

# HUMAN AND FINANCIAL CAPITAL OPTIMIZER

## *A Context for CWA Case Study*

**C**ain Watters and Associates (CWA) has had opportunity to present a dozen plus case studies outlining various strategies and solutions to effectively guide the business and financial endeavors of dentists.

We thought we would take a break from case studies and talk conceptually about the thought process behind our systematic approach to helping our clients overcome financial challenges to reach a place of financial peace and security, which is the goal for our clients and helps define success.

### THE HUMAN TO FINANCIAL CAPITAL CONVERSION

The CWA process is based in two overarching ideas:

1. Each person possesses human capital that can and should be optimized for achieving full potential.
2. Human capital converts to financial capital in the form of money when a solid plan with consistent execution is in place.

Keep in mind—money is only one measure of success and security. By no means is it the only way to determine whether we’ve reached our full human potential.

No matter your age, your most valuable asset is you. If we were to take all the future earnings you plan to create and determine the present value of that earnings stream in today’s dollars, what you will find is that you are the most valuable asset on your balance sheet. Unfortunately, many of us do not realize the value and potential value we bring to the equation.

For others, harnessing what we have to maximize our earnings is a conscious act—a given. These are the people that strive to be the best they can be, not just in earning money, but in all aspects of life. An ebb and flow develops as areas of human potential strengthen. But growth is not necessarily about the financial results. As a matter of fact, CWA’s most successful clients tend to focus their pursuits on excellence in service and quality of work, which inevitably leads to monetary gain when combined with good financial and operational management.

### HUMAN CAPITAL OPTIMIZERS AND THE DENTIST

CWA is privileged to have more than 30 years of experience in the field of dentistry. Our process and methodologies were developed from immersive work and study and a frontline position within our clients’ practice and personal finances. The financial results our clients achieve are not because they’re lucky, the CWA approach is time-tested and proven. But let’s get specific.

The road to becoming a licensed dentist typically means 30 or more years of life are spent preparing—it’s an investment in you. Getting the education and taking all the clinical steps to gain and hone the skillset is an intense process. Our team is always amazed at how much multitasking is required by our clients to not only be a good dentist, but also a good CEO of their business.

Over the years, we’ve found the ones who do it well will typically reach a level of financial success that also can be traced back to a certain set of “optimizers.” Our clients are coached in how to develop these areas, which we know convert financially. What does

human capital optimization look like for a dentist? Think about it as what you gain from activities like brainstorming sessions with Seattle Study Club® colleagues, continuing education opportunities, exploring and developing interdisciplinary treatment plans or from establishing a brain-trust by partnering with practice management consultants. Optimizing your human capital is gaining emotional intelligence and soft skills while threading passion, commitment and integrity into your work every day. It is what helps to build relationships and trust among your patients, team and community. It also means thinking collaboratively with suppliers and vendors to create solutions and foster innovation or new modes of delivery of your service. It is leveraging technology to spur fresh ideas and challenge convention.

This is what human capital optimization looks like, but finding the time to make it happen and maintaining balance is daunting to say the least, which is why so many dentists are successful in reaching their human potential, but not very successful in converting their earnings into economic security.

### FINANCIAL CAPITAL OPTIMIZERS

A review of CWA's Seattle Study Club case studies shows a recurring theme of how we assist our clients in transferring human capital earnings to impact their financial capital. First, we teach basic principles—how money compounds and how to make decisions that result in the most money growth in the most efficient manner. However, it is the financial capital optimizers that, when implemented, enable the client to take available cash flow and make it grow. This is wealth accumulation and the path our clients take to the ultimate goal of financial freedom.

Like human capital optimizers, financial capital optimizers vary in scope and requirements. But as human capital value lies within the dentist, financial capital optimization can be viewed as a set of tools and blueprints that can be accessed through various means and vehicles to build your desired financial future.

These optimizers include debt structuring, budgeting, restructuring assets and cash flow, pension planning and strategies, tax strategies, estate planning, bringing in associates, partnerships, practice transitions, investing, asset allocations, and various cost control measures. Financial capital optimizers are typically measurable. We're able to assess our clients' efficiency in using these tools to assist in maximizing results.

### RISK MANAGEMENT AND THE UNKNOWN

When converting human capital value into financial resources we consider the unknown risks and plan accordingly. What would happen if your human capital became impaired and how would that impact your finances and loved ones? Life insurance, disability coverage, property and casualty insurance are components of a well thought out risk management plan.

Identifying issues and tracking progress is critical to success. In the coming months, CWA will share more on this topic and offer a thought-provoking questionnaire to assist in taking financial inventory as well as assessing and tracking your progress in maximizing your value for long-term gain. Taking inventory at the start allows you to set base-line measurements and establish an actionable plan for converting your human potential to personal and financial success.