



WHITE PAPER

Transitioning From Solo Practice to Partnership

If you are a solo physician practice, there may come a time when you decide to bring on a partner. Whether it is for growth reasons or succession planning, bringing in a physician partner has many advantages: A partner may help your practice grow and become more successful; partners allow you to share the workload and to combine skills with another provider; and you can enrich your practice by having a solid teammate. However, business partners can become your greatest asset or worst liability. Deciding whether or not to share your practice with someone else may be one of the most important business decisions you ever make. Deciding who you go into business with can be just as important.

The business side of practicing medicine is a lot more fun when you can share it with someone else. There's something exciting and exhilarating in facing challenges together, and if you're blessed with a partner with a sense of humor that meshes with yours, work becomes like play. Managing employees and a practice is exhausting. On the days when you just need a break, your partner is there to pick up the slack. A physician partner provides motivation and support. Not only can you bounce ideas off each other, but in difficult times you can find encouragement in one another. Also, you will often find that you work harder because there is pressure to perform and to not let the other person down.

Pause to reflect

There is no way to guarantee a potential partnership will work. Consequently, weighing the advantages and disadvantages of having a physician partner, and carefully analyzing the reasons for choosing a partner can help ensure that you find the right person to entrust with your practice. Identify what you really need from a physician partner before you start looking for one. Once you have completed this essential first step, you can begin the process of choosing a partner.

What does the partner bring to the table?

Your partner should have strengths that you lack, and vice versa. Perhaps you need a more detail-oriented partner. Or if you are shy, a good "people person" may be needed to balance the dynamics. Although it might be more comfortable if the partner is similar to you, but it may not be what your practice needs. You need a partner who complements your skills and personality. Great partners band together to compensate for each other's weaknesses, so that individually they can focus on using their strengths. Tasks are done more efficiently and the practice is able to get more accomplished, precisely because partners have different skills and areas of expertise.

Discuss your vision with your potential partner

Partnerships promote greater creativity and can spur innovation. The purpose of evaluating a potential partner is to understand if your business principles, company goals, and personalities are compatible. It's hard to brainstorm alone. Most physicians' creativity flows more freely if they can bounce ideas off others. And things get really interesting when you have partners who bring their own ideas and perspectives to the party—that's often when the biggest leaps of innovation occur. A physician partner means more ideas coming from a different background. Take as much time as you need to make a well-informed assessment of whether your business partner is actually a suitable one. While you do not want overlapping skills, you should share a sense of vision for the practice.

Taking your practice forward

Sometimes it takes another physician's perspective to shake a successful practice out of complacency and see an old practice in a new way. A physician partner can help you narrow down the list by offering unique perspectives and opinions that you yourself may not have been able to think of, which can save you time and money later on. A good partner can challenge you to take the kinds of risk that will help your practice grow. Partners also can encourage each other to be more daring simply because each partner figures the other will be there to pick up the pieces if the risk doesn't pan out. Having a good physician partner will help you tackle large initiatives, but also will help pull you out when things go wrong. Similarly, a good partner will tell you when an idea is misguided and keep you from taking on too much risk.

Be open about expectations

Assess the potential partner's expectations on the time involved. Partners don't have to spend the same amount of time, but it is important that they are on the same page as to each other's expected time commitments. How many hours a day does your partner expect to put into the practice, and do her expectations meet yours? Your partner's commitment has to equal yours, otherwise they may lose their enthusiasm and end up damaging the practice's reputation daily.

Other evaluation considerations

When evaluating potential partners, it is important to disregard any friendship or emotional ties. Construct criteria that you are looking for and determine how well a potential partner lives up to it. Your potential partner should also have questions for you and should want to know about your character, reliability, and expectations. Of course you will want to weigh their standing in the referring physician community too. A business partner who is adept at cultivating relationships with your referring physicians adds value to the practice. Also consider how they interact with employees and patients.

Utilize the consultant/attorney team

An attorney can create essential information into governance documents, such as how the work will be divided, what will happen if more startup money is needed, and how decisions will be reached. Although partnerships need to be written up, remember that people make partnerships work, not legal documents. And remember, the best time to address potential problems with your partner is at the beginning of your venture, before emotions run high. You can't predict every potential problem, but a good healthcare attorney and consultant can help you work through some of the common problems and put a framework in place to help address unforeseen

circumstances. You may find it beneficial to work with a consultant before having an attorney draft up the legal documents. Additionally, it is very wise to use a consultant after the partner joins to ensure communication and business training happens between you and the new partner.

Final thoughts

Physician partnerships are often a great idea providing you give thought to how you will structure one and why you wish to create a partnership. Sometimes physician partnerships aren't so successful — so it is crucial to choose your partner well. This is somebody who you're going to spend a lot of time with and who, like your spouse and your family, will probably see all sides of you, in full Technicolor glory! Even if you're not looking for leverage now, think about what a physician partner might do for you. What holes could he plug, what opportunities could she open up? Rugged individualism has its limits.

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