

# 5 Steps to Starting Your Own Healthcare Practice

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Taking the leap into practice ownership is a decision that will add an element of insecurity and uncertainty to your life.



You have to be prepared both mentally and financially for failure, be humble enough to change your plan if needed and at the same time resilient enough to work through difficult times to achieve your goal.

Although it is one of the most challenging undertakings you will ever attempt, the rewards are life changing. If you're ready to brave the road of entrepreneurship and become your own boss, then there are some basic steps you should take to set the foundation for a successful venture.

### 5 Steps at a glance

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## I. Take time

If you're just starting your career in healthcare, or any professional field for that matter, you still have a lot to learn. Even if you're a seasoned professional, it's still important to put in a lot of thought and consideration before deciding to start an entrepreneurial venture. Before starting or acquiring your own business, give yourself time to:

### Gain professional experience.

Before you worry about managing a business, focus on fine-tuning your skills as a healthcare provider. Practice will bring proficiency in all that goes into delivering high-quality care, an invaluable understanding that will set the foundation for your business.

**Get to know yourself.** What are your lifestyle expectations? Consider more than just salary and standard of living. Think about your day-to-day schedule, work-life balance, vacation time, hobbies and interests, even where you'd like to live, perhaps in a particular region or community type.

**Observe other business models.** How do you like your place of employment? Its office location, patient base, staff, services, policies, business model? What would you do differently? It's precisely these kinds of observations that help entrepreneurs spot gaps in the market and deliver new, valuable services and products.

## II. Write a business plan

A business plan will give a projection on how you plan to grow your business, act as your roadmap for decision-making as an owner and help others understand and get behind your vision. Even if a business plan is not required to obtain startup capital, the exercise

can help you gather important data, establish benchmarks and uncover unexpected questions and challenges.

**Include these essential business plan components:** an executive summary, business description, products and services, marketing approach, operations and management structure, as well as an analysis of your customer base and competitors, a development plan and financials.

Your plan should be periodically evaluated and updated to make sure it accurately reflects your current financial picture, products, services, management team, milestones and other significant business assets. Maintaining this plan will help keep you and your team on track. Moreover, a business plan is essential when bringing others on board, such as new partners and affiliates, and when dealing with investors and financial institutions.

## II. Build a team: advisors

Surround yourself with a trusted team of close advisors to help you formulate your business plan and get it off the ground. Although your particular team of advisors may include professionals from a variety of fields, it should definitely include both legal and financial experts well versed in business startups.

### LEGAL

The role of a legal advisor is critical. As you know, healthcare is always changing and new regulations are being introduced at a rapid pace. Now, add to that the legalities surrounding business ownership and you've got a real minefield of

liability on your hands. Your legal counselor will help you manage and mitigate these risks as you start your business and grow it over time. He or she will also be an invaluable resource as you evaluate insurance coverage options to cover employment, cyber security, malpractice, auto and other liabilities. Consider working with an insurance broker so you can review quotes from multiple insurance carriers and find the policy that meets your needs and your budget. BHG Insurance Services, for example, is an insurance broker that only works with licensed healthcare professionals. BHGIS provides practitioners with several different insurance options, so they can review their options and know they're getting quality coverage at the right price.

## FINANCIAL

An experienced financial professional will help you keep a track record of your financials and manage your taxes. An accurate record of your financials can show you how your business is performing and reveal areas for improvement. It can also serve as proof of your business' growing success and established financial health to third parties such as potential investors, partners, mergers or buyers. Your financial advisor(s) should also help you look ahead, calculate projections for future growth, set goals and create a realistic budget.

A sizeable portion of your budget in the early stages most likely involves start-up costs, beginning with initial fees to register your business, secure office space and make any necessary renovations, ranging from major construction projects to smaller-ticket items like furnishings. Beyond that, you'll

invest in equipment, technology and software, which will be a major expense, especially if you plan to offer more expensive, complex services to your patients.

Aside from these start up costs, of course there are ongoing expenses such as staffing and benefits, supplies, utilities, insurance, marketing, and an excess of other day-to-day expenses to operate your business. Understand that cash flow is among perhaps the most imperative assets to a business owner. In the startup environment, one thing is for certain: there will be low points, and your emergency cash flow reserve will help you survive these droughts. Even for established practices, cash flow remains a vital part of business operations. Slow reimbursement periods, for example, have the potential to disrupt business. Be prepared and keep cash flow in the mix.

**As you attack your budget, follow these two principles:** work with a financial professional and prepare for the worst. As you determine costs, elect the types of funding you'll need, such as loans, credit cards, grants, investors or venture capital. When working with investors, sometimes their stake in your company can mean they influence your business decisions. It might be worth your while to explore loan options, so managing your investor stakeholders is not a concern. For example, at Bankers Healthcare Group, we offer practice financing with a flexible use of funds—including business startup, with no business plan or pro forma required, giving you the freedom to use your money when and where you need it most.

**Business credit cards can offer great benefits** for you and your employees. When you use a

credit card to operate your business or accomplish work-related tasks, the interest on those expenses is tax deductible. A separate business credit card will help keep these business expenses separate from your personal purchases, which are not tax deductible. In addition, revolving credit availability makes up 30 percent of your credit score, so using a personal credit card for your business expenses might keep your revolving credit too high and start to negatively affect your score. Some business credit cards offer rewards programs that can help you make the most of your everyday purchases. The BHG Power MasterCard®, for example, is available exclusively to licensed healthcare professionals. It offers premium features and benefits tailored to their needs, including a custom rewards program with double points for healthcare-related purchases like medical equipment and supplies, continuing education and association membership fees.

## MARKETING

Think of your patients like healthcare consumers. Now, think about consumer behavior—what do they buy, why do they buy, how do they buy. Why should a patient choose your practice over another? Do you offer more affordable service? Maybe instead you charge more but offer superior service? Do you have an exclusive focus on a particular demographic? Maybe your location is convenient or your staff is especially caring and friendly.

Contrary to what some might assume, marketing plays a predominant role in the modern healthcare business. A marketing expert will help you capitalize on whatever it is that sets your office

apart from your competitors and communicate it effectively to your target “customers.”

**Online presence and reputation management** is growing increasingly more important to a business’ overall success. Patients are looking to your website, social media and most importantly, your online reviews, to help them make decisions. A public relations professional will help formulate a reputation management strategy to capitalize on good reviews, address poor reviews and recover from worst-case scenarios like accidents, lawsuits or other negative press.

## II. Build a team: employees

### HIRING & FIRING

Corporate culture. Workplace wellness. Organizational health. Chances are you’ve heard these buzz words used in the corporate setting. The notion of happy employees being a cornerstone of successful business isn’t just a trend. As an employer, I put a lot of my resources into making Bankers Healthcare Group a place where professionals want to work, by implementing employee recognition, incentive plans, team building events and onsite fitness facilities.

However, nurturing a synergistic team involves more than just perks—it’s about determining what your core values are as an organization and the qualities you look for in potential colleagues. At BHG, we look for 2 main qualities in candidates: initiative and respect for others. Your qualities may be work ethic and empathy, or integrity and detail-oriented. Hire people that share these values, reinforce them and build your team around them.

At the same time, be proactive

about identifying behaviors that detract from your team. Hopefully, these behavioral issues can be resolved with a conversation, unfortunately that’s not always the case. If you begin to recognize individuals on your staff who haven’t completely bought into your values and vision, it’s important to address the situation, monitor it closely and, if necessary, terminate the employee if the situation does not appear to be improving. Firing a productive or tenured staff member can seem overwhelming, but it’s imperative to the health of your team. A cohesive, satisfied staff play a key role in having pleased, loyal patients, which is the overwhelming primary goal of any practice looking to grow. You may want to consider consulting a human resources professional to help you write a fitting handbook, including hiring and firing policies, so your employees have a clear understanding of your expectations and you have a reference guide when it comes time to make those difficult decisions.

## V. Look ahead

### ADAPTING TO CHANGE

As Charles Darwin said, “It is not the strongest species that survive, nor the most intelligent, but the ones most responsive to change.” My partner, BHG CEO and Co-Founder Albert Crawford, frequently uses Kodak as an example for our team. Kodak was the goliath of photography, until digital emerged and Kodak failed to recognize the new technology’s potential to revolutionize the industry. Kodak was built on film—and while film quickly became obsolete, Kodak did not necessarily have to fall with it. If Kodak had been ready and willing to let go and reinvent themselves,

they may have been able stay at the top and keep up with photo giants like Nikon and Canon.

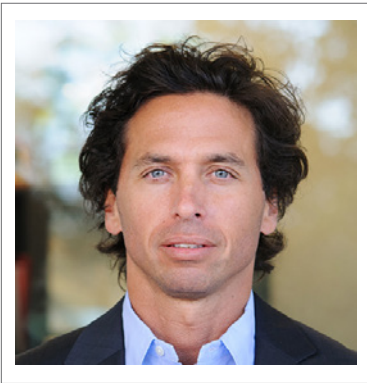
The healthcare landscape is continually changing. How will your business model react to growth, demand, healthcare reform, regulations and technology? If you cannot recognize and quickly adapt to shifts in the industry and the evolving needs of your patient population, your business will not survive.

This reality is a primary motivation to keep working capital on hand, as well as an emergency cash reserve, to make sure you’re prepared for the unknowns.

### EXPANDING SERVICES

If you’ve reached the point where the business is off the ground, you’re hitting your projections and growing steadily, it’s not time to sit back and relax. As an entrepreneur, you’re always several steps ahead, looking at business development opportunities, envisioning possibilities to improve and multiply. For a healthcare practice, that can be as simple as adding ancillary services such as in-house imaging or lab facilities.

Innovation, however, only comes if you don’t confine yourself and your practice to the traditional approach. Digital health, for example, is taking center stage among emerging healthcare trends. Why not try offering appointments via Skype or FaceTime? Maybe develop a mobile app for your practice to help patients remember important instructions, meet wellness goals or reschedule an appointment? Don’t be like Kodak—be open to the outrageous.



#### **ABOUT THE AUTHOR**

Bob Castro is an owner and co-founder of Bankers Healthcare Group, currently serving as the company's president. As president, Bob leads all origination activities from BHG's headquarters in Davie, Florida. Since forming BHG in 2001, BHG has originated more than \$2 billion in commercial medical loans. As a result of this sustained growth, BHG has been recognized by Inc. magazine as one of America's fastest-growing private companies nine times. Bob's personal and professional achievements led to his selection, along with his partners, as a prestigious Ernst & Young Entrepreneur of the Year® award winner in 2012.

#### **About Bankers Healthcare Group**

Since 2001, Bankers Healthcare Group has been committed to providing hassle-free financial solutions to healthcare professionals, including personal and commercial loans, credit cards and insurance services. BHG has provided more than \$2 billion in funding to thousands of satisfied customers nationwide. Inc. has recognized the company ten times for growth and job creation.