



# BUSINESS



## For the Current and Future PT Owner

### Balance Your Interests and Skills for a Challenging and Rewarding Future

By Ingrid Sparrow, PT

#### The Why

I enjoy talking to high school students about careers in health care, as it lets me share a profound realization: I am very fortunate to have a career I thoroughly enjoy and find greatly rewarding.

My interests and passions led me to physical therapy, and I help people lead more active lives and contribute to my community. So then why, about halfway through my now 30-year career, did I begin to ask myself, “Am I getting as much from my work as I would like to, or would I be happier if I opened my own clinic?” If you are asking yourself similar Why questions, there are some additional questions to answer on the path to strategically opening a clinic.

Wanting greater autonomy and the ability to guide your own destiny with regard to patient care, decisions as to how money is made and spent and the people with whom you work are strong motivators to clinic ownership. By starting a clinic you can create a culture that supports your ideals as to what is a good place to work and a good place to be a patient. You can create a 360-degree approach to this through your hiring and benefits process, company

policies, use of profits, retirement plan, and community involvement. You may also enjoy being a mentor, providing jobs in your community, and then having a business mentor as you dive into the new challenges of owning a business.

The creativity needed to start a new business lets you use parts of the brain not often used as a physical therapist, as you look to business planning, marketing, motivating and cultivating employees, and community outreach. But it is important to consider that while you may be stepping off the endless treadmill of patient care and paperwork, you will be stepping onto the less predictable treadmill of business ownership. To enjoy the risks and rewards of ownership, you need to be comfortable with making and then accepting the results of your own decisions.

It is very rewarding when staff and patients tell me how pleasant our clinic feels, and that they can tell that the people who work here are happy to do so.

#### The Who and With Whom

This aspect of owning a business usually presents itself through either circumstance or goal setting. In an average week, we spend

more of our quality awake time with our coworkers than we do with friends and family. So being with colleagues who share your core values significantly improves the quality of this time. When we were starting our clinic, I was fortunate to find this small but helpful book, *Let's Go into Business Together: 8 Secrets to Successful Business Partnering*.<sup>1</sup> The questions offered are both reflective and practical as are the examples given.

It is also good to evaluate whether you enjoy working with others or if you would prefer to be a solo owner. The Private Practice Section (PPS) 2018 Annual Report showed that 80% of our Section's members are

#### ABOUT *the Business of PT Series*

This Series takes PPS's best business content and highlights relevant points for all types of business-minded physical therapists from brick-and-mortar private practice owners to solo and hybrid practitioners, non-clinical PTs to next-generation PTs. Find your customized considerations on the last page.

sole owner/partner, with only 20% of these owning six or more clinics.<sup>2</sup> Is your goal to continue to treat patients or move solely into clinic ownership and management? Are you considering one or more clinics, or would you join with an existing network of clinics? And, very important, what are the core philosophies that guide your decision making, and will you be with likeminded owners and business associates?

## The Where

This can usually be determined by answering the question: Am I looking to improve my quality of life by staying in my current location or by moving to a different location for a new lifestyle and/or patient population?

If your goal is to remain in your current location, the success of your clinic will rest on knowing the community demographics, other providers in the area, and likely payer reimbursement. It can be very helpful to physically chart the size, longevity, and payment strategies of clinics in your area. This will give you a better understanding of local resources and income levels and if you are perceived as competition or as a nice addition to the community. And you may be better positioned to offer niche services. These factors will likely affect your decisions as to best location and if your business will be insurance or cash based.

If your goal is to relocate to a specific location, it is still crucial that you do the necessary legwork, but your choices for your practice options may change from where you are currently located. For example, if your goal is to live in a rural setting and decrease your commute time, your location will more heavily dictate your patient demographics and payer options.

If your goal is to work with a specific patient population, it is likely you will have to follow that population, either by moving to, say, a ski, golf, or arts area or by traveling to treat these athletes and thus leading a more nomadic work lifestyle.

## The When

The right time is when it is right for you. There are several advantages to working for a few years before you start your own practice. Starting a business is very time consuming, and during those first few years after graduation it is important to focus on patient treatment and to gain confidence in the efficacy of your care. Working in a variety of practice settings or in different business structures will also help you decide what it is you admire and would like to emulate, and what you would like to avoid replicating. This being said, as a physical therapist and person, you don't have to be perfect or perfectly ready, but you do need to be ready for a new challenge.

When starting the clinic, my partners and I asked ourselves, What are the consequences if our business fails? We realized that we would be responsible for a lease, lose about \$20,000 each, and be disappointed and embarrassed. When we realized we could cope with this, we were more confident that we were ready for the risk.

It is important to look at your current situation as well your short- and long-term goals regarding finances and time. It is not nearly as expensive to start a physical therapy clinic as it is a dentistry practice, but there are startup costs. And the more expensive part is the ability to support yourself during the time it takes your clinic to become profitable. Can you secure financing and then also pay it back? And will you need financing for another reason—for example, to buy a house—which will require you to show a stable income for a long enough time to secure a loan? Writing a formal business plan, even if you don't think you will need financing, can help you organize additional details of the What and How of starting a business. The other big outputs are time and effort: Take the anticipated amount and double or triple it, no kidding. When things go sideways, and they will, you will be rewarded by the work and thought done before the doors opened.

## The What

Create a long to-do list. This process requires our physical therapy skill set of problem solving, researching, and organizing. These are the nitty gritty details of setting up and running a clinic: business name, appropriate licenses in your state and city, federal taxpayer identification number (TIN), a lease and space design, insurances (malpractice, general liability, key person), an accountant, bank, payroll service, marketing plan, website and social media, policy and procedure manual, the insurances you will accept and who will do your billing and collections, medical equipment, office supplies, computers and software, etc.

If this is not how you would choose to spend your time, energy, and money, you will want to step back and reconsider your reasons for wanting to open a clinic. But if these are the challenges you are ready and looking for, this could be the right time for you.

When we celebrated the 17th anniversary of our clinic, I was surprised to realize that I have now spent more than half of my physical therapy career working for myself. And while the days may be long, the years have flown. Starting and running a business has given me the autonomy and greater income that I was interested in, and has also increased my joy in patient care as the two parts of my day—patient care and business ownership—balance my interests and skills and let me use more diverse and creative parts of my mind. Yes, there are challenges, but there are also tremendous rewards.

## REFERENCES

1. Jaffe A. Let's Go into Business Together: 8 Secrets to Successful Business Partnering. Wayne, NJ: Career Press; 2001.
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3. Bitton AS. 20 Reasons You Should Start Your Own Business. [www.lifehack.org/articles/work/20-reasons-you-should-start-your-own-business.html](http://www.lifehack.org/articles/work/20-reasons-you-should-start-your-own-business.html).
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# Things to Consider

## Traditional PT Clinic Owners

- Explore bringing on a partner who shares your vision and values to help shoulder the responsibilities of managing multiple locations.
- If your expansion plans include opening new clinics, evaluate other clinics in the areas you're considering to get a better understanding of local resources and income levels.
- Consider expanding to areas that are close to patient populations with which you want to work; for example, opening a location near a ski resort area to treat winter athletes.

## Solo/Hybrid PT Practitioners

- Expanding from a solo practitioner to a clinic or larger practice means more demands on your time as you handle patient care, business management, and now staff management duties in addition to your home life. Make a concerted effort to manage your schedule to avoid burnout.
- Think about what benefits you can and can't offer as an employer from a cost and culture standpoint. Health insurance, 401(K), and paid time off may be cost prohibitive for your growing practice, but that lack of benefits may be offset by with flexible scheduling that fits into an employee's life.
- Research the pros and cons of hiring a W2 employee vs a 1099 and make sure you're aware of the legal requirements for each before determining your staffing structure.

## Next-Gen PTs

- While beneficial to spend the first few years after graduation focusing on patient treatment to gain confidence in the efficacy of your care, if you're ready to explore opening your own practice, realize that some practice models, such as mobile practices, require very little start-up capital. You may be closer to your dream than you think.
- Consider your current work personality. Do you prefer working with others or alone? This can provide hints as to what kind of practice would best suit you.
- Estimate the start-up costs to open your own practice and factor in your living expenses to forecast when you will be financially prepared—or able to secure and repay financing—to branch out on your own. [Learn more about opening a private practice from PPS.](#)

## Non-Clinical PTs

- Starting a new business as a non-clinical PT allows you to use skills and creativity you might not otherwise use in patient care. Those ideas you have tucked away for running or improving a physical therapy practice can finally be put into action.
- Ownership is less predictable than patient care, with many risks and rewards. You must be comfortable with taking these risks and accepting the results of your decisions.
- What core philosophies will inform how you run your business? Consider how these core philosophies will translate into your brand and your clients' experience working with you.

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