Starting With The End In Mind – The Characteristics of a Valuable Practice

Steven Macarounas
Stop & Think

The exit survey
Medical School is Not Harvard

From *effective* to *successful*
Success

1. Balanced hours

2. Little stress

3. Rich and rewarding family life, and

4. Economic life that is diverse, fulfilling, and shows a continuous return on investment.
Characteristics of a Valuable Practice

A practice that presents a compelling opportunity for a buyer is one that maximises the value embedded in the practice and minimises the type of value that is difficult to transfer ie. the personal goodwill from the particular qualities and experience of an individual doctor.
Multi-Partner/Group Practice
Multi-Partner/Group Practice

- Economies of scale
- Improved profitability
- A 15%–30% increase in take-home pay
- Supports allied health service
- Improved patient care and safety
- Peer support & consultation
- Better work–life balance – access to cover
- Competitive advantage with respect to referrals eg multi-disciplined specialist group considered as ‘one stop shop’
- Increased succession opportunities – true for general practice, an imperative for specialist practice
Contracted Doctors
Revenue Generating Allied Health & Para-Professionals

Evidence-based complimentary and supportive therapies

Clinical Psychology / Nutrition/Dietetics / Exercise Physiology / Oncology Massage / Acupuncture / Qi Gong / Mindfulness Meditation / Clinical Reflexology / Yoga
A managers job is to invent the systems through which the owners vision is consistently and faithfully manifested at the operating level of the business.
Your Manager & Your Vision

• As the entrepreneur it’s your role to make sure your manager knows
  – What the business is supposed to look like
  – Your picture of the business when it’s finally done

• Your vision becomes your managers marching orders when they report to work every day
Great Managers constantly ask the following questions

• What is the result we intend to produce?
• Are we producing that result every single time?
• If we are producing that result every single time, how could we produce even better results?
• If we’re not producing that result every single time, why not?
• Do we lack a system? If so, what would that system look like if we were to create it?
• If we have a system, why are we not using it?
The Role of the Practice Manager

A good practice manager is a valuable asset, but what exactly should this all-important role encompass?

Hanya Oversby provides an overview
Multi Locations
Valuation

\[ X \ 1 = 2.5 \text{ to } 3.5 \times \text{EBIT} \]

\[ X \ 6 \text{ to } 10 = 4 \text{ to } 5 \times \text{EBIT} \]

\[ X \ 10 \text{ to } 20 = 6 \text{ to } 10 \times \text{EBIT} \]
Systems, Policies & Procedures
Business Planning

How To Get Started in the Lucrative Business of Medical Marijuana

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Engaged, Motivated Staff
Referrer Network – developed, loyal, engaged
Patient Engagement / Loyalty Program
Relationships

- Referrers
- Patients
- Staff
- Community

?
Relationships

Referrers

Patients

Staff

Community
Relationships

- Referrers
- Patients
- Staff
- Community

The Practice
State of the Art Rooms

Define the IDENTITY of your practice

Modern, traditional, contemporary, minimalist? This definition will be based on the target market you have defined and the community you serve.

Always consider:

✓ Location - suburb
✓ Socio-economic status of your patients
✓ Building character
✓ Adjacent shops if located within a shopping center
✓ Demographics
✓ Impression you wish to convey
Marketing – Branding, P/R, Social Media, Community Engagement

Marketing communicates your promise, what differentiates yours from every other practice; but it also focuses on the way your practice delivers that promise.

Gerber

Marketing is the megaphone that helps you shout to the world, ‘who you are and what you stand for!

Macarounas
Risk Management

55% of all business exits are some kind of failure
Risk Management
What could go wrong?

- Identify Hazards
- Assess Risks
- Evaluate
- Review
- Implement
- Control

Risk Plan
Retail Component/Profit Centre

- Supplements
- Creams / lotions
- Books
- Equipment
- Devices
- ? ? ?
Strong Revenue / Expense Budgeting and Management
Strong, Consistent Profit
Work/Life Balance for Principals
Saleable practice

- Balanced Life
- Profitability
- Multi-partner/group practice
- Employed doctors
- Allied Health
- Practice/Business manager
- Multi Locations
- Systems, policies & procedures
- Risk Management
- Patient Engagement
- Strong revenue & Costs management
- Retail Component
- Marketing
- Quality Fit-out
- Business Planning
- Engaged, Motivated Staff
- Referrer Network
- The Private Practice

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