



Owning *your* future

A guide to starting, acquiring or buying into a medical practice



How to tell if you're ready	01
8 reasons to become a practice owner	02
You don't have to be a business expert straight away	04
Start, acquire or buy in?	06
Option 1: Start a new practice	06
Option 2: Acquire an established practice	07
Option 3: Buy into a practice	08
Assembling your team of advisors	09
Essential members of your team	09
Optional members of your team	11
Who to contact first?	13
Financing your practice	14
Financing options	14
Buying vs leasing	16
Q&A: How Avant Financial Services can help	18
Developing your business plan	19
What to include in your business plan	19
Analysing your market and competitors	20
Creating your timeline	21
Starting a new practice	21
Acquiring an existing practice	23
Case study: Blue Cross Family Doctors	24
Completing your due diligence	26
Assessing a practice's viability	26
Collecting and preparing documents	28
Ready to own your future?	30
Get in touch	30

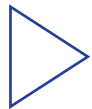




How to use *this guide*

Welcome! You're here because you're thinking about taking the next step into practice ownership. It's an exciting time in your career and we're here to help make the process as simple, straightforward and enjoyable as possible.

In this handbook, we take you through some of the key things you need to think about before you start, acquire or buy into a medical practice.



Owning Your Future *video series*

Our **Owning Your Future video series** features interviews with financial, interiors and property professionals who specialise in helping doctors set up their own practices. We speak with doctors about their experience starting a practice and learn about the game-changing technology that helps them run their practices efficiently and cost-effectively.

www.avantfinancialservices.com/owning-your-future/

How to tell if *you're ready*

Have you reached the point in your career where you have the desire and motivation to strike out on your own? Making the move into practice ownership can open up a lot of opportunities and give you the freedom to become an even better doctor. Working for yourself, rather than an employer, means you can set your own terms and determine what you want from your career.

However, there's no denying that owning a medical practice requires a lot of hard work and patience. That's why it's important to make sure you're ready to put in the time, effort and enthusiasm required to make your practice a success. You should also have a clear purpose for why you want to take on this adventure.

8 reasons to become a practice owner

While there are many reasons why doctors may decide to move into practice ownership, these are some of the most common motivations we see. Which of these reasons resonates most with you?



You want to provide great care

If you're like most doctors, you have the strong desire to help your patients receive the best care possible.

Employers generally measure how doctors care for their patients in metrics and billable hours. While knowing this information is important, it's not always an accurate representation of whether a patient is receiving great care. As a practice owner, you can determine the best and most respectful way to measure the care and outcomes for your patients.

Becoming a practice owner also gives you the flexibility to spend more time with each patient, introduce innovative services and spend more time doing what you're great at.



You like to lead others

Does the idea of being in charge of every aspect of a practice – from staff to the patient experience and administrative procedures sound attractive?

You don't necessarily have to have leadership and management experience to be a successful practice owner. The best leaders are generally people with a strong work ethic who lead by example.

Leadership can extend beyond the day-to-day as well. Perhaps you're keen to reach a wider audience through patient talks, public speaking and books or articles. Owning your practice can give you the freedom and platform to explore these avenues.



You want more control over your earnings

Doctors in private practice generally get a higher percentage of the practice's gross income than a doctor employed by a group.

Being a practice owner provides you with the opportunity to have more control over your earnings than if you worked for an employer. There is potential for less earnings in the beginning – but over the long term you may significantly increase your earning potential through both your salary and your ownership equity.



You want to provide a better patient experience

As a business owner, you'll have the freedom to hire staff, implement your own policies and build a practice that's better suited to your patients. This might include mobile services, a more convenient location or shorter wait times.

As well as providing a better patient experience, offering additional patient benefits could give your practice a competitive edge.



You want to choose where you work

Having your own practice gives you the flexibility to work where you want, so it's the perfect opportunity to move to a location that excites you and where your services will be in demand.

While there will likely be some limitations to where you can work – such as how many doctors already service the area, hospital availability, patient demographics and the demand for your specialisation – you're likely to find many great options that will suit you and your practice.



You want room to grow

Does it feel like your career has hit a ceiling with your current employer?

Even if you enjoy your current position, you may have come to the realisation that the only way to progress your career the way you want is to go out on your own.

Operating out of your own rooms means more opportunities for career growth, more flexibility to try new things, and better connection with your co-workers and patients.



You already have a great team on board

Do you have a strong network of doctors and allied health professionals who may want to join the business with you?

They may work in the same field as you, or they may offer complementary services such as allied health practitioners and pathology services.

While it's possible to go out entirely on your own, working with people you already know and trust can make the leap much easier. Plus, it will allow you to split the overhead and administrative expenses, share your skills and connect your networks of patients while also increasing practice income.



You want to take time off

Are you craving a better work/life balance?

Working for your own practice allows you to set your own hours, so you can spend more time with your family and less time at the workplace.

Generally, doctors who work for their own practices report lower levels of long-term stress and a higher quality of life than doctors operating out of traditional healthcare employers.

Did you find yourself agreeing with any (or all) of these eight reasons? If so, that's a good indication that you might be ready to make the move into practice ownership. Or perhaps you have an entirely different motivation that's compelling you to consider making this change in your career.

Making this decision is often the hardest part. We can help with what comes next. Your Avant finance specialist will support you throughout the entire process of becoming a practice owner – from outlining your financing options and starting the due diligence process, to pointing you in the right direction toward finding the perfect premises and setting up your team.

You don't have to be a business expert straight away

While your years of medical training have made you a great doctor, the concept of running a business may be completely new to you. And you may be far more interested in spending your time exploring your specialisation rather than learning the ins and outs of office administration.

Don't let this put you off making the move into practice ownership. There are plenty of qualified professionals, resources and software solutions that can help you get set up properly and meet the day-to-day requirements of managing a practice. We can point you in the right direction when you're ready.

As long as you have the desire and drive to make your practice a success, you're off to a great start.

A bit about Avant Financial Services

Avant is a finance specialist with a difference. We're experts in property and practice finance and we work solely with Australian doctors and medical professionals to help them achieve their personal and professional financial goals.

As medical finance specialists, we understand the complexities of your income structure and can fill in the gaps to help you obtain finance where traditional banks can't.

Our purpose is prioritising your valuable time and money, so you can focus on what you do best.

We also donate a portion of our profits to community projects in the areas of medicine, hospitals, mental health and the arts, because we're determined to make a positive difference in the world and improve as many lives as possible.

"If you want to learn a lot about yourself, about life, about all your own biases, and challenge those, then you should be in business because you don't get that from standing on the sidelines and thinking about it. You get that from doing it."

Dr Floyd Gomes
GP & Director/Founder of
Atticus Health

WATCH OWNING YOUR FUTURE VIDEO SERIES (EPISODE 2 WITH DR FLOYD GOMES) 



Start, acquire or buy in?

Once you've made the decision to become a practice owner, the next step is working out the best way to do it.

There are three different paths you can take: start your own practice from scratch, acquire and take over an established practice, or buy into a practice as a business partner. All three paths to ownership can be successful and satisfying, but there are advantages and disadvantages for each of them. The key is choosing the strategy that best suits your personality and vision.



Option 1: Start a new practice

If you have a clear vision for your practice, then planning, launching and growing a new business can be very appealing. You have freedom and autonomy over every aspect of the practice. This option tends to be higher risk because you'll have a lot of upfront costs, and it can take a long time to see a decent return on your investment.

Advantages of starting a new practice

- ✓ Freedom to create a practice the fits your vision
- ✓ Set up the business in a way that satisfies your financial and lifestyle goals
- ✓ Select your preferred equipment and hire staff that you want to work with
- ✓ Establish the right systems and protocols from the start
- ✓ Satisfaction that comes from building something from scratch
- ✓ Potential for greater profits in the long run
- ✓ Build goodwill in a business that will have a saleable value

Disadvantages of starting a new practice

- ✗ Need to obtain permits and set up policies to make your practice compliant
- ✗ Time and effort required to hire staff, market your practice and grow your patient base
- ✗ Cost of capital to purchase equipment and supplies can be significant
- ✗ May take a while to generate positive cashflow
- ✗ Requires a great deal of planning and motivation to get the business up and running

Option 2: Acquire an established practice

Buying a practice that's already established is generally lower risk, because having an existing patient base means that cashflow will likely remain steady during the handover period. You'll also have the opportunity to experience it firsthand, so you know what you're getting into. However, you may inherit less-than-ideal staff members, equipment, assets and liabilities.

Advantages of acquiring an established practice

- ✓ Existing patient base
- ✓ Immediate cash flow
- ✓ Staff who are already familiar with the processes and patients
- ✓ No lead time to plan, build and set up the practice
- ✓ Equipment, supplies, furniture and IT infrastructure are already in place
- ✓ Local community is already aware of the practice and its services
- ✓ No need to invest in an extensive launch campaign

Disadvantages of acquiring an established practice

- ✗ An older practice may have outdated equipment, décor or IT infrastructure
- ✗ Some staff members may not welcome the change in ownership and policies
- ✗ Cost to rebrand or redesign the practice if it doesn't fit your vision
- ✗ You may be limited by the existing premises size for potential future growth
- ✗ Possibility of negative reviews or reputational damage from the past which could be difficult to rectify
- ✗ Existing patients may choose to follow the previous GP to their new practice (if they're not retiring)
- ✗ You may have to deal with hidden liabilities





Option 3: Buy into a practice

When you choose to buy in to a practice, you become a partner in the business alongside other doctors. This may be the practice you're already working at, or you may come across an opportunity where a partner is retiring or choosing to leave their practice. Having partners means you share the financial costs, administrative burdens and business decisions – but you'll also have less say in how to run the practice.

Advantages of buying into a practice

- ✓ Existing patient base
- ✓ Immediate cashflow
- ✓ Staff who are already familiar with the processes and patients
- ✓ Equipment, supplies, furniture and IT infrastructure are already in place
- ✓ Less financial risk than managing the practice on your own
- ✓ Generally costs less than starting your own practice or acquiring a practice

Disadvantages of buying into a practice

- ✗ Less freedom to make changes in the business
- ✗ You won't own the practice outright
- ✗ May clash with other business partners
- ✗ Will have to share the profits amongst the partners
- ✗ Can involve complex and restrictive co-ownership agreements

Assembling your team of advisors

Owning a practice is life changing. It allows you to define the quality of care you provide your patients and be in control of your clinic's financial success, as well as dramatically altering your day-to-day life as a medical practitioner. But you can't do it alone.

To set up your practice, and give you the best chance of success, it's essential to have a great team around you who understand your vision and can help bring it to life. These advisors are the people who will take your goals and ideas and turn them into reality.

Take your time to select the right professionals for your team. Their knowledge, skills and experience should complement your own so you can work together efficiently and make the process of starting your practice an enjoyable experience.



Essential members of your team

At a minimum, you'll need these essential advisors to assist with funding, business and tax set-up, insurance, and the actual location of your practice.



Finance specialist

Of course, you'll need funds to either start, acquire or buy into a practice. Your finance specialist will help set up ongoing financing arrangements that will support your business.

If you choose to partner with Avant, we'll work to your budget and provide advice about financial products and services, as well as cash flow projections. With us by your side, you'll know what to expect next and who to turn to when you have questions.

What's more, we'll continue to support you and your practice throughout your career.



Accountant

Your accountant will come to understand your business as well as you do. They'll make sure your business and accounts are set up properly, and assist with all the necessary documentation.

Throughout the life of your business, your accountant will advise you on the tax and accounting implications of various outcomes so you can make informed business decisions.



Lawyer

Having a trusted lawyer in your team will make your life far easier as you navigate contracts, leases and employment documents.

They'll review and draft legal documents for you, negotiate on your behalf, and provide advice about your best course of action.

As your practice grows, you'll continue to rely on them to make sure your business is legally compliant. They can also assist with personal legal matters, such as your Will and estate planning.



Medical insurer

You'll need to have the right insurances set up to protect you and your practice.

A medical insurer can evaluate any insurance cover you already have and provide recommendations about what type and level of insurance cover will best protect your practice against any potential loss.

Avant provides practice insurance that covers business owners against legal costs and compensation for patient loss or injury.



Property/real estate advisor

If you're starting a new practice, choosing the right location is crucial. A property/real estate advisor can help put together a property strategy that includes key demographics, a competitor analysis and zoning regulations.

Once you pick a location, they can also assist with due diligence of the site and advise you about any factors you will need to consider for your planning and fit-out – such as signage, parking and permits. They will also help you work out a fair value for the location, which will help with your lease or purchase negotiations.

Ideally, you'll want to work with someone who specialises in medical practices so they understand the unique requirements, challenges and opportunities of your industry.



Optional members of your team

While these advisors aren't essential, it may be valuable to engage some or all of them to assist with any areas you're unsure about or don't have time to address. It will mean you have to spend more upfront, but if you engage the right advisors it will likely pay off in the long run.



Practice consultant

Unless you're buying into an existing business, you will likely need some help setting up all the aspects that will contribute to the day-to-day running of your practice.

A practice consultant will work with you to write and implement your business and marketing plan, help you source suppliers and staff, and develop your systems and processes.

Working with an experienced practice consultant can help make sure you cover all your bases and avoid any issues either during the set-up phase or once your practice gets going.



Medical practice broker

If you're acquiring an existing practice, a medical practice broker can help you find a suitable business that fits your vision and needs.

Once you've found a practice that seems appealing, they can assist with getting a business valuation, negotiating the purchase price and working with your lawyer to create a sale agreement.

Having someone do most of the groundwork to narrow down your options can be a huge time saver, and it will also make the process of purchasing the practice far less stressful.



Architect

If you're building your practice from the ground up, or you'd like to completely overhaul an existing property to meet your needs, an architect can help make that happen.

They'll help configure your space so it's aesthetically pleasing, productive and allows for maximum efficiency.

They'll also work closely with other advisors, such as your interior designer and builder, to make sure everyone is on the same page with the exterior and interior architectural elements.



Interior designer

Unless you have a strong eye for interior design, it may be helpful to get help from a professional interiors expert who will help you develop a concept for how you want your practice to look and function. This might include the colour scheme, décor and furniture choices.

An interior designer with experience in medical practices will help you make choices that match your business vision and will create a positive impact with your patients.



Builder

If you're building or renovating, a builder will work with your architect to construct your practice according to the plans you and your architect have put together.

You may want to seek out a builder who specialises in medical construction fit-outs. They'll understand the requirements and compliance regulations your practice will need to meet, and they'll be able to provide advice about the best way to address any issues that may arise during the construction process.



Marketing consultant

Once your business is nearly ready to go, you may want to work with a marketing consultant to help you develop a marketing launch strategy and marketing plan.

They'll help you promote your business, attract new patients, and set up your ongoing patient communications. This might include setting up your social media pages, developing a marketing calendar, and suggesting marketing channels that will help you build your brand.



Mentor

Whenever you embark on something that's new and unfamiliar, it's always helpful to get advice from someone who knows what you're going through. A mentor can provide advice about what worked for them, how to get the best outcomes, and what to avoid.

You may already know someone who has started their own practice and would be happy to share their learnings. Otherwise, you could reach out to your network to find someone willing to meet with you.

Who to contact first?

Start with an advisor who understands every step of the process, will help you realise what's possible, and can provide guidance about your options. In most cases, that will be your finance specialist.

Financing your practice

Working out your financing arrangements is usually one of the first steps in planning your new practice, because your finance specialist will help shape your plan and articulate your needs.

To prepare for your first discussions with a finance specialist, think about your potential cash flow, your ability to repay a loan, and other financial commitments you will need to account for (e.g a mortgage or personal loan).

Before you meet with your finance specialist for the first time, think about how you would answer these questions:

- How much money do you need to borrow?
- How much cash/equity do you have to contribute?
- How will you use this money?
- How will you meet your debt repayments?
- How long will you need to repay the borrowed funds?

Financing options

Here are six common types of financing arrangements you may want to consider for your practice:

Practice finance	Commercial property loan
<ul style="list-style-type: none">› Borrow up to 100% of the amount you need to purchase your practice	<ul style="list-style-type: none">› Borrow up to 100% of the amount you need to purchase your practice
<ul style="list-style-type: none">› Option to separate the loan from equipment and other costs to make it easier to manage your cash flow and repayments	<ul style="list-style-type: none">› Can be suitable for partnerships because the loan is only over your share of the property
<ul style="list-style-type: none">› Usually available with either variable or fixed interest rate options	<ul style="list-style-type: none">› Usually available with either variable or
<ul style="list-style-type: none">› May not need to use your home as security (check the requirements with your finance specialist)	<ul style="list-style-type: none">› fixed interest rate options
	<ul style="list-style-type: none">› Repayments are designed to suit your cash flow
	<ul style="list-style-type: none">› May not need to use your home as security (check the requirements with your finance specialist)

Equipment finance

- › Finance to buy or lease imaging, surgical or other vital equipment
- › Can borrow up to 100% of the cost of the equipment
- › Choose a one-off loan or an ongoing facility
- › You own the assets for tax purposes from the time of purchase
- › Repayments are fixed and there are no ongoing fees

Practice overdraft

- › Business credit for practice costs including staff wages, paying bills and other everyday expenses
- › May be a secured or unsecured loan
- › Instant access to funds up to your limit – no need to apply for a new loan
- › You only pay interest on the funds you use rather than the whole credit limit

Goodwill loan

- › Used when buying into an existing practice or buying out a partner who is selling their share
- › Covers the value and qualifications of an existing practice

Fit-out loan

- › Covers renovation and building costs
- › Spreads fit-out costs over several years, instead of paying everything upfront
- › Option to consolidate all your business asset finances into one loan
- › May offer tax benefits through asset depreciation

If you're not sure what type of financing arrangement you need, talk to your finance specialist about your business plans and financial needs.

Whatever type of finance you choose, make sure it has the right timeframe and level of flexibility to suit your short and long-term goals. Choose a finance specialist that will provide you with the guidance and support to help your practice grow as you find your feet as a business owner.



Buying vs leasing

One of the first questions you'll need to consider when setting up your practice is whether it makes more sense to buy or lease the property.

Your choice will likely depend on many factors, including:

- your cash flow
- whether you're ready to make a long-term commitment to your practice
- how much you're willing to invest upfront
- whether you have a specific vision for how you want your business to look and operate.

While everyone's financial situation and goals are different, here's an overview of the main advantages and disadvantages of buying and leasing:

	Advantages	Disadvantages
Buying	<ul style="list-style-type: none"> ✓ Offers security for you and continuity for your patients ✓ Complete control over your practice fit-out and future improvements ✓ Mortgage repayments are a direct investment in your business ✓ Can build equity in the property to borrow against in future 	<ul style="list-style-type: none"> ✗ Significant capital investment ✗ Will need some type of security for your loan ✗ Long-term financial commitment ✗ Ongoing costs including building insurance, maintenance and repairs
Leasing	<ul style="list-style-type: none"> ✓ High flexibility with no long-term commitment ✓ Easy to relocate when your practice grows ✓ Low upfront costs ✓ Don't need to pay for building insurance, maintenance and repairs 	<ul style="list-style-type: none"> ✗ May not fit your vision for the practice ✗ Dependent on the owner for maintenance and repairs ✗ Owner may increase your rent or decide to sell the property ✗ Fit-out belongs to the owner

At Avant, we offer flexible loan options that mean buying is often no more expensive than leasing. Many of our loans don't require a large deposit, and we help you work out repayment arrangements that suit your cashflow. [Contact us](#) to find out more.

Avant prioritises your valuable time and money

Your degree is in medicine, not finance. So why not bring our financial knowledge to your business?

Our team are the best there is. Their knowledge, understanding and connections have helped set up thousands of practices and removed a million and one financial headaches. We have an extensive selection of loan options that no lender can match.

We're the experts in what we do, because we only focus on doctors. We back you and your qualifications, help you tick the boxes, and fill in all the gaps that the banks won't.

[FIND OUT MORE](#) 



Q&A: How Avant can help

We spoke to Dianne Stewart, Head of Victoria and Tasmania, about why planning your own practice is about more than money.

How is Avant's approach different to a traditional lender such as a bank?

"Some banks are very keen to just say, 'How much do you want?' and then lend medical practitioners that amount. The difference at Avant is that we invest a lot of time at the start of the relationship understanding not only our clients' needs, but also their motivators for becoming practice owners so we can evaluate with them what is reasonable, what is financially possible and what makes the most sense for each client's individual circumstances."

In your experience, what are the main blind spots of potential practice owners?

"The complications of business ownership are often overlooked in the practice planning process. Many medical practitioners want to run their own practice because they want to perform medicine in a certain way, but that's just the tip of the iceberg. The multitude of other factors to consider during the practice planning phase includes location, staffing, insurance, rent, mortgages and a myriad of other things that take up at least half the energy you're going to expend when you set up a practice."

How does Avant ensure that clients are ready for the major transition of owning their own practice?

"Our relationship directors use their experience as medical lending specialists to provide finance expertise, and in turn, arrange the most appropriate and competitive loans for your practice's needs. They aren't there to challenge your desire to become a practice owner. They're committed to helping you understand the complete landscape of needs and requirements to ensure you're provided with the most appropriate financial support to be successful."

What's it like working with Avant?

"Our clients tell us, 'We want you to have these honest conversations with us. Are we thinking correctly? Is this the right move for us?' Practitioners on the cusp of this massive life change want to hear from experienced people that they are on the right track, and Avant offers that deep expertise."



Developing your business plan

A well-thought-out business plan can make all the difference to the future success of your practice. It highlights your vision and values, holds you accountable and gives you something to work towards. Revisiting your business plan regularly allows you to track your goals and measure success.

To get the best results, do some groundwork beforehand. Spend some time thinking about your practice, patients, competitors and industry.

What to include in your business plan

Your business plan can be lengthy or succinct, as long as it covers all the essential information that will help your finance specialist and other advisors understand your business. It should also be a useful document for you to measure your success.

These are the main components you'll often see in a business plan:

- **Services.** How would you describe your practice? What services will you offer? What type of patients will you work with?
- **Business purpose.** What problems will you solve for your patients? What is the gap in the market that you are filling?
- **Unique Selling Proposition (USP).** What will your practice offer that is different or better than your competitors? What makes you stand out? How will this benefit your patients?
- **Vision statement.** Why have you decided to start this practice? How would you like it to be perceived? What do you hope to achieve?
- **Mission statement.** How will you achieve this vision?
- **Target audience.** Who are your ideal patients? What are their defining characteristics? What do they need and want?
- **Core values.** What does your practice stand for?
- **Business model.** What is the legal and operating structure of your practice?
- **Main source(s) of revenue.** Where will your revenue come from?
- **Main competitors.** Who is competing for the same patients?
- **Key staff, suppliers and advisors.** Who is essential to the success of your practice?
- **Financial objectives.** What are your key financial metrics, such as your net profit and business revenue?
- **Business objectives.** What are your main business goals? What is your timeframe for achieving them?
- **Measures of success.** What does success look like to you? How will you measure your progress?
- **Marketing strategies.** What marketing strategies will you use to achieve your business and financial objectives? What are your timeframes for these strategies?

Analysing your market and competitors

If you're starting a new practice, there's no point opening one in an area that doesn't need the services you're planning to provide. Or one that's already fully serviced by practices that are similar to yours.

Ideally you want to find a location that has a large number of people in your target market, a strong community, and growing demand for your services. Consider what the location will be like in five or ten years' time as well as what it's like today.



Next, analyse who you will be competing against. Which businesses are providing similar services to yours in the same location?

Apps such as GapMaps can help you identify how many practices service the area already, and where your potential referral partners are located.

If the area is already fully serviced, then perhaps it's not the right area for you. However, some competition can actually be useful, because it creates a hub that brings potential patients to the area.

If you choose to work with a marketing consultant or a property/real estate advisor, they can help you put together a thorough analysis for each location you're considering.



Tip: Use census data to assess locations

If you're deciding between several location for your practice, the [government's census tool](#) is a great tool to help you make a decision. You can download a community profile that includes demographics, cultural diversity, education, health conditions, employment, household income and much more.



Location, location

In episode 2 of our *Owning Your Future* video series, Julian Muldoon, Medical Property Advisor and Director at 1Group, shares some great tips about how to choose the perfect location for your practice. He discusses why competition can be a good thing, accessibility and zoning considerations, and the pros and cons of different property options (e.g converted housing, office space, retail complexes and shopping centres).

▶ [WATCH NOW](#)

Creating *your* timeline

Once you decide to start your practice, there are a large number of tasks you'll need to complete before you're ready to open the doors for the first time. Realistically, this will take at least 4-6 months with an existing practice, and 12-18 months or even more if you're building from scratch because you'll need to allow plenty of time for construction first.

You can use the pre-launch checklist below as a guide to plan some of the main tasks you'll need to do and when you should schedule time for them.

Starting a new practice

7-12 months before launch

- Discuss financing options with your finance specialist
- Assemble your team of advisors
- Work with a property/real estate advisor to select a suitable location
- Analyse the market and competitor in your location to make sure it's a viable option
- Negotiate your lease or purchase price
- Estimate your revenue and expenses
- Start planning your practice with your architect, builder and/or interior designer

4-6 months before launch

- Meet with your accountant, financial adviser and/or lawyer
- Choose your equipment
- Write your business plan

2-3 months before launch

- Apply for professional memberships, registrations and certifications
- Arrange insurance for your practice
- Work with a marketing consultant to put together marketing strategies for your practice
- Put together your website and social media pages
- Assemble a list of potential patients
- Establish relationships with suppliers and referral partners
- Set up your systems and processes
- Set up banking facilities

1 month before launch

- Hire staff
- Finalise fit-out
- Contact list of potential patients
- Start scheduling appointments
- Announce your launch on your website and social media pages
- Start implementing your marketing strategies



Acquiring an existing practice

4-6 months before launch

- Discuss financing options with your finance specialist
- Assemble your team of advisors
- Meet with your accountant, financial adviser and/or lawyer
- Work with a medical practice broker to select a suitable practice
- Analyse the market and competitor in your location to make sure it's a viable option
- Negotiate your purchase price
- Estimate your revenue and expenses
- Choose your equipment, if necessary
- Write your business plan

2-3 months before launch

- Arrange insurance for your practice
- Work with a marketing consultant to put together marketing strategies for your practice
- Put together your website and social media pages
- Contact existing patients to let them know about the change in ownership
- Meet with existing suppliers and referral partners
- Meet with existing staff to discuss new arrangements

1 month before launch

- Hire additional staff, if necessary
- Finalise transition arrangements with suppliers and referral partners
- Start scheduling appointments
- Announce your launch on your website and social media pages
- Start implementing your marketing strategies

Case study: *Blue Cross Family Doctors*

Three friends dreamed of creating a community health hub in the eastern suburbs of Brisbane. Thanks to the support of , their vision is fast becoming a reality.

After being friends for ten years, Dr Samuel Ibrahim and two fellow doctors decided to open their own medical practice together. Feeling dissatisfied with working for large corporations, they wanted to run a healthcare clinic where they could focus on providing high quality patient care.

Dr Ibrahim said, "When you work for someone else, you are limited by the resources available and the set policies in place. And with some large practices, they don't really care about anything except numbers. We wanted to do things our own way."

It was important to Dr Ibrahim and his colleagues that they own the property as well as the practice. That way, they wouldn't be losing money to rental payments and would have an investment for the future.

They found an existing practice in eastern Brisbane, and bought out both the business and the commercial premises in November 2021. And when it came to choosing the right property, Sam and his colleagues had a very specific checklist to ensure it ticked all the right boxes.

"The main thing is the right demographic," Dr Ibrahim explained. "Victoria Point is a well-established area with a mixed demographic. The practice is easy to find, near transport, and it has a huge frontage. We have our own private carpark and are located close to schools."

A key factor for the trio was making sure the building itself had the potential to help them realise their vision of providing a full-service medical hub to the local community.

Dr Ibrahim said, "Our dream is to provide a one-stop shop where the patient will come and have access to all the health services they need in one place. That's why it was important to us to have a huge space that we can rent out. We already have allied health and pathology services and are looking at incorporating a radiology unit."

While setting up a small business in Australia can be a complicated process, particularly with the added challenges posed by the Covid-19 pandemic, Dr Ibrahim and his colleagues were supported by dedicated experts at for every step of the journey.

" provided great advice around interest rates and the types of loan available," Dr Ibrahim said. "They gathered all the data for us and helped us finish the paperwork, coming to see us in person with the documents we needed to sign. As three busy doctors working in different places, that would have been extremely difficult otherwise."



Even once their practice, Blue Cross Family Doctors, was established, continued to be hands-on in their support with Dr Ibrahim's ongoing financial needs. This included refinancing his existing properties, applying for a home loan, and making sure he was able to sort out the insurance for the practice's commercial property and medical centre.

Dr Ibrahim was so impressed with his Relationship Manager, Michael Foley, that he has since recommended him to other doctors who are looking to start their own medical practices.

"I found Michael very professional, supportive and helpful, and I've sent many colleagues to him," he said.

While their new practice is still less than a year old, Dr Ibrahim and his colleagues are making strong progress in achieving their business goals, despite a challenging operating environment.

"Interest rates and wages are going up, along with other costs like equipment, materials and software, which means it's becoming more expensive to run a practice and harder to find doctors. Patients have to pay more for quality services, so they need to get value out of it," he explained. "But we are taking small steps and getting there slowly – the most difficult part is starting."

That's why Dr Ibrahim advises other doctors to make sure they are fully committed to the process and have the right support network around them before launching their own practice.

He said, "The first question to ask yourself is the 'why': what do you want from owning a practice? You need to make sure it is something that actually suits your lifestyle and expectations. And secondly, you need to have very good legal, financial and medical advice. One of the best things for me was having a mentor who could guide me along the way."



I found Michael (Foley) very professional, supportive and helpful, and I've sent many colleagues to him.

Dr Samuel Ibrahim

GP & Director/Founder of GP & Co-Owner, Blue Cross Family Doctors

Completing your due diligence

If you choose to purchase an existing practice instead of starting a new one, it's imperative to conduct thorough analysis to make sure it suits your current and future needs. While your team of advisors will assist you in determining a practice's viability, you will need to complete your own due diligence as well.

Purchasing a practice, and often the property as well, is a significant business and investment decision. That's why it's important to not rush the due diligence process when you find a practice that may be suitable. Take your time to make sure it's the right one for you.

Assessing a practice's viability

Try to be as thorough as possible to make sure you have a complete understanding of how the practice operates, what type of equipment and technology you'll inherit, and its relationships with staff, patients, suppliers and referral partners.

The more work you do upfront, the less chance of any unpleasant surprises further down the track.



Patients

In addition to finding out the number of active patients in the practice, you should also examine a range of patient records to determine whether the treatment notes are thorough and complete. Otherwise, it will cause you issues later on.

You should also ask to see copies of the types of communications the practice sends to its patients.



Staff

If some or all of the existing staff will remain working in the practice, arrange to meet them during the due diligence process if possible so you can work out whether you have a rapport with them.

You will also need to examine each staff member's employment contract, and obtain details about any previously agreed working arrangements. It's also helpful to find out how the staff and current practice owners interact, e.g a weekly team meeting.



Systems

Request a walkthrough of any systems the practice uses, especially if you haven't used it before. This includes systems used for taking payments, insurance rebates, storing patient information, and scheduling appointments.

Make sure you discuss with the current practice owner how these systems will be transitioned to you and any subscription costs you will need to take over.



Financials

Your finance specialist will help you put together a list of the financial documents you'll need to see. It will generally include information about the practice's cash flow, operating and net profit, accounts receivable and insurance.

If you're taking over the practice's lease, you will need to assess the lease's terms and conditions.



Business premises

Assess every area of the premises, both internal and external, as well as the equipment and technology, to work out if there's anything you'll need to update straight away.

Think about the future of your practice. Is there sufficient space for your practice to grow over time?



Location

As we looked at in the 'Analysing your market and competitors' section, the location of the practice will have a huge impact on the success of your business.

Consider things like parking, street visibility and access to public transport. Check the area's demographics and whether there are any planned future developments.



Suppliers and referrals partners

Discuss with the current practice owner whether you will be able to continue working with their existing suppliers and referral partners. This will likely depend on whether the practice owner is retiring or merely moving to another location.

If they're moving to a new location, you may need to work with your lawyer to draft a non-compete clause that ensures they can't take their patients, suppliers and referrals partners with them.



Marketing

If the practice has a strong marketing strategy in place, this will make it easier to ensure there is a steady stream of new patients.

Check their website, social media profiles and Google reviews to get an idea of their reputation and level of engagement. Ask the current practice owner to provide you with examples of any marketing campaigns they've done recently and the results of how effective these campaigns were.

Collecting and preparing documents

Due diligence generally involves a huge amount of paperwork. And once it's done, you'll need to generate even more paperwork to make the necessary arrangements with the seller via your team of advisors.

As a guide, here are the main types of documents you will need to collect and create:

Documents to collect from the current practice owner

- Practice's tax returns
- Profit and loss statement
- Accounts receivable report
- Monthly income reports
- Monthly expense reports
- List of equipment and technology (including subscription or lease arrangements)
- Employee contracts
- Employee histories, performance reviews and superannuation arrangements
- Insurance policies
- Operating permits
- Lease arrangements
- Employee contracts

Documents you'll need to provide to your advisors or work with them to create

- Your personal tax returns
- Business plan
- Cash flow projections
- Business valuation
- Licenses
- Insurance policies
- Contract of Sale
- Buy/Sell Agreement
- Non-compete/restraint of trade clause
- Loan or financing documents
- Lease transfers

Don't let this list of documents overwhelm you. Your advisors will let you know which documents are required at each stage of the process, who will collect or create the document, and what you need to do.

Staying in regular contact with your advisors will help you get prepared and organise your time to keep the process moving along on schedule and as seamlessly as possible.



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