Executive Summary

I. Business name and location

We have decided to name our start-up audiology practice Edgewater Hearing & Tinnitus Center (EHTC). We believe it's important to state the neighborhood in our business name as well as terms identifying our clinical focus. These factors will allow potential patients to locate our business easily using online search engines. The location of the clinic will be 5505 N. Broadway St., Chicago, IL 60640. This location is accessible by driving, buses and trains. In addition to street parking, the business is within a 10 minute walking distance from three public parking facilities. This location will give us visibility to the public, as it is a storefront space on a street with a lot of foot traffic.

II. Summary of rationale for practice start-up and the unique value proposition

Audiologic care does not currently exist in the 48th ward of Chicago, IL. The ward’s total population is 85,424 individuals, with a high population density of 38,170 individuals per square mile [1]. Our practice, located in the Edgewater neighborhood, is in the center of the 48th ward. This diverse ward with residents of varying ages has 10,981 middle and upper income households. Research shows that nationwide, 30% of people 65-74 years of age and 47% of people 75 years and older have hearing loss [2]. 12.3% of men and 14% of women over the age of 65 are affected by tinnitus [2]. According to the 2010 census, the 48th ward zip codes 60660 and 60640 include 11,656 individuals over the age of 65 [3]. These data demonstrate the need for audiologic services in the 48th ward. In addition to providing audiologic services, including tinnitus management, to the elderly population, our practice aims to provide these services to the full spectrum of demographics in the neighborhood.

III. Simple explanation of the practice (projecting staffing, services provided and target market)

At start-up, we will employ two part-time audiologists (the two managing partners), a part-time clinical psychologist and a full-time office manager. In order to begin the practice in a frugal manner, we believe it is feasible for all three clinicians to maintain part-time employment in other clinics while working at EHTC on alternating days. We intend to convert these part-time positions into full-time positions as the business grows, as well as add additional staff members, such as a hearing aid dispenser, in the future.

Services provided will include adult and pediatric basic audiologic evaluation, otoacoustic emissions and hearing instrument sales and repairs. We will also sell assistive listening devices and custom ear products, including custom headphones, musician’s earplugs and swim plugs. We will provide Progressive Tinnitus Management (PTM) services [4], which include sessions with the psychologist, and sell tinnitus-masking instruments. As part of our community outreach campaign, we will provide aural rehabilitation and communication strategy classes to nearby places of worship, senior living facilities and other community centers. We will provide educational seminars at schools and publish a newsletter and blog, all discussing hearing health topics. Additionally, we will give lectures on these topics at public facilities, such as the neighboring Edgewater Library.

Our target market is individuals across the entire age range with the full spectrum of hearing losses (mild to profound), including individuals affected by tinnitus. We will provide services to families and elderly individuals, including those living in nearby senior living facilities (e.g. Breakers at Edgewater Beach). There are a total of six elementary schools in the 48th ward, not to mention schools just outside the district lines. We hope to provide follow-up audiologic services for failed school hearing screenings. We also hope to target the nearby Loyola University community by educating them on hearing preservation, selling custom ear products and generally raising hearing health awareness among a population that is usually overlooked in audiology.

IV. Competitive advantages

We believe providing audiologic care in the 48th ward of Chicago, which is lacking these services, is our main competitive advantage. In a densely populated urban area such as the city of Chicago, the only two practices relatively near the 48th ward are Northside Audiology Group (ward 39) and Sonus Hearing Care Professionals (ward 47). These practices are unable to adequately meet the need for audiologic care in the area. A second competitive advantage is that with the help of the staff psychologist, we will offer evidence-based PTM services to tinnitus patients, which we believe is a unique quality of our practice. In addition to participating in the PTM program, the psychologist will have his or her own patient load, including audiology patients needing assistance coping with their hearing loss. Another advantage that sets us apart from other practices is our plan to ensure every patient leaves with a solution that addresses their communication needs. An example of a solution is a technology recommendation, ranging from hearing aids to the EarMachine™ iPhone app. Another example is an increased level of education regarding communication strategies and/or hearing preservation.

V. Summary of the management team

The management team will consist of the two audiologists involved in the start-up process. The cultural and linguistic diversity of the audiologists will allow them to effectively interact and communicate with the diverse population of the neighborhood of Edgewater. The education, training and motivation of the management team will allow them to develop and grow this start-up business by providing patient-centered care to the community. As the business grows, the management team will consider hiring more staff members to accommodate the number of patients and possibly expanding the rental space of the
The management team will stay on the forefront of audiology research to provide evidence-based practice. In order to hone our business techniques, the management team will seek the services of consultants in areas in which we lack experience and stay up-to-date on the best business practices. The management team will be scheduling a meeting with the business development liaison in Alderman Osterman’s office of the 48th ward to determine the best way to serve the community.

VI. Summary of financial data

EHTC will fund its start-up solely through a loan for the rental and modifications of office space, marketing, the purchase of equipment and the compensation of employees until we are profitable.

The funds needed include:

- $50,400 for rental of space for 2 years at 5505 N. Broadway St., Chicago, IL 60640 ($2,100/month for 1,400 sq.ft.)
  - There is another 1,400 sq. ft. space adjacent to the rental space at 5509 N. Broadway St. which could potentially be available for expansion of our practice in the future. We intend to negotiate a clause in the rental contract giving us the first option for the rental of the second space.
- $9,000 for utilities for 2 years
- $15,000 for office space modifications and furniture
  - Office furniture, soundproof booth, looping and divisions to create offices/waiting room
- $40,811 for clinic equipment (most estimates provided by Gordon N. Stowe and Associates)
  - GS Audiostar Pro $10,650; Stowe basic amplifier $675; 2 speakers $700; SP8 speakers with centering toy $2,453; 3 desktop computers & 2 laptops $4,500; Verifit approximately $7,000; OAE Welch Allyn hearing screener approximately $4,000; TympStar immittance bridge $8,833; other equipment (i.e. software, hardware, CD player, printer, fax) approximately $2,000
- $25,000 for marketing (community outreach), legal consultation and computer systems security setup
  - The majority of these expenses will be marketing-related in order to increase awareness of our business in the community. The median marketing budget is $15,000 [5].
- $20,000 for supplies, stock and maintenance
  - Inserts, headphones, tympanometry tips, otoacoustic emissions tips and otoscopes; Stock of hearing aids, parts and accessories; Office supplies; Equipment calibration and maintenance
- $148,816 for one year of base salary ($36,556 for part-time Psychologist, $32,643 per part-time Audiologist and $46,974 for full-time Office Manager) [6]
- $15,000 for one year of benefits for the full-time Office Manager
  - Since we believe it is feasible for the part-time clinicians to hold complementary part-time positions at other clinics upon start-up, we also believe it is feasible for benefits to be provided by these complementary part-time positions, granted they are working at least 50% at the other clinics.

Sources for the funds include: A small business loan of $324,027

The business will need substantial start-up capital secured through loan financing. Income from services and sales are expected to start conservatively the first year and increase steadily through the second year of operations. We expect operating income to cover employee compensation after the first year and grow to cover employee compensation and rent payments after the second year while paying back the start-up loan over a fifteen-year amortization.

In anticipation of profits, a profit sharing structure will be created. The profits will be allocated among employees. Proposed percentages are 30% for each Audiologist, 20% for the Psychologist, 10% for the Office Manager and 10% will go into a strategic planning fund, the use of which will be determined by the management team as capital needs arise. After the first year of operations, it is expected that EHTC will be able to trim expenses in the business as efficiency, experience, and knowledge work together and help the business operate more smoothly.

References