

Private Practice – Can You Make It On Your Own?

Have you ever considered venturing out into the world and starting your own rehab service or operation? If so, you're not alone. Many of the rehab centers and service providers across the country have entertained such thoughts.

Obviously, the potential risks and rewards of making such a move are large. Having started my own rehab service company – Whitmyer Biomechanix Inc. – I'm well aware of those potential pitfalls and am passing on a few important lessons so that some of you may avoid the same problems.

Before you can make the decision to start private practice, you must have a realistic view of your talents. Your abilities must extend past fabricating equipment. You must have an ability to conduct business in a professional manner. This includes being able to systematically attack priorities and understand that, in order to survive, you must be profitable.

A word about being profitable: Of course you're in this field because you love it, but you've also got to keep in mind that profit is necessary to cover the multitude of overhead and unanticipated expenses you'll encounter.

Like money, time becomes vitally important. Therefore, I strongly recommend that you employ some method of time management. Check out the Franklin Planner, Day Timer, Day Planner or any of the other appointment book/time management systems. This will become a more critical element of your practice as you grow.

Writing A Business Plan

As previously mentioned, forethought and planning are essential to coordinating your goals. This means putting them down in writing in the form of a business plan. Doing this will get you to think through many of the steps that are required to organize. The outline on pages 32 and 33 shows many of the topics that will be relevant when establishing your plan.

The business plan outline should be well thought out and each topic answered thoroughly with details and specifics, even though they might only be estimates or hypothetical assumptions. It serves as a beginning point and many of the decisions that are relevant to a startup.

With the business plan in hand, you now have a basis to determine the financial needs necessary to start your operation. By formulating these needs you will be able to walk into a financial institution much more confident of your need for capital.

Establishing Business

You will most likely need products or materials, unless you are working as a consultant. The easiest way to handle these items is to have them shipped to you on an *open account* from suppliers. This will help you with your cash flow. Be prepared to fill out several credit applications. If you don't know where to get products or materials, you should plan on spending a lot of time at the library researching telephone books and the *Thomas Register* for sources.

The sooner you spread the word of your new venture the better. Start networking and setting up inservices with those agencies and rehab professionals you will be working with. This is the time to toot your own horn! Contact the media and let them know of your existence. Be cautious of how you spend your advertising dollar and research the method that might best reach your target market.

Before your first work orders start rolling in, review what steps you will have to take for all to go smoothly. What equipment will need to be ordered and when? Be sure to figure lag time for manufacturers' shipping time. Physically, how will your facility need

I. Description

Name and type of business
 Type of ownership, i.e., sole proprietorship, subchapter S, corporation
 Regulations
 Zoning
 Trade logo

II. Location of Business

Detail of business area
 Marketing factors surrounding choice
 Competition
 Possibility of expansion

III. Customer Analysis

What type of customer will need services?
 Determine customer's wants, needs, etc.

IV. Merchandising

Items the business will carry
 Buying procedures
 Financial terms and services available from suppliers
 Sample inventory
 Pricing procedures

V. Staff

Personnel required
 Hiring and selection procedures
 Training procedures
 Wages and benefits

VI. Stock Control

Receiving and stocking procedures

VII. Business Promotion

Advertising
 Inservices

VIII. Sales and Services

Evaluation procedures
 Customer services, i.e., credit, delivery, etc.

IX. Business Records

X. Equipment Expenses

Total Equipment Expenses \$

XI. Supplies and Materials Expenses

Total Supplies and Materials expenses \$

to be configured to allow you to work efficiently? How will materials and goods be handled when you receive them? These are just a few of the questions that need to be answered prior to doing business.

Developing Procedures

There are many office and paperwork procedures that can inundate and overwhelm you. But not if you spend time now planning how they will be handled. Set up procedures on how work orders will flow from beginning to end. Start from the time of referral. Setting procedures for quotations, invoicing, billing, pricing and follow-up will lend direction to your practice. A computer system is not an absolute necessity, but will greatly help you time and increase your level of organization. A good filing system will help you immensely in tracking your paperwork.

The most important and one of the most difficult tasks ahead of you is putting a value on the services you plan to offer. Pricing for rehab services is doubly difficult because of the nature of the beast. Much of what we do as rehab service providers is based on art rather than science. Will a product or service do what we expect it to? What follow-up might be necessary? Who will be funding our services? How much growth or life have we designed into the device? How much "free" service can I offer? What about accounting for all the time I spend processing the paperwork to get work funded? As mentioned earlier, you *must* be profitable if you expect to be in business next year and to provide service to those with whom you worked this year.

Listed below are the parameters that I use to determine prices for Whitmyer Biomechanix services. Pricing for products and services is done in three ways:

A) Standardized components will have a predetermined price assigned them based on allotted reimbursement schedules for the state of Florida.

B) Simple, uncomplicated modifications to equipment will be done on the basis of labor costs of \$X/hour plus materials required.

C) Complex designs will be based on level of innovation, anticipated health benefits to patient, initial engineering time, materials and anticipated revisions which will be necessary to tailor the device to the patient after he receives such equipment.

Unanticipated Surprises

One of the most frustrating elements of starting and running your own private practice operation is the extraordinary number of expenses incurred. Aside from legal and accounting fees, there are also licensing, corporation and bank charges. After coming from a company which had generous continuing education benefits and travel expenses, I realized how much they totaled when coming out of my own pocket. The price of office supplies might be minimal, but nonetheless must be accounted for in the overall picture.

Your accounts will surprise you. When I first began seeing clients I was inundated with requests to do evaluations. Then the slump began. What occurs is that your accounts will ask you out to do evaluations and then hold back so that they might observe the way you handle your business and clients. After the initial work is provided and followed up, you will then see repeat calls and referrals based upon your previous job.

Another thing will surprise you – loyalty. Never assume that the accounts you have dealt with and serviced for years will jump ship to do business with you in your new venture. There is a bond that is created between service providers and accounts that is difficult to break, even if you provide better service or lower cost or timeliness. They might be personal friends outside of their working relationship, or it might be just a matter of resistance to change. At any rate, you will have to work hard to earn their respect and referrals. Persistence is the key to success.

Hindsight

Because of the time required to schedule inservices with many accounts and physicians, I wish I had started working with them sooner. Some of these individuals' schedules were booked for inservices as far as three months ahead. I also wish that the time I spent tracking down suppliers would have been used during the "slump" I mentioned earlier, rather than when I first started my operation. It would have been better if greater resources had been allotted initially to purchase more demo equipment. Lastly, a great deal more time should have been spent understanding the economics and accounting procedures of doing business, rather than being learned "on the job."

There is a great sense of accomplishment and pride that comes from operating your own private practice. Above all the demand for self discipline is paramount. It is possible to operate a successful operation even if it is done on a small scale. It may seem like an undertaking at first, but when the light shines at the end of the tunnel, you will be filled with enthusiasm and motivation to pursue your goals.

XII. Monthly operating expenses

Listed below is a compilation of anticipated monthly expenses:

A. Vehicle insurance	\$
B. Fuel & Propane	\$
C. Supplies	\$
D. Materials	\$
E. Telephone	\$
F. Vehicle maintenance	\$
G. Utilities	\$
H. Rent	\$
I. Office supplies	\$
J. Promotional literature	\$
K. Salary – owner	\$
L. Salary – employee	\$
M. Disability insurance	\$
N. Workers' compensation	\$
O. Accountant expenses	\$
P. Miscellaneous expenses	\$
Total operating expenses per month	\$

XIII. Sales Predictions

Time utilization and productivity	
Total of first year gross revenues	\$

XIV. Profitability

XV. Financing

Start-up expenses requested	\$
Total amount of capital requested from bank	\$

XVI. Personal Assets

XVII. Credit History

XVIII. Curriculum Vitae

XIX. Conclusions

Reasons for success!

XX. Reference Letters



Whitmyer is president of Whitmyer Biomechanix, which specializes in custom seating and positioning products and modified power components for the disabled. He is a member of RESNA's

board of directors and has been involved in specialized rehab products and services for the past 14 years. He is a member of the MED Group.

Whitmyer Biomechanix Inc., 1206 Southern St., Tallahassee, FL 32310; 904/878-1525.