Opening A Clinic May Be Your Most Successful Business Venture!

Here’s a guide to opening a clinic and making it a success
INTRODUCTION

While most start-ups fail in the early years – businesses within the education and health industry are among the most successful according to a study done by Statistic Brain and understandably so, these are two industries that we simply can’t do without.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percent Still Operating After 4 Years</th>
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</thead>
<tbody>
<tr>
<td>Finance, Insurance and Real Estate</td>
<td>58%</td>
</tr>
<tr>
<td><strong>Education and Health</strong></td>
<td><strong>56%</strong></td>
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<tr>
<td>Agriculture</td>
<td>56%</td>
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<tr>
<td>Services</td>
<td>55%</td>
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<tr>
<td>Wholesale</td>
<td>54%</td>
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<tr>
<td>Mining</td>
<td>51%</td>
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<tr>
<td>Manufacturing</td>
<td>49%</td>
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<tr>
<td>Construction</td>
<td>47%</td>
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<tr>
<td>Retail</td>
<td>47%</td>
</tr>
<tr>
<td>Transportation, Communication and Utilities</td>
<td>45%</td>
</tr>
<tr>
<td>Information</td>
<td>37%</td>
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When it comes to the health industry, a great business venture is to open your own clinic. Clinicians can double or triple their annual salary when they become clinic owners; many make well over $100,000 annually. Owning a private medical practice is a significant achievement in one’s professional career. It also offers the freedom to deliver healthcare exactly how you want to and run a business at the same time. However, opening a clinic from the ground up can present many obstacles.

**Businesses with Best Rate of Success After Fifth Year**

- Religious Organizations
- Apartment Building Operators
- Vegetarian Crop Productions
- **Offices & Clinics of Medical Doctors**
- Child Day Care Services

*Source: https://www.statisticbrain.com/startup-failure-by-industry/*
DETERMINE WHAT YOU WILL NEED TO GET STARTED

What business structure will work best?

There are four different business structures that you would need to choose from to suit your needs of the business.

**Sole Proprietorship** – where you’re the only owner, all debts and obligations are your responsibility, but you also get to keep all the profits and make all decisions by yourself. As a sole owner, you have unlimited liability, meaning your personal assets may be seized to pay for debts.

**Partnership** – a non-incorporated business that is run by two or more people. Financial resources are pooled together by all the owners and profits are also shared or agreed upon in a contract. In general partnership, each of the partners is responsible and liable for debts unless stated otherwise in the partnership agreement.

**Corporation** – through incorporation you have limited liability, the ownership can be transferable and you are a separate legal entity. However, as you’re incorporated, there can be disputes between shareholders and directors. You are dependent on shareholders that can withdraw their investments and corporations are closely regulated by government bodies.

**Cooperative** – controlled by an association of members and can be set up as a non-profit organization. Groups of businesses can pool resources and deliver access to common needs such as delivery of products and services.
What medical equipment and productivity tools will you need?

Determine what medical equipment is essential to your business and what can be added in the future as the business matures. Depending on the type of clinic you are considering opening this may take up a significant chunk of your budget. Identify vendors for your equipment and ensure you shop around for the best price. Consider which vendor offers the best maintenance package, warranty and do your research to see what others in the field recommend.

To get your clinic operating efficiently you will need a few productivity tools in your arsenal that will meet your needs as well as the need of your patients. Practice management software, client scheduling systems and charting software are a few of those things that will make your new business operate smoothly on a day to day basis. Some companies provide a “clinic-in-a-box” solution that will provide you will all the tools you will need for every aspect of running your clinic. Finding a solution that requires no upfront cost is ideal, so aim to find a package that offers all the services and support you need at an affordable monthly rate.

Consider an Electronic Health Record system

Having piles of paperwork that contain patient records or invoices can be a pain to look at and search through. Consider an Electronic Health Record (EHR) system to manage all your files and assist in other inconvenient admin tasks. A paperless system has the benefits of ensuring all important documents are safely stored on cloud-based software that you can easily access instead of sifting through dozens of papers.

A good EHR system can also assist a clinician’s charting and reporting by digitizing it and making it easier to edit. With EHR you’ll be able to create a medical billing, which sorts out invoicing and tax. You can also source Human Resources templates and outsource a call center to handle patient bookings.

Marketing your clinic can be difficult, especially as a new business that is still developing. But a top of the range EHR system can handle this for you – your clinic can join a marketing directory that makes you visible to thousands of potential patients.

Some clinic assistance companies provide an all-in-one solution for that provides some degree of automation. Not only is this convenient, it also allows you to automate mundane admin tasks, allowing your employees to turn their attention towards jobs that require genuine human intervention.

Identify the best location for your clinic

Where your clinic is based can be pivotal to how much business you receive. A canny strategy is to find a location that is cost-effective but also accessible to your target audience. Key things to consider would be:

- Would patients be able to get there easily? Whether that’s by public transport, driving or walking
- Is the location near any competitors?
- Is it nearby a hospital? So that your patients can bring referrals to and from
- Consider the demographics of the area. Is your target audience in the area?
Once you’ve acknowledged these, you’ll be able to establish where the best location is for your clinic. It would be counterproductive if your clinic has all the best assets to deliver terrific healthcare, but it’s difficult for your patients to get there or you’re too close to a key competitor with a loyal customer base.

**Research insurance options for your clinic**

Having insurance for your business is a smart move. Insurance can protect you against damage to your property and equipment as well as defend your clinic against claims and lawsuits – which can be costly. There are several options when it comes to insurance, this includes general liability insurance, professional liability insurance (also known as indemnity insurance or errors and omissions insurance) and business owners’ policies. With a number of financial institutions and insurance companies out there, take the time to research what will work best for your clinic.

**PREPARE A BUSINESS PLAN AND SECURE FUNDING**

According to David J. Zetter, a member of the National Society of Certified Healthcare Consultants, you will need somewhere between $70,000 and $100,000 to start your clinic. This will cover initial overheads and payroll until a more stable and consistent revenue stream is established. However, don’t be intimidated by this number. During your research, you may find ways to start your clinic with notably fewer funds.

These funds can be from your own savings, split between business partners if a decision was made to go into a partnership, bank loans, and business grants. But before you go to the bank or apply for a grant, you’ll need to draw up an effective business plan. You can try this [business plan template](#) for your clinic.
The key thing that banks look for in your business plan is how you intend on paying them back, and whether this seems plausible in the set amount of time while the business continues to be profitable.

Some of the key areas of focus in your business plan should be:

- A timeline of when your clinic will open to where it will be in five years
- A list of your products and services
- Market analysis
- Financial projections
- Potential problems and how you intend to overcome them

A useful tip from Adam Uzialko, of Business News Daily, is to incorporate statistical analysis from similar medical practices into the business plan to support your projections. Bankers can tell which projections are realistic and which are not, so showing an example of a successful clinic that you intend to emulate will give them good context.

IDENTIFY A BUSINESS PARTNER

It’s much easier to start a business when you have the support you need from someone who knows the industry. A reliable business partner can provide, perspective, direction, and expertise in areas where you need it most. This business partner, however, does not have to be an individual.

There are companies whose sole purpose is to assist medical professionals in starting and operating their own practice. Companies that offer clinic management services often offer a “clinic-in-a-box” solution that simplifies day to day operations, boost revenue, offer marketing solutions, and even provide additional assistance like call answering and appointment scheduling. This will allow you as a practitioner to focus more on your patients while having the assurance that your clinic is being managed efficiently.
The key to maintaining a healthy business is having the best possible staff in place to assist you to achieve your objectives. It can be difficult hiring exactly who you need when starting up an independent clinic, so it might be worth considering which roles are the most important:

- Do you need a receptionist?
- Do you need an accountant?
- Do you need ancillary services?
- Who do you need the most?

Although it is more cost-effective to hire inexperienced people and then offering them training, your first recruits should be experienced enough to ensure the administration elements of running a clinic are left with capable and dependable people.

Once the business is stable, growing and ready for more employees, it can be a good time to consider more junior candidates, who can receive mentoring from experienced staff members, and will accept the job on a lower salary.

The National Society of Certified Healthcare Consultants suggests independent clinics that have ancillary services are more profitable than those without. Depending on your specialty, having ancillary services on-site is a great way to make more money and put you ahead of the competition – if you’re a physiotherapist, for example, an MRI specialist could come in handy.
UNDERSTAND KEY BUSINESS NEEDS

A clinic has very specific areas of need. The initial research phase would have identified some areas of need however, this will require much further thought even after your initial research. You’ll need to attain the important business management skills and while delegating the administration work to an office manager may save you time, it might not help you in the long run.

Marketing your clinic

Taking out advertisements in local newspapers will be useful, but the scope is limited to whoever picks up that newspaper. In today’s world, advertising online is the way forward – you can reach a far wider target audience and constantly refine your approach.

Creating a website for your clinic that lists all the services you provide and how people can locate you is perhaps the most important part of getting your business recognized. The next step is taking it to social media for further networking, running targeted ads and getting reviews and feedback.

One common mistake to avoid is thinking you need to be active on all social media platforms. Find out which platform your target market is most active on and dedicate your social marketing to that.

Having a reliable medical billing system

Medical billing used to be done entirely on paper, luckily you now have the option to be more efficient go paperless. A good billing system with ensures your finances are always in check by allowing you to submit and follow up on claims with insurance companies, to receive timely payments. Modern-day healthcare now allows you to use web-based/ cloud-based medical billing software which means you will have access to your billing system from anywhere at any time.
Medical billing systems can assist with:

- Patient intake and other required forms
- Motor vehicle accident billing
- Motor vehicle accident third party billing
- Workers compensation billing
- Government health plan billing

Having an effective medical billing system leads to reduced errors and will directly impact your bottom line.

**Implementing efficient processes**

In addition to streamlining your medical billing, consider other processes that you can make more efficient for your business. Start by asking yourself these questions:

- What can I automate?
- How can I follow up with patients to prevent no-shows?
- How can I ensure that phone calls are always answered – even when my clinic is busy?
- How can I keep my patients engaged with my clinic outside of visits, while staying focused on my day to day tasks?

**PLAN FOR THE FUTURE**

Once your clinic is in a healthy place and you feel like you’re ready to make the next steps, you may want to revisit your business plan, which you should be doing at least every six months, and see if your goals have aligned with your timeline.

If it seems like your five-year plan is coming along nicely, there is nothing stopping you from setting your next set of goals, which could be any of the following:
• Hiring more clinicians
• Expanding the clinic
• Installing more advanced equipment

Now that you have a clearer idea of how to go about opening your own clinic, start your research and see why starting your own clinic could be the best business venture you have or will ever embark on.

To help you get started, a list of additional resources can be found below.

**RESOURCES**

**Government Grants & Loans**
Canada
https://canadabusiness.ca/grants-and-financing/
USA
https://www.usa.gov/grants

**Business Plan Templates**
Business Plan Template for a Start-up Business
https://www.score.org/resource/business-plan-template-startup-business

Business Plan Template for a Clinic
https://innocare.ca/partner/

**Helpful Articles**
Business Structure Basics
https://www.entrepreneur.com/article/75118

How to Open a Private Medical Practice, Step by Step

Sole proprietorship, partnership, corporation or co-operative?
https://canadabusiness.ca/starting/before-starting-your-business/corporation-partnership-or-sole-proprietorship/

The Effect of Business Location to the Business’ Success

Why you need insurance coverage for your small business
https://www.hiscox.com/blog/why-you-need-insurance-coverage-your-small-business

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