

From the desk of Joel E. Davis

Hello to everyone within the Million Dollar Community! As always, I hope that this message finds you all doing well and that business is booming!

In working with some Business Owners in recent weeks and encountering some interesting scenarios, I feel compelled to share and reaffirm some very important principles that I believe can serve you and your business. Rather than sending you a lengthy email, preparing this as a download might be more convenient in the event you would like to print and reference these thoughts.

I will work to be as brief as possible, but I encourage you read to the end. These thoughts are arranged in no particular order, but are all equally important. I hope you enjoy!

Don't build a business YOU want, build a business the market demands

I have been working with a Transportation Provider who, although very much well intentioned, has been wasting a LOT of time, money, and profit earning potential because he failed to follow a fundamental principle; **provide a cost effective solution that solves buyer problems.**

In addition to a handful of existing ambulettes he already has in operation, this Provider, desiring to expand his business, invested in what are 5 beautiful paratransit buses. Although this sounds great, here are the problems:

1. Unlike the popular *"If you build it, they will come"* phrase from the 1989 movie "Field of Dreams," in many businesses, this philosophy does NOT apply! Just because you invest in more assets and equipment doesn't mean you will make more money. Assets alone do not generate profit – more sales lead to more profit! More specifically, **PROFITABLE sales lead to profit!**

As I always say, ***it is better to need it and not have it than have it and not need it!*** If you have vehicles and assets that are underutilized, they are a liability and are costing you money.

When I arrived at this Provider's location in the middle of the afternoon, 4 of the 5 buses were sitting on the parking lot along with one ambulette and a second at the maintenance shop. This meant that 50% of his fleet was sitting idle. Needless to say, **a parked vehicle doesn't generate money** – to the contrary, it costs you money! Clearly, this Provider had vehicles that were underutilized and were adversely affecting his bottom line.

2. Why paratransit buses? Because he *"liked"* them! Sorry – wrong answer! This also is a very important point and I am sorry if it shatters some people's perceptions. Yes, we all want to build a business that we all love, enjoy, and take great pride. But **being profitable is less about what you "like" and more about what buyers like!**

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When pressed why he invested in 5 buses he explained how he thought it would improve his company's image in addition to saving money by investing in multiple vehicles. He is right on two points. First, he did experience a per-vehicle savings by investing in 5 vehicles. And yes, they do improve his image because they look awesome. The problem is they were helping his image from the parking lot!!

3. **Do NOT make emotional decisions – make calculated decisions!** I love this Provider - he is a great dude with a big heart. But even he will admit that he made a "rookie" mistake. He made impulsive decisions based upon emotions and feelings versus what he needed and the market demanded.

Do NOT ever become emotionally attached to a deal or opportunity – especially when you have a pushy salesman working to convince you why you "need to act now!" When you make emotional decisions, it makes you extremely vulnerable! Trust me. **There will ALWAYS be another deal**, another great opportunity. You may have to wait a little longer, look a little further, but rest assured there will always be another deal. I know waiting can be hard sometimes, but be patient and persistent. Good deals will come if you are diligent and consistent.

4. Know when to say "NO!" When presented with the opportunity to purchase these 5 buses, this Provider was wooed and awed visually by the buses, the financing options, and the sales pitch. The result – he was financially underwater until we solved the problem and got his vehicles busy generating money. Did he save money per vehicle? Yes. But he had to take a nice chunk out of his savings account as a deposit, he's still obligated to monthly payments, and his vehicles were sitting idle on his lot losing money until we overhauled and transformed his business.

5. **Make your decisions on the margins!** This is a critical point. You should always know how much money you're generating, how much you have going out, how much you're saving, and your margins. **When you know your numbers you are empowered** because you can make better, more calculated and informed decisions.

Define your exit strategy BEFORE you start your business

As of this writing, I have been retained by a family attorney to help evaluate, analyze, and determine the value of a transportation business that generated over \$1.4 million last year. Sadly, the Owner unexpectedly passed away and the fallout has been quite colorful to say the least. Despite being a well-established and successful entrepreneur having built and sold different businesses including gas stations, maintenance shops, and car dealerships, surprisingly, he had no plan of succession. He was a widow and, as a result of his lack of preparation, his Will is being hotly contested by multiple family members. Needless to say, the circumstances are unfortunate and growing uglier by the day.

I can assure you, **every entrepreneur will one day leave his business**. The question, are you going to exit on your terms or the terms of someone else? You're either going to sell, dissolve, or pass your business onto heirs. Needless to say, if you're reading this and you have NOT planned and prepared your exit

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strategy, you need to do so ASAP. Maybe you want to sell your business in 5 years. Maybe you want to pass it on. Regardless, you need to have a plan.

Developing an exit strategy can help you define key goals and objectives. You can establish financial goals, target margins in terms of size and percentage, and gain motivation to pursue and secure key contracts and objectives.

Especially if you have business partners, you absolutely NEED to develop a mutually agreeable exit strategy. And yes, I am speaking from first-hand experience regarding this issue. If your business partner and you share different visions, you are heading for a potential train wreck. I wasted almost \$50,000 just in legal fees to remove a former business partner. The only winners were the attorneys.

Imagine a scenario where you wish to build a business to pass onto your heirs but your business partner wishes to sell. Imagine a scenario where your business partner unexpectedly dies and the spouse inherits their share of the business. Do you really want to be a business partner with their spouse?

Needless to say, potential scenarios are wide and diverse. Regardless, such uneventful circumstances can cause serious catastrophe and legal problems, especially if you wait to address them after tragedy strikes. My strongest advice: consult with your advisor or attorney in advance prior to starting your business to develop any and all effective strategies to protect the continuity of your business.

If you need life insurance policies for each partner, get them! They will be worth every penny. If you need to modify your Will, do it! Whatever your team of advisors and you develop, do it sooner rather than later.

Realistically, none of us know what the future holds. And time definitely waits for no man! But while we are blessed with time we sure can work to control how we plan to respond should we be around when tragedy strikes. If you are already in business but do not yet have an exit strategy, remedy the problem as soon as possible.

Don't allow other people to define your rates

This is a very important principle I see violated frequently, especially from unsuspecting newbies eager to gain new business. Let me provide an example to demonstrate a problem scenario:

A prospective customer contacts your office and asks *"How much do you charge for wheelchair transportation from Point A to Point B."* You respond appropriately with \$100 (A fictitious number used for demonstration purposes only). The prospective client then says something to the effect of *"\$100, that's too much! I can pay \$60."* Eager to build your clientele and not wanting to turn away business, you naïvely accept their offer. Or, maybe you negotiate your rates down to \$80 – you get the idea.

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I can't tell you how many times I have encountered this very realistic example when working One-on-One with Providers. It is a HUGE mistake for several reasons as follows:

1. You allowed someone else to define your rates and determine your value – something we are NOT in business to do! We are in business to be empowered and achieve financial independence. **By allowing someone else to define your rates of reimbursement you are empowering THEM and not YOU!**
2. You cut your profit margins. Obviously, whenever you reduce your rates while operating expenses remain the same you affect your profit earning potential. Time is money and money is time. **You are responsible for determining the value of your time.**

Do you want to be operated on from the cheapest doctor? Do you seek advice from the cheapest attorney? No! So why is the value of YOUR time, effort and services any different? Is your time any less valuable to you as it is to a doctor or lawyer? I sure hope not!

3. By accepting a client who you allowed to determine your rates, you added a client who could absolutely care less about you – they shop according to price alone and not quality of service. **They have no loyalty to you or quality of service.** If a competitor offers a cheaper rate you just lost that customer (something that could prove to be a blessing!).

It's important to understand that your **rates can actually serve as a "barrier to entrance" that can actually protect your business** from unsavory clientele. For example, if you offer a premium product or service with a higher price point it typically will deter complainers and unappreciative prospects from wasting your time. It's a type of filter mechanism. As the old adage goes, "You get what you pay for" and cheap typically begets cheap. So if you wish to always be the cheapest then you certainly can't complain when your clientele is just that – cheap!

One Provider I have worked with on several projects only transports distance trips. He has established a very successful interstate network transporting for a variety of hospitals and facilities. Although his trips are long in time and duration, they are extremely high in profit margin. By choice, he doesn't "waste" any of his time, effort, or resources on local transports. ALL of his trips are either Private-Pay, upfront, or contracted through the facilities. Needless to say, he collects all of his money. If I revealed his profit margin, you probably wouldn't believe me because it's just that high!

Further, and with all honesty, you should expect nothing less than premium reimbursement. Determining your rates can definitely be a balancing act that needs to be modified over time. But again, time is money and money is time. When you have a higher price point product or service you may have less clients in terms of volume, but typically, you will have improved clientele and more efficient and increased profit margins. Further, those that use your service have a higher degree of value, respect, and appreciation for your work.

Periodically, someone will complain about having to pay for my resources. Especially in a down economy and changing industry, we should all be in education-mode, working to learn as much as

possible. However, chances are good that someone who complains about paying to learn, investing in their own education, will not be interested moving forward or wasting anyone's time. Again, your rates can protect you by serving as a barrier that filters out those who are serious from those who are not.

You may have fewer sales/customers when your service or product is a higher price point, but your profit and quality of customers could be significantly higher. Conversely, if you want to be profitable and successful in providing your product or service then you absolutely need to know your numbers – your margins. Consider the Provider with luxury paratransit buses. Until we tweaked his business and cultivated the demand, his buses were sitting idle costing him money. That is a classic example where “premium” was NOT in demand and the cost to deliver was exceeding his revenue.

Empower yourself - don't be one dimensional

Especially in the medical industry with a growing elderly population, money-making possibilities are endless. Seriously, I see it all over the country with Transportation Providers who continue to grow and diversify. They are increasing their cash flow and net worth which further insulates them from potential financial burdens and market fluctuations.

In being honest, although I achieved great success with my NEMT business, even I was narrow-minded to many of these possibilities. Hence, many of the strategies and ideas I share in my *“State of the Industry Report”* aren't even from me! They are from motivated entrepreneurs around country who are doing extremely well in expanding and diversifying their NEMT businesses.

There are a number of reasons why, when you're prepared, you should work to diversify your business as follows:

1. The economy stinks, yet, businesses catering to the growing elderly population continue to grow. Entire markets and industries are developing designed exclusively to cater to the needs of the elder. If others are making money with such opportunities, why aren't you?
2. We currently have a financial recipe for disaster: consumer confidence is down, inflation is up, unemployment is up, deficits are HUGE, interest rates are on the uptick, and more. Seriously, I don't like to sound like Mr. Doom and Gloom, but am I wrong? Are you paying more for food, gas, living expenses, taxes, etc.? How are your savings and retirement accounts treating you? If I'm wrong, then please let me know. If I'm right, then it's all the more reason why you need to work on making more money!
3. Obamacare is all but making it mandatory for Business Owners to diversify and grow their businesses horizontally. With the various penalties, impending taxes, and growing regulations, many businesses in a wide variety of industries must limit their vertical growth to avoid penalties. Therefore, Business Owners are diversifying and offering new services and market solutions.

4. **With a diversified cash flow you are empowered.** Relying exclusively on a single source of revenue, such as a Medicaid Broker, a scenario I see every single day, makes you completely vulnerable and at the mercy and decision-making of someone else.

In my *“State of the Industry Report”* I discuss a handful of key business models that Providers are using to diversify and enhance their medical transportation businesses. If you’re interested in learning more, visit me at www.milliondollartransportation.com/industryreport.html.

Medicaid Brokers are NOT your “friend”

This is another important principle that may not be well received by some, but that doesn’t mean that it is any less true. A “friend” is someone who you can rely on for which you have mutual respect. A “friend” is someone who can appreciate and works to preserve your interests and concerns. Needless to say, Medicaid Brokers are NOT your “friend.” If they were, Brokers wouldn’t require you to sign a lengthy Agreement dictating terms of compliance or face ramifications as I explain in my *“State of the Industry Report.”*

At best, Medicaid Brokers are “strategic partners.” But even then, the word “partner” is very much a stretch. Partners develop mutually effective solutions that serve each other long-term. At worst, Brokers are like a vice that squeezes every ounce of profitability from you.

Again, I don’t say these things to scare you. Rather, I am honest to better prepare you.

You have to understand, **Brokers ARE a business!** And they are a BIG business out to gain as much profit as possible. Do not be fooled or think otherwise. Did you know that Logisticare, the largest Medicaid Broker in the country, has annual revenue in excess of \$500,000,000? Further, their net worth exceeds this amount.

How do Brokers achieve such profitability? By keeping **their focus on their bottom line – NOT yours** – that’s YOUR responsibility! In so doing, Brokers do an excellent job “squeezing” Transportation Providers - especially unsuspecting Providers that allow themselves to be squeezed. The result: Brokers get richer, a lot richer, and naïve Providers operate via tight margins.

Again, I’m not trying to scare anyone. I’m just being honest to better prepare you. Can you make money with Brokers? Yes, absolutely! I continue to work with many Providers to ensure they are profitable. But you need to proceed with caution because absolutely, Brokers are NOT your “friend.”

To learn more about Medicaid Brokers, visit me at my blog posts as follows:

<http://www.ambulettetransportation.com/logisticare-rogue-broker-nonemergency-medical-transportation-industry/>

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<http://www.ambulettetransportation.com/medicaid-brokers-influence-ability-start-ambulette-service/>

If you would like to learn more about Broker Agreements and how I analyze such Agreements, please feel free to study my “*State of the Industry Report.*”

If you’re not making money every single day, then your business model is broken!

Again, I apologize for being blunt. But if I am less than honest then I am not doing my job. Smoke and mirrors serve no one. The economy is down and consumer confidence is painfully weak, yet, I am telling you that, yes, **YOU should be MAKING and SAVING money on a daily basis.** Why? Because there is opportunity all around us!

I most definitely am not a get-rich-quick-scheme guy. If you’re not willing to invest in hard work, then you and I share diverging philosophies. But if you’re a motivated entrepreneur eager to build profitable ventures, then there are too many ways for you NOT to be making money. Stop and look around you. **Stop considering only what you would “like” to do and start looking for problems to solve!**

Everyone needs transportation. But guess what, **the needs of the growing elderly population do not end at 5:00 PM or when the sun goes down!** The growing elderly population requires a host of product and services which means 24-hour money-making opportunities for quality services. Find a problem and satisfy the need.

As I mentioned previously, time waits for no man. And the only thing that never changes is that **change happens!** So you have to ask yourself where you’re going to be three, five, and ten years from now.

Consider how fast the last five years just past. Consider how long ago we had the Y2K scare. It seems just like yesterday! Heck, time keeps passing so fast it’s more like a blur! And guess what, we’re only getting older making it seem like time is speeding up.

So what are you going to do to invoke change in your life and to seize the day? If you’re not making as much money as you would like, when are you going to say enough is enough, just get sick of it, and determine that it’s time to take bold action? What are you going to do to ensure you’re in abundance three, five, and ten years from now? What are you going to do to leverage time and maximize your opportunities?

Maximize every chance and every opportunity

All of you who know me know that I am a “Mama’s Boy.” When I am in town, I take my 78 year old mother to the gym every day. I work out while she walks the track. When I’m done, I then take my

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mother through a workout on various machines. Needless to say, my mother is a hard-charger and God continues to bless her with good health.

The other evening, after dinner, I picked up my mother and took her to the local University to walk their outdoor track. When we arrived, this elderly man was already walking the track with his walker. Later, an elderly woman, maybe his wife, joined him. When my mother and I were leaving, he was STILL walking the track! I have no idea who this man is, his age, or how often he walks the track. This is the first time I saw him as it had been quite some time since I last visited this track. But I was so impressed by this old man's efforts that I went to my car, got my cell phone, and took this picture of him.



What's my point? Again, I don't know anything about this man. But I do know this. While God continues blessing him with air in his lungs and "working parts," he's making the most of it! I have no idea what all the runners and walkers who continued to pass him thought of his efforts. But my mother and I could not help but appreciate this man's effort and dedication. Was he saving the world? No. But **he was working to improve HIS world!** And realistically, that's what many of you need to be doing, improving YOUR world.

If you're someone who keeps making excuses, complaining you "can't do it" or you "don't know how," get off your butt, find a way, and keep moving! Yes, you can do it! Think of all the excuses this elderly man could have come up with to NOT keep moving, to stay home, and not take action. In regards to you and your business, are you making excuses or maximizing your God-given opportunities? If you're resolved to be successful, then I can assure you I am your biggest advocate. I love nothing more than seeing people working hard, being creative, pushing themselves, expanding their horizons, and maximizing their opportunities.

You may not always know where you're going, what you're doing, or how you're going to get there. But as long as you're motivated, dedicated, committed, educating yourself, and sowing the seeds of success, then success will find you.

A great quote I often reference from Martin Luther King, Jr. is *"You don't need to see the whole staircase to take the first step."* How awesomely true is that statement?

The many Transportation Providers and their success stories I share in my *"State of the Industry Report,"* do you think they saw the entire staircase when they first started? Heck no! Likewise, when I was first starting my medical transportation business in 1999, do you think I ever could have predicted you and I would be talking RIGHT NOW? Heck no! But look how God made our paths to cross...

"You don't need to see the entire staircase to take the first step"

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Again, I hope you enjoyed and found value in this short resource. It is always a pleasure working and speaking with so many of you.

For those of you with questions, I strongly encourage you to visit and join me at www.mdtvip.com. I receive a LOT of emails and, honestly, it is sometimes very difficult to keep up with responding. I sincerely apologize to anyone whose email I failed to answer. As I'm sure you can appreciate, I too must manage my time and it is sometimes difficult to answer some of your emails. By posting your questions on www.mdtvip.com I can answer, post, and categorize questions from those who are serious about learning more and moving forward.

See you at the Top!

Joel E. Davis

Founder, the United Medical Transportation Providers Group

PS: For your consideration and to help in your research and business development, I am enclosing a series of links for some of my popular resources and opportunities. As I always say, **we need to be in education-mode**, working to learn as much as possible. When you lose the motivation to learn, you stop expanding your learning curve. You lose your edge and someone else will be in the wings ready and waiting to fill the vacuum your absence created.

NEMT eBook: www.milliondollartransportation.com

One-on-One Coaching: www.milliondollartransportation.com/exclusive_opportunity.html

Private-Pay Report: www.milliondollartransportation.com/privatepay.html

State of the Industry Report: www.milliondollartransportation.com/industryreport.html

Seminar DVD Series: www.mdtseminar.com

The MDT Business Plan: www.mdtbusinessplan.com

Million Dollar Home Care Agency Manual: www.milliondollarhomecare.com

Start a Courier Service eBook: www.startcourierservice.com

My Blog: www.ambulettetransportation.com

Dispatching Made Easy: www.dispatchingmadeeasy.com

Networking and Q&A: www.mdtvip.com

Dispatching eBook: www.dispatchingfordollars.com