Wealth Wednesday: Foundation before Scale Transcript

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Introduction to Wealth Wednesday

Hello everyone and welcome to another Hello everyone and welcome to another episode of Wealth Wednesday. So today, episode of Wealth Wednesday. So today, we are going to actually have a we are going to actually have a conversation about a real situation that conversation about a real situation that we've encountered over and over again we've encountered over and over again and these are the kind of things that and these are the kind of things that West, my co-host here, and I work on West, my co-host here, and I work on together. So there's a common problem or together.

Why Revenue Streams Need Careful Planning

So there's a common problem or or maybe it's an aspiration or an or maybe it's an aspiration or an ambition that business owners all tend ambition that business owners all tend to have.

to have. They love adding revenue streams and They love adding revenue streams and there's absolutely nothing wrong with there's absolutely nothing wrong with that because revenue streams, especially that because revenue streams, especially ones that, you know, flow cash and add ones that, you know, flow cash and add revenue to your practice or your revenue to your practice or your business are fabulous. But the hard part business are fabulous. But the hard part about this is sometimes it can actually about this is sometimes it can actually be a reaction be a reaction for a problem that's lurking underneath.

for a problem that's lurking underneath. And you know, West and I encounter this And you know, West and I encounter this a lot. a lot.

Diagnosing the Real Problem

West, have you seen that this is the West, have you seen that this is the case quite a bit? case quite a bit? >> Yeah, I think that what we'll get into >> Yeah, I think that what we'll get into this one is this one is you know, depending on how much you know, depending on how much complexity there is, there's a bit of an complexity there is, there's a bit of an order of operations and how you want to order of operations and how you want to approach providing the help and in this approach providing the help and in this case there are enough layers that we case there are enough layers that we really had to kind of figure out what really had to kind of figure out what that order was. It wasn't immediately that order was. It wasn't immediately apparent, but kind of emerged through apparent, but kind of emerged through through discovery with them.

through discovery with them. >> Yeah, and discovery is so important >> Yeah, and discovery is so important because sometimes there there are people because sometimes there there are people out there in the financial world that out there in the financial world that kind of have a solution for you before kind of have a solution for you before you even know what the problem is you even know what the problem is because they're they're pegging you into because they're they're pegging you into a solution hole and I don't think that's a solution hole and I don't think that's the right way to do anything. I think the right way to do anything. I think it's really important to find out what it's really important to find out what really is the problem.

really is the problem. So there was there was some clients that So there was there was some clients that we worked with recently that, you know, we worked with recently that, you know, really wanted to add revenue streams, really wanted to add revenue streams, which is not a bad thing, but the which is not a bad thing, but the reality was they were adding revenue reality was they were adding revenue streams and they were kind of strapped streams and they were kind of strapped with time in a very big way. And you with time in a very big way. And you know what? When you add a revenue stream know what?

Time, Capital, and the Cost of New Ventures

When you add a revenue stream to your business, you actually have the to your business, you actually have the time to you have to have the time to time to you have to have the time to make sure that and the capital to make make sure that and the capital to make sure that it gets off the ground in the sure that it gets off the ground in the right way. And this is where I feel that right way. And this is where I feel that my background in actually running a my background in actually running a medical practice and a medical spa medical practice and a medical spa really come into play because we were really come into play because we were able to really get down really down into able to really get down really down into the layers through the layers and find the layers through the layers and find out and uncover that this was almost a out and uncover that this was almost a um like a a fix-it solution for a deeper um like a a fix-it solution for a deeper problem. So, rather than just kind of problem. So, rather than just kind of fix the reaction or the symptom if you fix the reaction or the symptom if you will if you so speak. I mean, sometimes will if you so speak. I mean, sometimes in medicine we talk about treating in medicine we talk about treating symptoms. But in the financial world, symptoms. But in the financial world, too, sometimes people can treat the too, sometimes people can treat the solution um treat these symptoms, not solution um treat these symptoms, not the actual root cause. So, I would say the actual root cause. So, I would say in that way we help really diagnose the in that way we help really diagnose the issue and get down to what's really the issue and get down to what's really the problem.

problem. problem. >> Absolutely. I think in this particular >> Absolutely.

Using Existing Assets More Effectively

I think in this particular situation we're looking at scenario situation we're looking at scenario where where where you know, we've got a really you know, we've got a really hard-working couple with a medical hard-working couple with a medical practice, but they're already practice, but they're already kind of at their maximum as far as just kind of at their maximum as far as just output, the amount of time that they can output, the amount of time that they can spend. One of them's actually working, spend. One of them's actually working, you know, two separate jobs, one in one you know, two separate jobs, one in one in telemedicine.

in telemedicine. And so, that's where I think you And so, that's where I think you particularly picked up on particularly picked up on yes, we understand you want to make have yes, we understand you want to make have more cash flow and and generate more more cash flow and and generate more revenue to make sure that the that revenue to make sure that the that amount of effort you're putting in is amount of effort you're putting in is you know, bringing the value, but at the you know, bringing the value, but at the same time is is that practical or is same time is is that practical or is that just too much bandwidth and then that just too much bandwidth and then maybe capital that's not wise to kind of maybe capital that's not wise to kind of spend in that in that moment.

spend in that in that moment. >> 100%. I have this rule of thumb when it >> 100%. I have this rule of thumb when it comes to adding revenue streams into a comes to adding revenue streams into a business and I've added many in my business and I've added many in my medical practice. You know, I had a medical practice.

The Four-Times Rule for New Revenue Streams

You know, I had a pretty large ecosystem in my ear, nose, pretty large ecosystem in my ear, nose, and throat practice and I had allergy, I and throat practice and I had allergy, I had cat scans, um had cat scans, um hearing tests, hearing aids, all of hearing tests, hearing aids, all of these things. But whenever I started these things. But whenever I started each one of those revenue streams, of each one of those revenue streams, of course, in the beginning when I I a course, in the beginning when I I a newbie and I had no idea, of course, I newbie and I had no idea, of course, I thought that as soon as I added it, it thought that as soon as I added it, it would be lucrative immediately. So, now would be lucrative immediately. So, now I tell business owners this one very I tell business owners this one very simple rule. Whatever you think it's simple rule. Whatever you think it's going to cost in terms of financial going to cost in terms of financial outlay, your time, and however fast you outlay, your time, and however fast you think that money's going to come in, I think that money's going to come in, I would say triple or

quadruple it because would say triple or quadruple it because that's the reality.

that's the reality. Meaning that it'll probably take four Meaning that it'll probably take four times longer than you wanted it to to times longer than you wanted it to to actually have the revenue come in. It'll actually have the revenue come in. It'll take you four times as much time as you take you four times as much time as you think and it costs you sometimes four think and it costs you sometimes four times as much. I don't know. I think times as much. I don't know. I think four times is a great rule of thumb four times is a great rule of thumb because then if it's better than that, because then if it's better than that, fabulous. But, I've seen that happen so fabulous. But, I've seen that happen so many times in many times in in the medical spa world, it's really in the medical spa world, it's really tough because these reps come in and tough because these reps come in and they talk to you about this ROI and it they talk to you about this ROI and it looks beautiful. And you're just ready looks beautiful. And you're just ready to shell out $150,000 to shell out $150,000 on this new medical laser or whatever on this new medical laser or whatever the case is, but it doesn't come in like the case is, but it doesn't come in like they say. You have to put money into it.

they say. You have to put money into it. You have to market it. You have to make You have to market it. You have to make sure you're sure you're creating the offerings so that the creating the offerings so that the patient really wants it. There's just so patient really wants it.

Balancing Growth With Bandwidth

There's just so much more to it than just adding a much more to it than just adding a revenue stream and people just show up. revenue stream and people just show up.

>> Yeah, absolutely. This is, >> Yeah, absolutely. This is, you know, a a situation where the you know, a a situation where the temptation can be I'm just going to work temptation can be I'm just going to work more hours or I'm going to add something more hours or I'm going to add something to this practice to generate that, but to this practice to generate that, but this is almost a situation where the the this is almost a situation where the the reverse is true. Less is more. Uh I reverse is true. Less is more. Uh I think we both felt that if we could think we both felt that if we could provide some retirement income really in provide some retirement income really in the short term to take some stress off the short term to take some stress off of both of them and allow them more time of both of them and allow them more time to enjoy what they do because they truly to enjoy what they do because they truly enjoy their work. Um that, you know, enjoy their work. Um that, you know, that would free up the kind of that that would free up the kind of that bandwidth and that ability to even bandwidth and that ability to even properly consider those next moves. Um properly consider those next moves. Um and we were just looking at pieces that and we were just looking at pieces that were already in place for them and they were already in place for them and they just weren't utilizing.

just weren't utilizing. >> And that's another big problem. >> And that's another big problem. Sometimes we have all these pieces out Sometimes we have all these pieces out there, but we don't know how to really there, but we don't know how to really utilize them to get to the goal that utilize them to get to the goal that we're trying to get to. Because we don't we're trying to get to. Because we don't know, nobody tells us these things. And know, nobody tells us these things. And as a physician, as a physician, I also felt the same way. Why isn't I also felt the same way. Why isn't anybody looking at it holistically? Why anybody looking at it holistically? Why isn't everybody just looking at it and isn't everybody just looking at it and telling me what I could probably do to telling me what I could probably do to get to where I want. And I was left get to where I want. And I was left figuring out those things by myself and figuring out those things by myself and I love that now we're able to help I love that now we're able to help people navigate those decisions and people navigate those decisions and really tailor it to the life they want.

really tailor it to the life they want. And this couple was a little bit older, And this couple was a little bit older, but younger people who are just starting but younger people who are just starting out in their business, there may be out in their business, there may be different They're different strategies different They're different strategies that they can use to add revenue that they can use to add revenue streams, but also preserve their streams, but also preserve their bandwidth.

Consolidating Accounts and Simplifying Strategy

I think there's a common um bandwidth. I think there's a common um it commonly we think that it won't take it commonly we think that it won't take that much bandwidth and it's easy to that much bandwidth and it's easy to add, but it really does take a lot of add, but it really does take a lot of bandwidth to add other procedures and bandwidth to add other procedures and other revenue generating procedures to other revenue generating procedures to our practice.

our practice. >> Absolutely and >> Absolutely and I think um I think um you touched on it something else that's you touched on it something else that's really important, which is it's really really important, which is it's really normal for us to encounter folks like normal for us to encounter folks like this couple where they've accumulated a this couple where they've accumulated a variety of accounts and you know, variety of accounts and you know, obviously that's a good thing. They've obviously that's a good thing. They've tried to to do the right thing along the tried to to do the right thing along the way, but it's been a bit piecemeal, way, but it's been a bit piecemeal, right? It's been at certain times in right? It's been at certain times in their life maybe with certain advisors their life maybe with certain advisors and then other advisors after a while and then other advisors after a while you've got between two people seven or you've got between two people seven or eight different accounts and and what I eight different accounts and and what I liked about the the solution that we liked about the the solution that we came up with was came up with was we were able to provide, you know, that we were able to provide, you know, that shorter term income stream and make that shorter term income stream and make that something real and kind of programmable, something real and kind of programmable, but it also consolidated some of those but it also consolidated some of those accounts so that there wasn't quite so accounts so that there wasn't quite so much so many pieces on the board to to much so many pieces on the board to to be thinking about, you know, down the be thinking about, you know, down the stretch.

stretch. stretch. >> 100% cuz often when it's in so many >> 100% cuz often when it's in so many different pieces, we don't even know different pieces, we don't even know what it is that we have access to. So, what it is that we have access to.

Employee Retention as a Hidden Priority

So, this this was really satisfying and you this this was really satisfying and you know, there are so many people like this know, there are so many people like this out there, but they don't realize that out there, but they don't realize that there are ways to create there are ways to create solutions for the problems that we have solutions for the problems that we have that don't even involve us having to that don't even involve us having to struggle as much as we think we're going struggle as much as we think we're going to have to. And if we can help people to have to. And if we can help people with that, I'm all for it because then with that, I'm all for it because then business is a lot more fun. You preserve business is a lot more fun. You preserve your bandwidth, you're not working extra your bandwidth, you're not working extra hard, and I think that's the knee-jerk hard, and I think that's the knee-jerk reaction that business owners have.

reaction that business owners have. I'm just work harder and then I make it I'm just work harder and then I make it work. But I actually think, and I think work. But I actually think, and I think this is the big takeaway that I want to this is the big takeaway that I want to leave people with, all those business leave people with, all those business owners out there, you could you should owners out there, you could you should actually be looking for the absolute actually be looking for the absolute opposite, as you said, Wes.

opposite, as you said, Wes. You should be looking to work a little You should be looking to work a little less to so that whatever you add to your less to so that whatever you add to your business and your practice has a better business and your practice has a better chance of creating the revenue that you chance of creating the revenue that you want and a better chance of being want and a better chance of being successful because the bottleneck is successful because the bottleneck is often you and your bandwidth and your often you and your bandwidth and your ability to give the time and effort into ability to give the time and effort into that new venture.

that new venture. >> Yeah, I actually read a book recently by >> Yeah, I actually read a book recently by Rick

Snyder called Decisive Intuition, Rick Snyder called Decisive Intuition, and it gets at exactly this, which is and it gets at exactly this, which is when you give yourself just a little bit when you give yourself just a little bit more space to consider the different more space to consider the different challenges that you're facing and the challenges that you're facing and the the your vision of how you want your the your vision of how you want your business to run. Um yeah, just having a business to run.

Avoiding Shiny Object Syndrome

Um yeah, just having a a bit more a bit more uh uh uh you know, bandwidth, a bit more space to you know, bandwidth, a bit more space to consider it can lead to the best consider it can lead to the best decisions and and having too much on decisions and and having too much on your plate can kind of go the other way.

your plate can kind of go the other way. And I really think the takeaway for me, And I really think the takeaway for me, again, was having a a discovery, you again, was having a a discovery, you know, it was kind of multi-part. You know, it was kind of multi-part. You talked with them a few times, and we did talked with them a few times, and we did kind of uncover what that that order of kind of uncover what that that order of operations was. I love that we had operations was. I love that we had something that we could get to right something that we could get to right now, whereas you're going to dive into now, whereas you're going to dive into some of those pieces on the business some of those pieces on the business consulting, and then as an unlock from consulting, and then as an unlock from that, I think we'll start to see some of that, I think we'll start to see some of the cash flow and the things that lead the cash flow and the things that lead to us being able to do tax mitigation, to us being able to do tax mitigation, and then you know, one thing that really and then you know, one thing that really popped up that I I didn't realize until popped up that I I didn't realize until you could see that they said it with you could see that they said it with emotion was the employee retention. You emotion was the employee retention. You know, and we'll have strategies there, know, and we'll have strategies there, too.

too. too. >> Absolutely. Because for a small >> Absolutely. Because for a small practices, that is a huge issue. And I I practices, that is a huge issue. And I I uncovered that, too, in my own practice uncovered that, too, in my own practice that as I wanted to remain independent, that as I wanted to remain independent, but as bigger businesses bought out but as bigger businesses bought out practices around me and the hospitals practices around me and the hospitals buying up practices, the hospital would buying up practices, the hospital would get your employees cuz they could offer get your employees cuz they could offer better benefits and whatnot. So, I better benefits and whatnot. So, I actually put in a plan in my own actually put in a plan in my own practice so to retain my employees, practice so to retain my employees, everything changed. Because when you everything changed. Because when you have a small practice, people come in have a small practice, people come in and they see those people, they like and they see those people, they like that. And when you have a lot of that. And when you have a lot of turnover, it really it's expensive to turnover, it really it's expensive to replace them. You got to train them. You replace them. You got to train them. You got to get them up to speed. It costs a got to get them up to speed. It costs a small practice a lot of money. And small practice a lot of money.

Final Takeaways and Closing Remarks

And employee retention is a really important employee retention is a really important thing that sometimes we overlook. I thing that sometimes we overlook. I mean, it seems silly, but it's hugely mean, it seems silly, but it's hugely hugely important. And honestly, I think hugely important. And honestly, I think it's actually more important to secure it's actually more important to secure your employee base before you add on a your employee base before you add on a revenue stream.

revenue stream. >> Yeah, in in this particular >> Yeah, in in this particular conversation, we used the the term pain conversation, we used the the term pain points, but this was pretty literal in points, but this was pretty literal in this case where this conversation got to this case where this conversation got to a point where a point where you know, this person said, "This you you know, this person said, "This you know, sorry, but this this makes me know, sorry, but this this makes me upset. We are investing in these people.

upset. We are investing in these people. A lot of them are very new to to our A lot of them are very new to to our

business and we're bringing them up and business and we're bringing them up and educating them and and then they're educating them and and then they're getting really good and then some larger getting really good and then some larger practices coming and scooping them up practices coming and scooping them up and we're kind of and we're kind of on this this talent hamster wheel and on this this talent hamster wheel and it's just something that's really it's just something that's really disruptive and something that they want disruptive and something that they want to kind of break break the loop on." to kind of break break the loop on." >> Absolutely. Absolutely. So, you know, I >> Absolutely. Absolutely. So, you know, I think I think we covered a lot of really think I think we covered a lot of really great points, you know, for business great points, you know, for business owners to think about because it's owners to think about because it's really sexy to add revenue streams and I really sexy to add revenue streams and I know I've done it more times than I can know I've done it more times than I can count. And most of them, thank God, were count. And most of them, thank God, were successful. Some of them were a big successful. Some of them were a big waste of money and cost me a lot of waste of money and cost me a lot of money. To be honest, I wish I had money. To be honest, I wish I had somebody that would have gone through somebody that would have gone through this with me, so I would have probably this with me, so I would have probably prevent I would have been prevented from prevent I would have been prevented from making several large mistakes that I've making several large mistakes that I've made in the past. So.

made in the past. So. >> Yeah, I think there are let's put it >> Yeah, I think there are let's put it this way, a lot of shiny new toys in the this way, a lot of shiny new toys in the world of medicine as far as these ways world of medicine as far as these ways to create additional revenue streams and to create additional revenue streams and I really think that's where your deep I really think that's where your deep insights and experiences is invaluable insights and experiences is invaluable to to to to caution and say yes, you know, but in to caution and say yes, you know, but in in the right time.

in the right time. >> Absolutely. I mean, I know I have shiny >> Absolutely. I mean, I know I have shiny object syndrome. I actually told my object syndrome. I actually told my office manager at one point, I said, office manager at one point, I said, "When I come to you with this shiny new "When I come to you with this shiny new idea, I was like, you have to just shut idea, I was like, you have to just shut it down." it down." >> Just stop this for me, please.

>> Just stop this for me, please. >> Yes, please. Just just tell me to stop. >> Yes, please. Just just tell me to stop. So, I know how this is because I'm So, I know how this is because I'm exactly that person, but you know, I've exactly that person, but you know, I've I've learned things from making plenty I've learned things from making plenty of mistakes along the way and now I can of mistakes along the way and now I can apply them to help other people and apply them to help other people and prevent them from making the same prevent them from making the same mistakes if we can. So, well, thank you mistakes if we can. So, well, thank you Wes for joining us today. It was a great Wes for joining us today. It was a great conversation and we're going to keep conversation and we're going to keep sharing these kind of things that we're sharing these kind of things that we're working on along the way, so just follow working on along the way, so just follow us and you know, keep an eye out for the us and you know, keep an eye out for the Wealth Wednesdays. We're going to be Wealth Wednesdays. We're going to be doing these every two weeks. We'll see doing these every two weeks. We'll see how that goes and maybe we'll start how that goes and maybe we'll start doing them more. We'll see.

doing them more. We'll see. All right, everybody. Thanks so much for All right, everybody. Thanks so much for watching and you guys have a great watching and you guys have a great Wednesday.

Wednesday. Wednesday. Bye.