

So You Think You Want to be in Private Practice? **The Top 10 Rules for Success**

By Ron Gleitman, Ph.D. and Kevin St. Cleary, M.S.



“The follow-your-gut mentality of the entrepreneur has the potential to take you anywhere you want to go...or [it could] run you right out of business.

– Bill Rancic, New York Times best-selling author and first season winner of Donald Trump’s TV reality show, “The Apprentice.”

So you think you want to be your own boss. You are not alone! Every year, hundreds of thousands of entrepreneurs try to turn their dreams into realities. And every year, according to Michael Gerber, author of *E-Myth Revisited*, 40 percent of new businesses fail. By the end of five years, 80 percent of new businesses will have met the same fate. Indeed, the challenge of private business ownership is not for everyone.

However, by following these Top 10 Rules for Success, you will be able to avoid some of the pitfalls that can lie ahead and increase your chances of being among the elite 20 percent of businesses who celebrate fifth-year anniversaries.

Rule # 1: Be a Smart Risk Taker.

When considering risk, remember that life itself is full of risks. You take a risk every time you travel in a car, climb a ladder or fail to go to the doctor. The same is true when it comes to working for someone else. The company you work for could go out of business, your family relationships could suffer because the job requires you to be away from home too much, or, you could hate your job and be miserable your whole life. To avoid life’s pitfalls, you must learn to manage risk.

You should also consider the benefits of risk...in this case, financial and personal freedom. If you want to be an entrepreneur, your job is to determine whether the benefits are worth the risk and whether or not you can manage the risk to ensure you reap the rewards you desire.

Smart risk takers know that research and planning go a long way to reduce the negative impact of risk. Your research, for example, would show that you could reduce risk by buying an existing hearing health care practice that has a history of success vs. starting a new enterprise. Or you could reduce risk by having a business part-

ner share the gamble with you. In addition, putting a detailed plan into writing in the form of a business plan is absolutely critical to your success! The elements of a business plan will be reviewed in Rule #4: Prepare a Business Plan.

Rule #2: Be a Leader.

According to Warren Bennis, consultant and author who is widely regarded as a pioneer of the contemporary field of leadership studies, “...Leadership is a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realize your own leadership potential.”

Are you a leader? An honest self-assessment can reveal if you are a skilled communicator, conflict manager and team builder. Are you skilled in affecting change, managing and listening to feedback? Can you motivate others to achieve high levels of success? Are you viewed as a role model? Can you hold others accountable for a certain standard of performance?

Rule #3: Provide the Best Possible Hearing Care and Profit from It.

If you focus on making your patients happy by providing the best product, customer care and follow up, they will reward you with their loyalty and by eagerly referring others to you. You will have earned the right to be profitable. After all, the primary reason to become a business owner is to enjoy the financial rewards that make the risks worthwhile.

Rule #4: Prepare a Business Plan.

In preparing for battle I have always found that plans are useless, but planning is indispensable. – Dwight D. Eisenhower, U.S. President

President Eisenhower was right. Unless you are planning to solicit investment capital, the most valuable aspect of writing a business plan lies in the creation of the document. It is the road map to your suc-

cess and will give you key insights to the viability of your business. It helps you clarify and focus on your business goals. It charts **how** you will obtain financing and outline how you will determine your fees. It describes **what** type of business model you will follow (medical, retail, managed care or mixed) and **where** your business will be located. It also provides a method of **measuring** financial success, patient care, staff effectiveness and marketing. It can also serve as a useful benchmark to measure actual performance.

An outline for a Business Plan requires you to address several key issues including:

Your Mission Statement

A mission statement is a brief declaration of purpose that describes how you are unique and identifies what you intend to accomplish and the markets you will serve. It serves as a guide to strategic operational decisions and describes your company’s image, goals and values. A well-written mission statement can also serve as inspiration for you and your employees.

Finances

You will need to calculate start-up costs, cash-flow projections, a projected balance sheet and a break-even calculation.

Practice Models

You will also have to determine the type of private practice model you will follow. There are four types of models, all based on how patients come to you.

- **Medical model:** This business model relies on patient referral from ENTs or other physicians.
- **Retail model:** This business model solicits patients through retail advertising and marketing.
- **Managed-care model:** This business model depends on referrals from third-party contracts and insurance.

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• **Mixed model:** This business model combines the elements of all of the above. The mixed model may prove to be the most productive because of the diversity of patient referral sources.

Location

When selecting your location, take these facts into consideration:

- How many of your targeted audience within 15 minutes of your location? Studies show that most patients are willing to drive no more than 15 minutes for an appointment.
- How many competitors are near the location you have chosen? Will you be able to compete with them successfully?
- Is it located in a part of town that is safe?
- Is the location easily visible?
- Is the building image consistent with the image you want to portray?

Marketing

How will you let your patients know who you are, what you do, where you are located and how you are unique? Your Business Plan should include a detailed 12-month marketing calendar that outlines your marketing messages and the mediums you will use.

Consider the impact of all mediums, including newspaper advertising, direct mail, radio, TV, community events, open houses and educational seminars, Web

site development, Internet advertising, grassroots marketing, public relations and yellow page advertising. Then, to measure the return on your investment, consistently track all marketing results by tracking:

- the marketing source of the appointment or sale
- the number of scheduled appointments made
- the number of patients that called or came through your doors
- the number of units sold
- the amount of dollars that were generated
- how much the specific marketing effort cost

Start-up businesses should budget up to 25 percent of net sales. If you are buying an existing business, consider what the previous advertising history has been, however a budget of 7-15 percent of net sales is a good rule of thumb.

Testing and Dispensing Equipment, Office Equipment and Operating Expenses

As much as one-third to one-half of your start-up costs will be in the purchase or leasing of testing and dispensing equipment, office furniture, computers, signage, deposits, etc. That leaves approximately one-half to cover salaries and miscellaneous operating expenses for the first six months.

Space

Spend adequate time planning your space. You will want to maximize efficiency while making the environment inviting and comfortable for your patients...and for yourself!

Services, Products and Programs

The products and services you offer can set you apart from the competition. You will need to determine what types of products and services you will offer and what manufacturers you will use.

Fees and Other Revenue Opportunities

Remember, you are in business to make a profit in addition to providing excellent hearing health care. You will need to consider the advantages of bundling your services with product versus charging separately for each service and product. You will need to develop a plan to increase your revenue through third-party reimbursement (Medicare, Medicaid, private insurance).

Establishing and Maintaining a Patient Base

Your patient database requires constant maintenance. You must balance your efforts between attracting new patients while building loyalty in those whom you already service. Your marketing and public relations strategies can have a dramatic effect on how fast your database grows.

Staff

Your staff is critical to your success. They will represent your business as much as you do, so try to avoid hiring mistakes. Your goal is to attract and retain the best employees available. To accomplish this task, you should have written job descriptions for all positions, a fully developed compensations plan that is designed to motivate and retain good employees.

Benefits

Benefits can attract and retain good employees. Consider all options available to you.

Rule #5: Obtain Financing Early.

As an entrepreneur, there is no real set limit to your potential income! You can determine your financial goals and work when you want and where you want. However, you may need financial help to get started. The good news is you have several options. Generally, this aid comes from several resources:

- You or your family
- Financial institutions
- Hearing industry

Rule #6: Get Legal and Accounting Help at the Appropriate Time.

Not everything about starting your own business is fun. There are forms to fill out, taxes and invoices to pay, payroll to meet and bills to be collected. You will need to consider the benefits of hiring an accountant, a bookkeeper and a lawyer. Look for someone who understands your business and your goals. The perfect lawyer, accountant or bookkeeper is one who becomes a member of your team.

Rule #7: Remember There Is Help Available to You.

You have many resources to consider as you put your plans to open your own business into motion. Don't hesitate to rely upon the wisdom and experiences of your family and the professional relationships you have with your professors and friends. And don't forget to use the many tools and programs that are available to you from professional organizations and the hearing industry itself. Manufacturers and buying

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Rule #8: Keep Your Personal Finances in Order.

If you decide to seek a business loan, take some time to review your personal finances. Get a copy of your credit report. If your score is 650 or below, you will need to clean it up before you proceed. Creditors will also look at your personal income, your assets and your liabilities, including mortgages, credit-card debt and student loans.

Rule #9: Find a Niche and Build on It. Stick with Your Business Model.

Successful business owners know who they are and do not try to “be everything to everybody.” Stick with the vision you outlined in your business plan. It is wise to review your business plan periodically to ensure you are remaining on track.

Rule #10: Be an Honest Business Owner.

Every worthwhile accomplishment, big or little, has its stages of drudgery and triumph; a

beginning, a struggle and a victory – Mahatma Gandhi, political and spiritual leader.

Business ethics and profit can go hand in hand. All you need to do is create value for your patients by focusing on their needs and happiness and you and your business will benefit. ■

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