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## Building Confidence for a New Service Offering

**ENTREPRENEURS LOVE TO SEE** their businesses grow, and when you're in a business that helps people it can be easy to want to say yes to new offerings. When Xygent saw the opportunity to expand their services, they had to take a long look at their budget and cash flow and make sure this service made sense for them and their customers.

**Background:** Xygent is the foremost vision care outsource provider in the upper Midwest. Led by CEO Tom Eakins and COO Paul Schmidt, Xygent makes 50 stops a month at healthcare facilities in a five-state area, including underserved communities in rural areas, VA hospitals and universities. They provide these facilities and communities with state-of-the-art equipment, set-up and education for ophthalmic, optometric and vision surgical services. [www.xygent.us](http://www.xygent.us)

**Challenge:** Faced with the rapid obsolescence of equipment and advances in medical technology, Xygent needed a bank partner that could help them access money when they needed it and to properly time service expansions. A year ago they were approached by a healthcare provider to help the provider expand into retina services. Before financing \$340,000, Xygent had to decide if the new equipment outlay would work long-term for their business.

**Solution:** Tom and Paul met with me on several occasions over a year to develop the plan for the purchase and structure the financing. "No one else was doing this in the country. It was an aggressive move. Getting our bank involved gave Tom and

I more confidence. We decided to go with it the more thoroughly we researched it," explained Paul.

### Lessons Learned:

- Your banker should help you review all the elements of adding a new service. They can help you create a solid plan and make sure that the pricing structure works so that customers are not surprised with increased pricing later.
- When investing in a new major purchase, it might be the right time to consider how to structure your existing debt. Make sure that you can bear the total debt load and still have some wiggle room in your budget.
- Your banker can help you look at how your budget will play out in a variety of scenarios so you can prepare for possible outcomes. They can also work with your controller and accounting personnel to review the budget for realistic revenue numbers.

As a banker, I enjoy seeing entrepreneurs want to expand their companies into new areas. I've also seen how an outside view can get them away from their preconceptions and foster a new perspective on their business choices. If you're considering a major purchase or an expansion of services, talk to your banker sooner rather than later. We can ask the hard questions to make sure your business plan is thorough and financially logical for expansion.