

PRACTICE MANAGEMENT AND SUCCESSION PLANNING

How do you manage your practice? Annually, monthly, daily? What are the key financial indicators? What are the core values of your practice? Do you have ways to measure or monitor practice results against these core values and financial indicators? Within the medical profession you have opportunities to participate in annual surveys that provide feedback and comparative analysis opportunities. Participation on these surveys provides great benefit to you as a medical professional and to your organization whether you are a sole practitioner or a member of a multi-physician clinic. Participation in a national survey specific to your medical specialty will help you manage your practice going forward and based on the questions in the survey, it may lead you to implement changes to your compensation methods, service methods, benefit offerings, training programs, use of technology, and decisions about office facilities.

A succession plan should consider the impact of death, disability or retirement. If you don't have a succession plan in place, you are not alone. Less than 30 percent of business owners have a plan in place. It is never too early to start the succession planning process and some of the key elements are as follows:

- Keep accurate and useful records
- Define your significance (value) to the practice
- Establish a value for your practice
- Identify or recruit a successor
- Consider the role of your staff in the succession and following the succession
- How will change of ownership of your practice entity (limited liability company, S corporation, or C corporation) be accomplished
- Tax consequences of the succession plan
- Who will advise you during your process

Knowing your patients in a way that helps you provide exceptional service is certainly important but that knowledge and information differs from the developing your succession plan.

The patient data important to a succession would include the following:

- Date you began serving each patient
- Age, gender, and marital status of each patient
- Annual fees by patient by month
- Employee hours by month
- Facilities data including current lease agreement
- Listing of medical equipment with date of purchase, estimated useful life, and original cost

- Revenue and expense budget for the coming year
- Equipment purchases planned for the next one to three years
- Written job descriptions for each employee
- Summary plan descriptions for all employee benefit plans currently offered.

In many ways, the succession plan involves compiling a resume of your practice. This is true whether you will be recruiting a successor or making a hand off of responsibility to another physician within your practice entity.

We all hope that we have (and take) the opportunity to plan for our succession/retirement. The sooner you put together a succession plan the better off you will be if circumstances require you to exit your practice prematurely.

To start the succession planning process, consider the team of qualified professionals to contact: attorney, financial advisor, accountant, insurance agent, banker, appraiser, and others as considered necessary.

I will revisit specific aspects of the succession plan in coming articles.

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