

Investing in your medical practice requires a clear view of your needs and goals

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Setting up and running a medical practice is a totally different process from establishing most other types of businesses. For every consultation offered, a primary care physician may need to undertake numerous tasks. Each of these tasks requires equipment and consumables, like high-tech medical machines, test kits, bandages, syringes, gloves and other disposable items, and medication. This operational dynamic makes running a medical practice one of the most capital-intensive businesses, which is why it is so important to have a clear view of the strategic goals of the practice, and to assess carefully the precise financial requirements to achieve those goals, before selecting the most appropriate funding solution.



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It is a multifaceted process built on the following three different, but closely connected cornerstones:

1. Have a clear view of every task you will need to perform for a given medical consultation

As a practitioner of your chosen medical speciality, you are aware of the processes that you follow in every type of consultation. For instance, a dentist performing a tooth extraction knows that the procedure may need anaesthetic, possibly an anaesthetist, a dental chair and lighting, a pair of extraction pliers, surgical gloves, and gauze, to name a few requirements. Similarly, a radiologist who performs a pregnancy ultrasound scan knows he or she needs an ultrasound machine, specialised gel and an assortment of other equipment and disposable items. As a first step towards developing an appropriate practice investment strategy, all of those items need to be considered, categorised and costed according to the likely frequency with which they will occur every month. With this knowledge, it becomes easier to move on to the next step, which is determining the overall financial needs of the business.

2. Understanding the financial needs of your medical practice

When you have a working knowledge of what you need for a particular procedure, you can determine accurately the longer-term financial needs of your practice. However, those financial needs don't end with the items used in day-to-day consultations. A sustainable medical practice also needs to invest in operational infrastructure, systems and people. These

could include any, or all, of the following:

- **Medical billing software:** This is required for effectively handling all the paperwork that comes with patient payments and deductions. In some instances, you may need a system that processes accounts payable, medical bills, patient claims and insurance.
- **Electronic medical records system:** Most patient records and medical histories are kept as digital files, and these require the security and access capabilities of a good electronic medical records system.
- **Telemedicine software:** The Covid-19 pandemic highlighted the need to provide healthcare services remotely, and achieving this, even for a portion of your patients, requires an investment in telemedicine infrastructure.
- **Medical practice management system:** To run your medical practice efficiently, you have to stay on top of every task. A robust medical management system is required, which offers various functions such as appointment scheduling, supplies procurement and reporting.
- **Insurance:** There are many insurance types that are essential for most medical practices, but the common ones are property insurance, workers' compensation insurance, business interruption cover, medical malpractice insurance, and business overhead expense insurance.

3. Choose the optimal investment option based on your identified needs

Once you have a clear and comprehensive view of the financing needs of your practice, you can use this insight to identify the most suitable investment strategy for its short-, medium- and long-term needs. Depending on your risk tolerance and financial goals, you can opt for a value- or growth-investment strategy, and the optimum investment strategy could be conservative, moderate or aggressive.

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