don't. And so you need a CPA or a tax professional who works with you in a proactive manner to help you sit down with you and say what's happening over the next three months, the next six months, the next year or two, five years and say, okay, based on your business goals and your personal life goals, let's craft a plan.

So it's and it might not always be lowering taxes, but a lot of times usually, especially if you're in growth mode, it is lowering your taxes. But your CPA should not just be fill out the form for you.

They should be meeting with you on a regular basis. I would say the faster your business is growing, the more often you should be meeting with your CPA because if you're going to steady year over year, your business looks about the same as it did in March as it does in December.

So meeting before year end once a year to say, here's what's changed in the tax law. Do these three things and you're good. If you're growing by 20, 30, 50% per year.

What your business looks like in March is way different than what your business looks like in September. You've got more headcount, you've got different infrastructure issues, you've got different planning problems.

And so if you're growing rapidly, meeting throughout the year, so those are kind of the different thoughts around the cadence of meetings with your accountant.

The other thing the accountants do is we function as kind of, depending on your size of your business, a fractional or virtual CFO coach for you. And that is when I think of a CPA just filling out the forms versus doing tax planning.

There's the accounting side of it, which is when we're doing your bookkeeping, we're just telling you how you did last month or last year when we're a CFO, we're meeting with you and telling you how to improve the operations and the financial performance of your business.

So we're we're establishing KPIs, key performance indicators.

Cash Flow, Growth, and the Book's Purpose

So that's that's the 3 to 5 key metrics that drive the performance of your business. And we're monitoring those and helping hold you accountable to the performance on those. So so audited and reviewed financial statements, tax planning and tax return filing and then accounting records recordkeeping and CFO coaching to help you improve

the financial performance of your business.

I would say, in a nutshell, are the key things that a CPA firm does a lot more than I thought, actually. So, you know, I think we all have our sort of limiting beliefs, behind what CPAs do.

But, you know, knowing that it makes a lot of sense now, most practices and doctors, you know, can't really afford a full time, you know, CFO. And so I guess this would act more like, like a hey, there's there's a guidance, the overview, part time CFO type of philosophy.

Is that right? Yeah. So you really don't want or need a full time CFO until you're probably, I'd say at a minimum, hitting $5 million in annual revenue at a minimum.

And then and so we're a fractional CFO or a virtual CFO comes in as you buy a piece of their time, whether it's an hour a month or an hour, a week or a day a week, you're scaling and and so you still get those habits and routines that have CFO provides, but at a fraction of the costs.

So instead of spending 3 or $400,000 a year on a CFO salary, you can spend, you know, 20 to $30,000 a year on a fractional CFO. And and that really starts, you know, you need what you need that person.

I'd say around $1 million in annual revenue is when you start to being able to afford justifying that spend. Before that, you want to just a high quality bookkeeper that can take the the time, you know, off of off of you for doing the work of the accounting and then the knowledge.

And that's where I created, you know, the you talk about the cash profit accelerator, which we talked about before a little bit for this call so that I can teach business owners to do it themselves while they're scaling up to that seven figure mark.

And so, so that's, that's kind of the stages when you need the different kinds of help. Yeah. So, I can guarantee you there's a lot of people that's, that's listening to I was a little bit overwhelmed and really think about double thinking what they're supposed to be doing.

Yeah. But you just mentioned Kasparov Accelerator. I know we talked about it, but let's kind of introduce this to the audience. Out. What is it? What is what's the intention and how did people get in?

Yeah. So, you know, all those things that a CPA, CPA does for you. As I mentioned, the CFO is 20 to $30,000 a year tax planning. You can spend 5 to 10 at least, you know, $1,000 per year.

And so most businesses need all they need all that stuff, but they can't quite afford that. And so I've had, you know, tons of people DMing me questions.

And so I, I thought, you know, how can I create a platform where I can get all these questions with an answer them on a, on weekly calls and teach business owners as they're growing to that point where they can afford to hire us one on one, you know, in a, in a scalable way so that they still have access to that information.

And so that's what the cash profit Accelerator is for, you know, basically the same less than half, less than half the cost of a bookkeeper. They can get all the updated tax laws, you know, and how it applies to their business.

They can get access to the the routines and calendaring of when they should be planning, you know, kind of how to set KPIs, all that knowledge and the stuff that I just talked about that we do ask CPAs to coach them through walking through it themselves.

And when they're at a life stage of their business where they can't or don't want to afford, you know, hiring out that one on one help, you know, I'm part of your program.

And I asked and thought I knew a lot, until I got into the program and realized I was even missing some of the,

some of the fundamentals. And I think that, a lot of people are generally this way, but it really requires a specific type of psychology to even look at the fundamentals in a way where you're turning the numbers into words.

Words meaning that you if I want to say, how do I grow my practice? How do I eggs in my practice, how to scale my practice? Or how do I start a private equity firm to to maneuver some of these things?

A lot of that requires some basic knowledge. And it was a skill I got in. I'm like, oh, wait, this this makes sense. It's kind of a dull moment for me, but I when I suppose I took some action on it.

So really appreciate the cash prop accelerator. So, so, you know, let's on the, on the top of of of CFOs and everything like that. I don't, I don't think what we really mentioned was, the roles of, of a CFO because I think, you know, people have a concept of, you know, they take care of all the financial stuff.

Sure. If and it's a sort of a little bucket. Right. Can you just, like, itemize a little bucket for a second, especially if it's part time CFO? Yeah. So a couple key things.

There's there's cash flow planning. And then there is basically a high level. It's monitoring and holding accountable the financial performance of your business.

So under that umbrella there's cash flow planning.

Types of CPAs and Proactive Advisory

So it's basically taking look out over the next three and 12 months, every months and saying okay, what is going to be what do we anticipate coming in the business and what do we anticipate going out the door of the business as far as income and expenses?

And and so it's monitoring that cash flow. And there's different levers you can pull to speed up cash coming in and to slow down cash going out for example.

And this this is and part of this is the conversations that the CFO has with the business owner. So in a medical practice, when we book a call instead of, an appointment, instead of collecting the cash at the end of the appointment, can we collect a 50% deposit when we book that call?

If calls on average are booking three weeks in advance, that speeds up half of our cash by three weeks, which, when you're growing business growth, sucks cash.

So if we can have a look at our business model, that's just an example to speed up cash, can we negotiate with our vendors to slow down, to pay after 60 days versus paying, you know, immediately.

So it's looking at the cash flow planning. So that's one element of it. The other element is looking at benchmark basically benchmarking against the best in your industry and creating a roadmap to get to the best in your industry.

So what do I mean? So most that's that's one of the first things we always do as a CFO when we when we start, as we say, how is your practice doing against other practices of your size in your industry.

So every you know, if you've got $1 million private practice, the best, most profitable million dollar private practices in the United States are spending X dollars on payroll.

They're spending X dollars on marketing. They're spending a certain amount on rent. They're spending a certain amount on, you know, all these different things.

Most business owners have no clue what their competitors and especially what their best competitors are spending on the areas that move the needle. And so one of the things we do is we pull that report and we say, how are you doing against that?

And then we create a business budget so that you're spending with intention, not just because it feels good and you think this might impact your business.

So as an example of that, my mom owns children's clothing store, and she bought this ten years ago. And when she bought, she was like, it seems like I'm, you know, I'm not making as much money as I thought I would or as the, you know, owners told me when I bought the what the what the, the the store.

And so what we did is we pulled the industry averages for a children's clothing store of her size because we want to compare against Walmart. Right. And it turned out that she had $50,000 more in inventory, and she also had $50,000 more in cost of goods sold for her revenue, which means she was putting too much on sale.

And so we created a budget for her to go to market next time and lowered that. So what? What the result of, lowered what she was buying at market. So that resulted in $50,000 less inventory, $50,000 more in profit.

So $100,000 in cash flow just by looking at the industry benchmarks. So it's the same thing in the, you know, in everyone who's listening to this, your private practice, you might be spending too much on headcount for, you know, you think that you need all these people.

But it turns out if you lowered the people, lowered, lowered the headcount, or you grew without hiring any more people, you have less meetings that you're having to meet with, you know, because more people create more complexity.

So and also it also there's expenses that matter and there's expenses that don't soak. And most business owners focus on the expenses that don't matter.

Meaning we spent an extra $0.20 on the K-Cups in the office breakroom, versus we spent an extra $20,000 on payroll that we didn't need to. So that's a huge.

And I spent a lot of time on this because it's a huge one is industry benchmarking. And that's one of the the huge, you know, the most impactful things that we do as a CFO and that you can do as a business owner, as benchmark yourself because it gives you an actual roadmap to make decisions off of it. So, you know, my emotional heartstrings a little bit because, you know, definitely made those K-Cup mistakes versus versus payroll, you know, and it's it's it's because it's tangible.

You feel like you need the people. Right. If we just have more people that we're going to give better service and we're going to make we're going to be able to grow.

But sometimes it's not more people that you need or, and, and sometimes it's okay as long as it's intentional. What we want to do is we want to look at the expense and say, is that okay?

And why? So like for example, in my accounting firm, we have more payroll costs than your average accounting firm. When I look at our industry benchmarks, and we also spend a lot more in marketing than the average CPA, most CPA spend a goose egg.

In marketing, we spend a significant percentage of our revenue. We're also growing 80% per year, and the industry average is 4.2% per year. So but if you're not looking at those numbers, then you're just guessing and hoping.

So your practice might be growing 75% per year compared to the average 10% per year. It's maybe it's different because of the aging of the population.

So you're going to have to spend more on certain things. But if you're if you're just spending it just because it feels good versus spending it with intention and with a roadmap, that's where that's where a CFO comes in.

And usually the CFO is going to pull you back, and the CEO's job is to push it forward. And so but you need that tension. And so it's, you know, you know, you may have heard there's a common quote out there is that the CFO

says, what if we invest in our people and they leave and the CEO says, what if we don't in this day?

Fractional CFO Support and Business Benchmarks

Yeah. So there's that pushing, that pull. The CFO and the CEO to say, are you sure you need to spend this? And the CEO says, yes, we do, and here's why.

But if going through that mental exercise of knowing that you're making the decision with intention is is a great and important one in your business. Yeah.

But there's a there needs to be a desire to, to look at this. And I think that especially, you know, and I'll tell you the mentality for, for physicians and physician owners for, for the most part is that we're, we're talking about structure, format.

You know, we had college, we have medical school, we have residency, we have fellowship. And we had initial years as, as our attendings. So it's very, very structured.

And the, the and the and the idea behind that is that you don't necessarily want to go outside of the structure because the many go outside the structure.

You kind of compromise the things that you've built. Right. And so there's an expectation that's set up like once you finish. So I'm attending physician that that this structure and I'm going to model after, you know, my other colleagues who've been doing the same thing for 400 years.

And if this structure works for them, it must work for me. And I'm not going to necessarily question it. So we're never we're taught never to question are superiors.

You know, it's very militaristic, concept here. And I think that, in doing that, there's a lot of trauma that's, that's really created, in brains because and I'm not talking about the medical stuff that we see.

I'm talking about the trauma of we grew up in this structure, and we are able to taste the pain points of the structure that's feeling around us, especially during coronavirus. Right.

And so because of that, and I guarantee you that's why most of people are kind of watching us right now. And because of that we taste of the pain point.

Now we are just lost, you know. And when it comes to to finances, yes, a lot of physicians really loss within the finances. And then as we keep digging deeper and deeper and deeper, you know, I think I know what the source of the rot is and the source of the rot is the fact that, the we expect there should be other structures that's built for us so that we're able to learn this, but there's not necessarily the case.

Right. And so so I'm really happy that you kind of put together this crash accelerator because us as a business, we're not really any different than anybody else.

Now, the complexity of how we make money, especially with lending and insurance, is astronomically high. It is calculating accounts receivables is a pain point because it's different every month, depending on when the insurance wants to delay the reimbursement and stuff like that.

But collectively, if you look at friends, the trends are actually the same from month to month last January versus this general, etc. and then the coronavirus and everything just went haywire a little bit.

But I think that we really have to, you know, get our act together and then, look at other things that we haven't been seen. And, and once you desire to be authentic about what are real, the numbers are because, you know, when I looked at my real numbers last year, I was pretty butthurt at myself.

I was like, what? You know, like why? I was really focusing on things, the expenses that really didn't matter. I mean, like, what do we spend 180 grand on on this video thing that we're not even using?

Right. And so, and so we over the last year, you know, we work with my CFO, we, we were able to, to, to have 300 and $320,000 in cost savings just for one one year.

Right. And and that that's huge because like I said, I was like, all revenue is doing good. We're growing. We are growing about 100% per year. Now my practice started four years ago.

So it's 1% for you for four years. But that that in the end I'm like, well, where is everything? Where's the cash flow coming from? And it wasn't until the pandemic that I just said, don't look at the numbers like, wow, like, this is a lot of this is so unnecessary.

And, you know, and and I thought it was just going to be, you know, me saving money on taxes and stuff, like, know no one way beyond taxes. I think taxes is the entry into the discussion of a psychology that's really needed to, to, to look at this.

But then, but then I think that's the reason why you need your book cash flow and gross, not taxes and gross one size and growth is that the the psychology in in pulling these levers is is pretty much the same.

Right. And and you know that brings me to this next question because from a physician side. So there's two different types of physicians. There's physician partners who have equity in the company or for physician owners like myself, and then there's physicians that work within the company structure.

And there being there are W2, but they also tend to have bonuses. Right. We call them review bonuses, revenue unit bonuses and these and, and, and I feel like a lot of the physicians feel like they can't manipulate any of that to, to save on taxes.

Right. But is it true that you can do a lot with taxes, even if you if you're a W-2 employee? So the a couple years ago they got you used to be able to take what's called an reimbursed employee expenses on your itemized deductions.

They got rid of that deduction. So they significantly hamstrung W2 employees. In terms of their ability to take to take, you know, expenses related to generating their income, whether that's your auto expense or their cell phone or, you know, kind of your typical business type of tax planning expenses.

There are things outside of business expenses that you can do if you're a high wage earner. And so just to touch on a couple of those real quick, one of and some of them are more aggressive and kind of puts you on, put you in the crosshairs for being audited.

But still mentioned, so one of them and this is, this is not a, an audit flag necessarily, but it's a common thing to do. It does require a whole separate level of effort.

And that is investing in real estate properties and, doing what's called a cost segregation study on any real estate investments that you make. So what a cost segregation study is, is right now there's, a thing called bonus depreciation on qualified leasehold improvements.

And that's a mouthful of probably what sounds like alphabet soup to all these people who haven't heard of it before. But basically what it means is if you go improve a property, you get to take 100% of that cost in the first year.

So if you go spend $15,000 on new countertops in a rental property, you get to take 100% of that in year one, which would save you probably around 7 or $8000 in taxes.

Normally it's over a 15 year period. So instead of taking $15,000 this year, you'd get $1,000 a year over the next. So you can see how it speeds up your cash.

So what a cost segregation study does is let's say you go by $1 million building. Normally you'd get to take depreciation on that building over a 39 year period.

Now you can do what's called a cost segregation study. And its engineering teams go in and they carve out the costs of the toilets, the counters, the everything that is not the bones of the building.

And you can take the value of all of that and deducted in year one. So that's where if you've heard a lot of people say invest in these real estate funds to get massive deductions, that's what they're doing.

And so so you can you can basically take a side hobby and go buy a bunch of real estate properties and do that yourself. Or there's people that'll take your money to go invest in these funds.

And then you get what's called a K-1, which is basically your share of the deduction or your share of the income reported to you. And then you put that on your personal tax return.

So that's what when you when you've heard of, you know, kind of investing in real estate, that's, that's that's what a lot of these high wage earners are able to do to, to take a deduction.

Now there's some limitations around it depending on your income. And you know, if you're a real estate professional you can take more. So there's there's thing.

And this is where working with your your your accountant to kind of talk through these scenarios with you as it relates to your situation, to make sure you don't make this huge investment and then don't get the deduction because you didn't structure it correctly in your doctor.

Tax Strategies for W-2 Physicians and Owners

So there's another thing called a conservation easement, where it's basically and this is one that is an audit flag, that allows you there's certain earmarked elect like, funds where you can invest in.

It's a lot of these investments that are pieces of land that are set aside for environmental development, that if you invest in it, you get a five times your investment charitable contribution deduction in year one.

So for example, let's say you have a $2 million W-2, you can make a $200,000 investment and do this fund. You're not supposed to do it for tax planning purposes.

You're just doing it for investment purposes. But you make a $200,000 investment into the fund and you get a $1 million charitable contribution deduction.

Now, if the fund it, it's the funds that are targeted, not your personal return. But if the fund gets audited and gets like basically disqualified, you lose your investment stays in the fund and you lose your charitable contribution deduction.

So that's a riskier one. And again, these are all things, you know, these high level, high risk, high reward ones. You want to make sure you're talking with your your CPA.

But that's again back to the at the beginning of our our time together talking about the power of most people. Just go meet with their CPA to fill out the forms, the power of talking with them.

Even if you're a W-2 wage earner and most CPAs that don't do this planning are sitting around twiddling their thumbs in November, so they should be able available to pick up the phone and have a conversation.

And if they're not, definitely go find a new CPA because they should be a profit center for you. Not not a cost center. So absolutely, those are a couple just high level, you know, it's not with the W-2.

The downside and I would if I'm a higher you know, if you're in life like a Kaiser type of role, there's there's nothing you could do about switching out a W-2.

Right. But if you're in a maybe a private practice where your sub W-2, if you could go talk to them and negotiate being a 1099, then you could switch to operating as an S corporation to save self-employment tax.

And then you can take all of these deductions and do all of this business tax planning and have a lot more control over your tax situation. So that that is something that if you have the ability to negotiate when you're going into being a W-2, then that's something I would really look at.

Yeah. And a lot of positions, even in the larger institutions, there's a negotiation where, most of the institutions are going to be offering you, if you're starting out, maybe within 25% of, the, the, the the median salary for your specialty, as documented back by the MGM.

But there's actually a way, a lot of physicians have done this and say, hey, I'll take half the salary, but give me the rest and bonuses on a 1099, and, and that's been really, effective.

I actually did that earlier on in my career, but that's been really effective at taxing, strategies. And so I think, so if you, if you're, if you're a doctor, want to, and you're actually in an employment structure or smaller practice, definitely explore that with, with whoever's hiring you, explore that would even large institutions.

Because a lot of these institutions were more than a little more than happy to lower your base salary and then put bonuses on top of that for structure.

And that could have some, bilateral benefits for, for both, both people. So that that is a pretty common structure, in the physician world. So some, some work with on your CPA for sure.

If your CPA is knowledgeable about it. So let's talk about your firm for a second. Are you able to take on, I almost had patients because I'm speaking physicians like me.

Sometimes it feels like they're patients. You know, depending on, you know, where to state their businesses, even, like, when they find us. But. Yeah, but let's let's let's talk about your firm for a second.

What do you guys do? I assume you guys do everything that we just kind of talked about? Yeah, that's pretty much what basically we we do all the financial side of your, your business.

So, you know, I actually had a new client who came in and they said, you know, we're looking for and they called it a term that I like this and we need our money adult, which I thought that was pretty good because, you know, most most people, they don't know what they're doing with this stuff.

So so yeah, we come in and so we do everything basically the financial side of your business. So whether that's doing the books so helping you you know, do your keep your accounting accurate so you get your monthly performance reports.

To layer beyond that we do the virtual or fractional CFO coaching. We do your annual tax returns. We do tax planning. We do the audited reviewed financial statements, kind of all the full suite of services that you need as a business owner.

We're going to be probably a lot money later this year or early next year, layering in wealth management as well. Just so that we can be the one stop shop for everything you need.

But you know where that requires some, you know, additional compliance and all that. But yeah. So basically the the financial side of your business, we can run it all for you.

That's that's wonderful. And all 50 states are okay. Yeah. Absolutely. Great. Great. Excellent. So, you know, this is

a very enlightening conversation.

I think it's it's a conversation that needs to be had. That is not necessarily out there, especially in the physician world, because and I'll tell you, you know, you may not attending physician conferences, but I do.

And a lot of the there's leadership conferences, there's conferences on workflow. There's conferences on something called revenue cycle management, which is basically how you getting revenue in.

But the discussion of what we just talked about is seriously lacking and probably one of the most fundamental things from a business perspective.

Tyler's Firm Services and Final Takeaways

And it's scary because, as we said, even if you're a W-2 employee, employed physician, there's ways and structures that are well beyond our imaginations that we have to understand from a CPA standpoint.

Because I'll tell you, most of the docs, I know they get their salary and they go on to books and kind of do their own thing, and that's pretty much it. Right.

And so the there's, every CPA should be a profit center, whether you're like the employed person or whether you have your own business or the or you have some, some contracting on the side.

And right now I'll tell you what, doctors are being contracted for other things right now and we'll call them doctor side gigs. There's a whole Facebook field called Health physician side gigs.

There's a lot of members in it, and, almost 80% actually is in some type of real estate. And so, you know, as Tyler said, it's there's some complexities within structure.

You just have to make sure you get set it up correctly. And a lot of things change all the time. So I'm really happy that we're actually talking about this.

So before I let you go, and I'm going to just ask you one question that I asked most of the most of my summit members is, what did you learned recently that you wish you knew maybe like five years ago about your business?

About my business? In general or in general? Yeah. You know, actually, it's it's along the lines it's self practicing the things that I'm teaching. It's growing with intention.

So I've been super blessed to be able to grow, you know, there there aren't that many accountants that'll get on a camera and do social media and speak and do a lot.

So we've you kind of like you've experienced with your hundred percent year over year growth for four years in a row. We've done similar things, and growing.

When you're growing your revenue and the profits don't grow really sucks. And so, so so we've recently been a lot switching to switch to being more intentional with the way we kind of create demand and don't just take on any client.

And under the sun, we try to be intentional with bringing on business owners that are aligned with our philosophies. They value us. They are, you know, and so and they're going to do a suite of services that, that allows us to really help them, you know, achieve more of their goals and helps us achieve our goals.

And so I think if I was rewinding the clock five years and doing it all over again, I would have figured out the ways to grow intentionally rather than just growing just for the sake of growth.

And so I think that's, you know, that's we call it a champagne problems. But it's still those are there still problems of

growth. And so, that's definitely been something that I've reflected on and learned a lot over the last couple of years.

The, probably the identical philosophical conflict that, that you just talked about, but grown intensively is something that requires some level of discipline and guidance, you know, and, and I think for, for both of us, probably we didn't really taste the pain points of just kind of being random here and there.

We wouldn't know how important it is. But what's great about this summit is, you know, doctors learn from other doctors mistakes, learn from other people's mistakes and business owners.

And in the end, it's all about the psychology of trying to, have self-development business development so we can perpetuate to, perpetually go forward.

So, so thanks so much for for being on this is an absolute pleasure and such an important topic that's really touched upon in our in our world. So thank you so much. Yeah. Thank you.

For.