

## Summary of Key Points from AGM Session on Setting up or Expanding Your Practice

*Topic: Setting up or expanding your practice*

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### Summary of Key Points

The ICGP planned this AGM session to support their GP members in the business aspects of their practice. The aim was to give practical advice and tips regarding setting up or expanding your practice, which it did very well. This session highlighted the importance of in-depth planning, foresight and good financial management relating to set-up and expansion. Most GPs had no formal training in this area, or in the business of general practice, prior to becoming GPs, although elements are included on specialist training schemes. It was a popular session, with very good feedback from those who attended on the quality and variety of content in presentations from each the four speakers.

### Dr Jim Holden: Planning in the Early Stages of Set Up

Dr Holden recently became established as a GP in Dublin city. He discussed a variety of issues involved in planning to set up a general practice in Ireland.

#### To Set Up or Not and Location

Dr Holden advised spending plenty of time considering your options regarding a set-up in general practice. He emphasised the importance of looking at the demographics of the areas you are considering working in - the population profile, what level of medical and paramedical services currently exist, what services are planned in the future. He advised speaking to your local HSE Transformation Development Officer regarding future plans for that area, including primary care teams and other HSE service provisions and plans. He also advised considering the local competition and ease of access of patients to a GP, as well as which extra services you could offer, all of which could help decide how likely you are to be able to make a good living from a given area. You could also consider placing an advert locally to say you are looking for a practice, in case a suitable premises or practice may be available that you may not have known about otherwise.

#### Planning and Funding

It is important to devote a lot of time to appropriate planning regarding all aspects of a set-up. The business aspect of general practice should be treated as a separate activity to the actual practice of seeing patients. This is especially important when planning a set-up or expansion. Anyone considering such a move should have a carefully thought out business plan, one which can confidently be used to approach lenders to secure the finance required for such a move. You should also have a personal finances plan, and pay particular attention to cashflow, potential financial strains and the management of future financial needs.

#### Business Plan

Banks and lending institutions will give preference and more flexibility to those who have a well-presented business plan and who are therefore more likely to be able to manage their finances well through a new business set-up. A good business plan should include a statement of the nature of the business and detailed plan for development, along with projected set-up costs, and a projected income and expenditure plan for years 1-3. It is highly advisable to regularly compare actual outcomes with the original plan in the early years of business to see how your projections are going.

## Dr Marie O'Brien: Implementation

Dr O'Brien set up her practice in Galway with a colleague three years ago. She spoke of the main factors to consider regarding premises, equipment, staff and marketing.

### Premises

Location is vital and the ground floor is essential, especially for a first-time set-up so people can find you. Ensure adequate parking facilities are provided, and that there will be sufficient parking for when you get busier also. Cost is the biggest factor in making a decision regarding a purchase, conversion, or purpose build. Dr O'Brien urged caution regarding developer and builder costs as the price can seem much higher for doctor clients. If you can have a non-medical do the bargaining for costs of premises, it may help. She pointed out that she received excellent help and advice from the ICGP about many aspects of the set-up.

### Equipment

Ensure you source durable equipment and furniture but be cautious if using medical suppliers for non-medical furniture as it costs much more. Kitchen suppliers provide good furniture at a fraction of the cost. Having a theme colour is a cheap way to enhance the décor. Dr O'Brien advised however of the importance of not cutting corners on medical equipment and some office equipment (ask the staff what works best and most efficiently, e.g. phones, copier, dictaphone types, etc., especially for items you are not as familiar with). She estimates that equipping two consulting rooms cost them in the region of €70,000-80,000 for medical equipment, and that it was worth spending extra money on some items, e.g. a hydraulic couch, autoclave, ECG, 24-hour bp monitor. The only help they got from the HSE with set-up costs was for a fridge for childhood vaccines. They leased computer hardware and some software over three years to free up capital.

### Staff

A good office manager is essential, and can save you lots of time and money on accounting, maintaining spreadsheets, supplies, etc. Medical experience is not essential, particularly with a first-time set-up, where you have time to explain how you want the job done, and can ensure that new staff follow your protocols. Dr O'Brien advised that part-timers, particularly those with lots of experience, can be a great help and may be less likely to be phased by patient demands than very young or inexperienced staff. Personality is very important, as is the ability of staff to have held down long-term jobs rather than merely having a very fragmented experience section on their CV. She said they found the FAS website ([www.fas.ie](http://www.fas.ie)) a great source of good staff and it was free to use. She advised caution on employing on friend's recommendations and suggested spending plenty of time on shortlisting (phone interviews can help). She found the ICGP website a good source for sample staff contracts. Locum GP costs can of course be kept low when there are two partners who will provide cross cover.

### Marketing

A large sign is important as soon as you set up so patients can find you easily. Planning permission should be sought in advance, although delegates present said that procedures regarding complaints of lack of planning permission can take months to be addressed, resulting in the possible removal of an unapproved sign at a later point. A practice website is a very useful source of advice as well as a means of being found. Inclusion and updating details on the Find a GP section of the ICGP website also helps ([www.icgp.ie/findagp](http://www.icgp.ie/findagp)). Ensure your practice is included on all local directories. Consider writing to local businesses (crèches, hotels, factories, etc.) to inform them of the new practice, as well as availing of opportunities such as sponsoring a local newsletter. Inform banks and insurance companies about the surgery, as they may require your services for medical exams, etc.

## Lessons Learnt/Advice

Dr O'Brien advised GPs to plan big, but prepare for lean years. She recommended partnership as a great set-up option based on their experience as it reduces the burden, loneliness, locum costs and set-up costs, which are all shared. The profits of a joint set-up are also shared so a second income source is necessary for GPs in the initial phases of such a set-up. She advised ensuring you have lots of parking spaces for patients. She had a GP mentor who was a great source of advice at all stages, as was the ICGP. She expressed caution about committing to large build/purchase costs until you are certain it will fulfil your long-term needs.

## Dr Mark Rowe: Expanding your Practice

Dr Rowe has plenty of experience expanding his practice premises. He gave us a run-through of his progress to date, beginning with the trauma of finding his rented GP surgery burnt out one morning in 2000. He and his practice partner Dr Ita Creavin found a nearby stopgap premises immediately, without needing to close the business, then set about planning to build a new practice premises in the same area. This was done the following year, in just 18 weeks.

This was a custom built GP facility of 4,000 square feet with about 12 consulting rooms. Shortly afterwards, the primary care strategy was launched. This was a real game changer according to Dr Rowe as it highlighted the need for primary care teams in the community working alongside general practice. This meant they would need to move again. After much planning and design, they converted the old presentation convent site in the city into a primary care centre. The original building is a protected structure of national importance that has been part of Waterford's fabric since the mid-19th Century having been designed by [AWN Pugin](#), the Gothic architect largely credited for designing Big Ben and the Houses of Parliament at Westminster.

In 2009, the building was developed into Waterford Health Park. The building's existing features were conserved while additional space was created through the addition of new wings using the latest in sustainable technologies to create a healthy and eco-friendly building, using solar energy and reusing captured rainwater. The new primary care centre spans 30,000 square feet and accommodates general practice, the primary care team, consultant suites, a day theatre, a pharmacy, a café, conference/educational facilities and on-site car parking.

## The Design

Dr Rowe spoke about the inspiration for this design being the Bromley By Bow Centre in London, which he had visited in 2003 and who firmly emphasise a positive healthcare experience for their patients. Ground floor premises were essential, along with a community-based practice, accessible to all by car or on foot, with plenty of free car parking. Some ideas from the Healthy Living centres in the UK were integrated into the design and ethos of the new practice. Features include multiple discrete waiting areas, with high-back booths for privacy, a large entrance atrium also used as an event/concert space, and a 'healing garden' where patients and staff can relax or interact socially.

## The Build

Building to this scale is an ambitious project. You need to have an excellent team involved. It can be done by GPs without corporate backing, provided there is good confidence and managerial capacity from within, along with the desire and ability to be involved at every step of the development. You need to know your finances well and have a partnership with your banking institution. Dr Rowe advised building your new surgery twice as big as the size you think to accommodate growing ancillary services and the expansion of the primary care team.

## **Personal Level**

Dr Rowe advised that we are all highly competent and capable professionals, who can maximise our confidence and courage to achieve the work environment we can be happy in and proud of. He advised self care to get the balance right - look after your own health and take the time to exercise. He also suggested that the days of single-handed practice are numbered so you need to plan for the future with this in mind, and also take into account quality and regulatory standards which are likely to be imposed on us by HIQA in time to come.

## **Mr James Buckley (Integrus): Premises - Key Aspects of Project Management**

Mr Buckley gave us a very useful overview of the business and planning side of setting up or expanding a practice. He advised on the benefits of engaging a good project manager, who is of course more experienced in developing GP facilities than you are, to advise you on every aspect of the development. He was involved in helping to project manage the Living Health centre in Mitchelstown (GP-led), among others.

## **GP versus Developer-Led**

When the GP leads the project, they take the risk and grief of the project on their shoulders, but also stand to reap the rewards at a higher level than if they hand over responsibility to corporate entities. In these cases, the GP must be in a position to come up with equity for the development - gone are the days when you could borrow 100% of the costs from the banks. This option leads to retaining ownership, with greater control and satisfaction, but at the cost of time, energy and financial commitment. It should be viewed as a long-term asset. If the balance is right between profit and community focus, this will lead to an enhanced working environment.

On the other hand, if the GP enlists a developer to lead the project, this removes a lot of the financial and organisational burden as the developer funds and plans most of the project. This of course results in less hassle and risk, but also less profit for the GP as well as less control of some aspects. However, the GP is pivotal to the development; they are the catalyst without which it cannot proceed. Developers will offer discounted rent to GPs or sell units at a significant discount. This is a very business-orientated profit-based model. Good project management is essential for either option.

## **Strategic Phase**

A shareholder's agreement is fundamental - the GPs need to be clear on this and sort all practice issues in advance of the development. To lease or buy is a big decision and one of personal choice. Irish people have a strong desire to own property. Commitment is long-term in both models where the HSE are part of the scheme due to long lease lock-in. Consider potential tenants: the HSE are the strongest tenants in Ireland with secure rents, also consider a pharmacy, consultant suites, a café, and a range of complementary activities depending on the scale of the project. Aim to get a letter of offer/commitment from the HSE prior to proceeding. Regarding size: Mr Buckley also advises GPs to aim big and ensure you don't run out of rooms or parking when you get busy. Changing or expanding later is expensive so invest plenty of time in planning at the initial stages. Funding is critical - BOI and AIB have dedicated units. It is a good idea to shop around. Location is of course very important, unless every GP in the area is included, in which case, competition is not an issue and location is less important.

## **Planning Permission**

Buy or invest in land that is zoned appropriately, as zoning issues can be very difficult. Planning authorities are quiet at the moment so the planning process can be quicker than before, but you still need to allow plenty of time. Once your plans are finalised and submitted, third parties have five weeks to lodge observations and the local authority must respond (grant, refuse or provide further information) within

eight weeks. If granted, another four weeks are allowed for objections to An Bord Pleanala (ABP). Local pharmacies are among the most common sources of objections. In general, only parties who lodge an objection or an applicant can appeal to ABP. The ABP process has shortened to approx 4-6 months.

### **Some Numbers**

- Build costs vary, but may average at €125/square foot + VAT + site etc.
- Conversion ranges from €50 + per square foot (approx €250/sq ft to buy).
- Allow 1000 square foot of space per GP (includes nurse, waiting area etc).
- Allow 6 parking spaces per consulting room according to planning guidelines.
- HSE pay approx €15.50 - €18.00 per square foot + VAT + charges.
- Pharmacies can pay in the region of €50-100 per square foot per annum if well located.
- Equity required is in the region of 20% of the cost (not of the value any longer).

### *Acknowledgements*

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