

## HEALTHY WEALTHY & SMART PRESENTS:

Strictly Business Virtual Conference

### Creating and Building Your Physical Therapy Practice



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Being a physical therapist as a career was not really an option for me. At a point prior to even considering being a physical therapist, I had to consider my history.

I was in my late 20's, married, a homeowner, the proud owner of a less than stellar GPA from my "fun" days in undergrad and a fantastic hourly wage job at a large home supply store. I needed to make some changes otherwise my poor, but supportive wife, would continue to quadruple my annual income until she retired. Our future held no vacations, home improvement or children at that point. Thankfully, I have a gift for sales and I eventually sold my wife on the dream that I could become a "professional" and at some point, she could make the decision whether to work or not.

So I set out to become a physical therapist. After bumping up my GPA and graduating with a M.S. in exercise physiology, I was admitted to physical therapy school. Unfortunately, I lived 75 miles away from school so my years of PT school consisted of a long commute and a "professional" schedule. I treated every day as if I was going to work, which I was, and rolled in between 8 pm and 10 pm every night. I graduated on a Friday and started working on a temporary license on the following Monday.

I worked for a large outpatient orthopedic chain and moonlighted in home health for 2 years but I knew that I wanted to be my "own boss". At the time, I didn't know what that meant.

My first lesson in business was how to structure a lease and exactly what risks I was going to take. The landlord wanted cash up front and a personal

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guarantee. That meant that if I went out of business, I would personally guarantee the full term of the lease. Of course, that means I would pay the full amount due. A great lesson I have learned from this is that a commercial real estate broker **ON YOUR SIDE** is invaluable because they not only know how to best structure the lease in your favor, they know the local market and, best of all, they know all the tricks of the landlord. You should always approach a relationship with a potential landlord as if they are trying to take advantage of you, because, truthfully, they are. They are typically interested in the success of your practice to the extent that it gets them paid. No more, no less. Best of all, if a deal is secured, the new landlord pays your broker.

If good things come in threes, then my risk came threes too. I started a new practice, my wife quit her job and we added a new son to our family, already consisting of a 2 year old.

The first location grew and what little debt was taken from the bank was paid in less than 15 months. The first debt was managed swiftly but the bank did want that personal guarantee so my house was used as collateral until the note was satisfied. I then added a second location with a friend from PT school. He agreed to start slow and we opened the practice with no debt. That was the smartest thing we ever did. Good advice then was to start slow, start small, minimize debt. I'm not sure that could happen today.

When the third location was opened, I, against my better judgement, went against all that had gotten me to 2 locations. Under intense pressure from a good referral source, I quickly opened a new practice in a strip mall next to the MD. Within 1 year, the MD sold his share of the center (which he never disclosed he was an owner) and sold his practice. The new owner was an unsavory guy and the type we don't need in medicine. We didn't see eye to eye and eventually, he ranted to his staff, "If I see any referrals to Apex, you are fired". The ethical position I took that resulted in the falling out is still the correct decision and I'm glad I made it but it cost me a practice and, unfortunately, all the associated debt. Debt for a new practice doesn't typically load from the start up costs but the first several months of labor and operating expenses. Never underestimate that number and don't assume

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because a doctor tells you he is going to “fill your place” full of referrals that he will ever send anyone.

Eventually, we reduced but not eliminated debt and our failure in that practice. That lesson is, when you do decide to open a practice, do it for you, your family, your team and your patients. You can almost always disregard what the doctor is telling you. It’s not that they are malicious, they typically just don’t know what they are talking about or how to run or start a PT practice.

Now we are up to 4 clinics and have figured out how to manage start up debt and market to help load clinics with referrals quickly. My brilliant attorney taught me how to write and engage in a license to practice physical therapy on an existing site rather than to sign a sublease. The sublease opens all types of risk and the license to practice is just that, a license to the practice within and on the grounds of an existing facility, in this case a gym.

I think the future of private practice is bright but there will be many challenges. Maximizing your education and selling that to MDs will ensure that MDs see us as colleagues and not servants. Running excellent cash flow measures for startup and for process is extremely important. So is keeping debt to a minimum or not having any at all. Lastly, follow your heart...but make sure your brain is nearby.

This is my story.

Dr. Patrick Myers PT, DPT, MS, OCS, COMT