Establishing an occupational therapy private practice partnership

Ruth Duggan, Lisa Saunders-Green, Donna MacLeod and Denise Johnston

In the article published in the November 2006 issue of *Occupational Therapy Now*, “Developing a Business Model for a Private Practice Partnership”, we described the process used to establish a business model based on a number of words beginning with the letter “F”: freedom to change, fun, financial benefit, flexibility, friends, fine balance, fantastic quality, frank honesty and fair. Once a common ground for a business model is established, one needs to actually build the practice. This article will describe the steps taken by a group of four occupational therapists to establish a private practice company, as well as the benefits and drawbacks experienced. These steps included developing a brand, ensuring we had the appropriate structures and skills, and managing ongoing change within our group.

**Branding**

Developing a brand that makes us recognizable in the community may appear to be the easiest part of building a private practice. However, we found this to be one of the most difficult tasks to work through as a group. The importance of branding cannot be understated. The name and professional look of the company is your first impression to the business world and community. We extensively brainstormed to come up with a name that not only presented what we wanted to portray as a company, but also would not be confused with other companies as well as be acceptable and memorable to the public and professional world.

Developing a brand involved looking into the local and national business name registry, and field testing our ideas with family, friends and other professionals. Narrowing down our choices and finally deciding on a name took many, many, rounds of brainstorming and feedback. We then hired a graphic designer to create a logo and design how to visually present ourselves to the world. Again plenty of brainstorming and negotiations took place to agree upon a logo and design that we all liked and represented us on our business cards, letterhead and brochures. In the early days, the partners also worked with a website designer to develop a website and found that this was instrumental to further develop the company profile.

**Structure**

The next step to build the practice included establishing the practical aspects of running a business, such as ensuring we had appropriate clinic insurance and people could easily communicate with us by phone, e-mail or fax. We also had to register our business name. Our group agreed that we wanted to maintain our home offices and provide services solely in the community. We typically see our clients in their home or workplace. While this reduces overhead, it presents logistical challenges to a business that wants to present itself as a unified group.

We needed a common bank account, telephone line, post office box, e-mail and fax. Modern technology allowed us to set up a common virtual telephone number that provides a common number, with a voice menu that allows callers to be connected through to any telephone specified. Callers can choose from a menu and be forwarded to any one of the business partners or associates.

The partners had already agreed on how to distribute the work. Other structural essentials to establish included designing a database to track referrals, defining reporting templates, invoicing procedures, tracking income and expenses, establishing billing rates and deciding what our expectations were with respect to timing of services.

**Financial planning**

Once we knew what the structural requirements were, the partners developed a budget for our common resources, including not only funds for the infrastructure, but also ensuring funds for advertising, insurance, bank charges, and future business development such as proposal development. We clearly defined what we would be personally responsible for, such as our individual home office expenses. This was important because it was understood that we would all work different amounts and earn varying amounts, and thus have variable self-employed income and expenses.
Through consultation with an accountant we defined a way to pool our resources for the common expenses, each of us contributing an equal amount agreed upon based on our budget, and how to account for these expenses to Revenue Canada. Because we did not incorporate our company, we were still considered four self-employed partners and were each responsible for our individual business expenses. With the magic of a basic banking/financial and spreadsheet computer programs, we could easily present our expenses and calculate four equal shares of these expenses, which each of us would then include in our individual tax returns.

We agreed that there may be other incidental expenses, for example to consult with a lawyer or accountant, purchase additional insurance, or resources that would be needed by each one of us. The partners decided that they would discuss new expenses as they arose and defined a test for expenses to consider sharing with the group. That is, would the purchase increase our earning potential, confidence in our practice, customer confidence in our service, and/or enhance/improve our services?

Skills development
As occupational therapists entering the business world, developing new skills from both a professional and business perspective was important. Skills development can vary from formal to very informal. We started by compiling our resources, including books, references, helpful websites and any tools or assessments that were already owned.

From a business perspective, we accessed professionals in the community, often calling in favours from friends, to develop our business skills, such as doing a business review and consulting regarding marketing. We consulted with other business owners in the community to see how they did things and weighed suggestions with how they would work within our model. Questions ranged from what services they offered, to rates of pay and how to manage associates. When new knowledge was needed, we would assign one partner to explore a topic and present to the group for mutual education. For example, what were our responsibilities regarding file maintenance?

In addition to developing business skills, we used mentoring, coaching and support from one another, including editing of all reports, to help hone and/or expand our professional skills. The partners used opportunities to work together on files or teaching each other to develop professional skills. We took opportunities to take courses to meet emerging business opportunities, such as ergonomics and life care planning.

“After four years of partnership, we have an established private sector work environment with proven systems that work for us.”

Ongoing development
In keeping with our flexible business model and desire to ensure that the needs of individual partners were met, structure and procedures continue to change to meet our changing needs. In some cases we responded to new professional regulations such as PIPEDA (Personal Information Protection and Electronic Documents Act), but more often it was to meet personal needs such as family, babies, travel, moving out of old jobs and subcontracts, and taking new jobs for the purpose of skill development. The most recent major development and change in our company was to bring on associates; other occupational therapists who work on a contract basis to help with the growing workload demands and to help the partners maintain flexible schedules.

We hold regular reviews of our processes and explore options for change using our individual talents and interests to complete administrative tasks, for example managing the client database and financial resources. However, likely the most important choice was to make use of a funding program for business development for women. Through this fund, we were able to hire a business consultant to work with us to do an extensive review of our business model, structures and processes. This process has further grounded our business model and processes, and has clarified future directions for the group.

Established benefits
After four years of partnership, we have an established private sector work environment with proven systems that work for us. We have a high caliber partnership with a recognizable brand: Cornerstone. We continue to maintain flexibility within our work and maintain diversity and variety of work, with a reliable income, which is important to all of us.

About the authors—
RUTH DUGGAN, LISA SAUNDERS-GREEN, DONNA MACLEOD and DENISE JOHNSTON are the four founding partners of Cornerstone Occupational Therapy Consultants, Halifax, Nova Scotia. They can be reached through www.CornerstoneOT.com or 902-446-4660.
One of the benefits of working within a group of occupational therapists is being able to share our resources to hire a business consultant, the cost of which could have been prohibitive for a single therapist heading out independently. We have maintained a low overhead and managed administrative duties, which has allowed for a very good cost-benefit ratio. In addition to financial benefits, we have social and professional development benefits.

The benefits of bringing on associates is that it allows the primary partners to maintain a reasonable workload, brings in a small amount of additional income to the group, and expands the visibility of the company as we look ahead to providing new services in new markets such as pediatrics, barrier-free design, and health and wellness. The associates benefit from the established brand and professional support provided by the partners.

Often we are working with clients beyond the acute phase of their illness/condition and we are focusing on more than basic life support/self care activities. We work with clients to ensure that they can stay in their homes and participate in the activities that they want. This provides an excellent opportunity to be client centred, truly working with clients to problem solve and find direction in their lives. We are not typically limited by the medical model of the public health care system and have the opportunity to be creative in our work.

Limitations
Private practice is not all rosy or easy. What has been described in this article has developed through hard work and negotiation over the first four years of our partnership. A business partnership has been described as a marriage. The ongoing management of personal needs can be a challenge that all partners must be willing to rise to.

The flexibility of working in the private sector is counter-balanced by a lack of security. Without the backing of a large employer, we need to be extraordinarily aware of professional and legal responsibility. The partners need to justify everything we do so that we can get paid for it – this means researching best practices and defending our recommendations. The partners spend a lot of time report writing and while we do share administrative duties, there is consistently unpaid business and administrative work to be done. The private sector market can be unpredictable and so there are no guarantees of work, a regular pay cheque, or to have work that we enjoy. One often does work that is less enjoyable just to cover expenses.

The self-employed occupational therapist lacks benefits commonly provided by an employer such as group extended health or disability insurance, sick time, maternity leave, paid vacation, paid continuing education and the ability to collect employment insurance (EI). Private insurance and sound accounting advice is highly advisable to compensate for these limitations.

Regardless of the limitations, at this point, for us the business is more about our personal needs than the company – the company not only exists because of us, it is us. We may want to change this perspective as time goes on. In the meantime, we manage our business and changing personal needs through retreats, food, fun, camaraderie, laughter and a few tears. Our focus on the adjectives that begin with the letter “F” has helped to keep us all on track, happy and most of all colleagues and friends.

Helpful websites for developing a business partnership

The Interactive Business Planner  
http://www.cbsc.org/ibp/home_en.cfm

ACOA Womens Business Initiative  
http://www.acoa.ca/e/business/entrepreneurship/wbi/wbi.shtml

CAOT Resources for Private Practice  
http://www.caot.ca/default.asp?pageid=2039

Canadian Revenue Agency  
http://www.craarc.gc.ca/tax/business/topics/solepartner/menu-e.html