
6. Starting and Running a Practice

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Sample

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Sample

Starting and Running a Practice

The process of starting and running a practice begins long before the first patient walks through the door. Whether a physician is starting or expanding his or her own practice, or a practice owned by a health care system, a well-written business plan can help reduce risks and obtain external financing. A narrative describes the practice, with details about services, the patients served, and practice operations. Financial projections estimate the practice's annual revenues and expenses, cash flows, and assets, liabilities, and net worth for three to five years.

Opening an office involved leasing space, designing the space, furnishing and equipping the space, and obtaining a computer system. The process encompasses countless details.

Clearly, the lesson plans on starting a practice are most appropriate for residents who are considering starting practices after graduation, and should be presented the lesson plans during their final year of training.

Invite physicians from a variety of practice settings in the community to share their experiences. Your residents can visit their practices, interview them, and return to share their observations and recommendations with their colleagues.

Sample

Developing Your Practice's Startup Business Plan

The business plan narrative describes the practice, with details about the services it provides, the patients it serves, and its operations. Financial projections estimate the practice's annual revenues and expenses, and profits, as well as assets, liabilities and net worth for two to three years.

The general educational goals of developing your practice's business plan depend on the individual participant's plans: Those who intend to start their own practices within a few years of completing their training should develop a business plan for their own or a hypothetical practice. Those who do not intend to do so should gain a general understanding of the process.

Lesson Plan: Developing Your Practice's Startup Business Plan Overview

Educational goal

Participants will become familiar with the process of developing a practice business plan.

Activities

Participants read Chapter 6: Developing Your Practice's Startup Business Plan and Opening an Office, and participate in a lecture-discussion.

The instructor conducts a lecture-discussion on:

- ▶ Vision, market analysis, strategic and tactical plans
- ▶ Cash flow budget
- ▶ Financing your practice
- ▶ Leasing the office
- ▶ Designing and equipping the office

The participants complete Test: Developing Your Practice's Startup Business Plan.

Hours of instruction

2:00, including reading

Scheduling guidelines

Spring of GY-2 or later

Notes

Test: Developing Your Practice's Startup Business Plan

1. List three areas your practice's vision might address.

2. List three areas your practice's market analysis might address.

3. What is a cash flow budget and why is it important?

Sample

Answers to Test: Developing Your Practice's Startup Business Plan

1. List three areas your practice's vision might address.
 - ▶ Your practice's patients and cases
 - ▶ Your practice's setting, structure, and culture
 - ▶ Your colleagues
 - ▶ How your career might develop
 - ▶ Your practice's location
 - ▶ Your lifestyle
 - ▶ Your compensation

2. List three areas your practice's market analysis might address.
 - ▶ The practice's prospective patients
 - ▶ The size of the market
 - ▶ Why patients should come to the practice
 - ▶ Prospective patients' insurance coverage
 - ▶ How to reach prospective patients
 - ▶ How to reach the people who refer prospective patients
 - ▶ How you will build your practice, including marketing materials.
 - ▶ Your practice's competitors, how they might affect your practice, and how you will respond.

3. What is a cash flow budget and why is it important?
 - ▶ A cash flow budget is a month-by-month forecast of your practice's revenues, expenses, and income or loss.
 - ▶ The cumulative loss estimates your practice's working capital requirements, and, hence the amount of outside financing it might require.