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You likely understand the notion of insurance, of paying a premium to some entity in return for guaranteed compensation in the event of a specified loss. In essence, it's paying for protection against a specified possible eventuality.

But there are other instances of paying, ***not in dollars but only in planning***, for other eventualities, such the one that I want to address, the potential need for access to capital for your medical group.

In my experience, it's common for medical groups to have the most basic of relationships with their bank, a deposit relationship. You deposit your money into the bank. You withdraw it to pay your outside vendors and your staff, professional and otherwise. And, that's basically it. It's a sort of child's piggy bank, just one that probably charges fees.

But many groups never consider more full service relationships involving lines of credit, term loans, and so on. They never consider what some banks, based on factors such as size, their willingness and even ability to lend, whether in general or to specific industries/components of an industry, will do to get your business. In other words, how your group and its members might benefit from the relationship.

At its core, the problem is conceptual. The group, like many businesses, likely views a bank as a place to keep its own money, and as a place to ask for a loan if and when it needs it. Both are mistakes, and the second one can be very dangerous.

I suggest that you adopt a different mindset: A bank is like a big-box store (think Costco or Home Depot) with tens of thousands of feet of displays and storage racks brimming with inventory for sale. But instead of paper towels or plywood, the bank's inventory is money; picture it stacked from floor to ceiling.

Just like Costco has to turn over its inventory to make a profit, a bank has to turn over its inventory, money, i.e., make loans, to make a profit. Sure, they make money from fees, but "buying" money from the Fed in a quantity many multiples of their deposits at wholesale and "selling" it to their customers at much greater retail rates is where the killing is.

You do Costco a favor when you shop there. You do Bank of America a favor when you shop there, too. The banker in the pinstripe suit is not *really* that different from the employee in the orange apron at Home Depot. Both offer a product/service and both want to sell it to you.

The time to shop for plywood is before the weather forecast is for a hurricane, in other words, when you don't need it now. The time to shop for money follows the same pattern. Done right, you decide from whom to buy it, and you shop based on price, *what else the bank will throw in*, and what amount of support you'll receive.

Of course, it's easy to walk into Home Depot to buy their inventory. It's psychologically harder to walk into a bank; but that's largely imaginary and manufactured.

There's a process to this, one learned over decades of work with healthcare enterprises and years of serving on the boards of healthcare business ventures.

If you're interested in money or think you'll ever need it, contact me to discuss how we can work with you to shop for it.



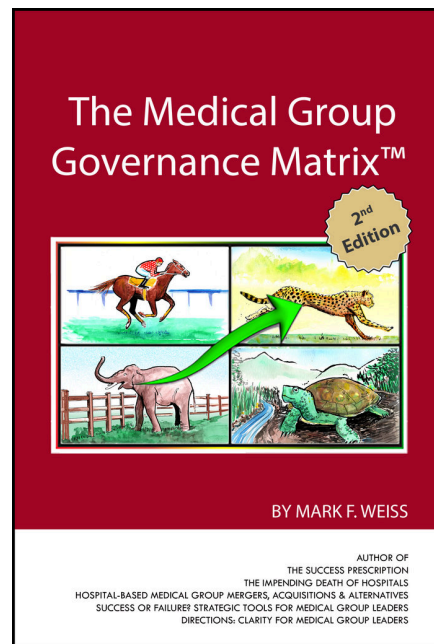
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