

START A PRIVATE PRACTICE – Our series for doctors embarking on the independent journey

Make the leap away from Covid captivity

The impact of Covid-19 will be felt for some time to come, so for those starting out in private practice – or needing a review – it will be a tougher environment in these changed times. **Ian Tongue** prescribes ten financial considerations for success

AT THE same time as trying to establish your business, there will be more competition than usual due to established consultants rebuilding their practices.

In no particular order, here are the 'must haves' your business needs to succeed:

1 Secretary
A key factor for success is engaging the services of a high-quality secretary. Often a consultant will gravitate towards their NHS secretary, but the role is different, as you need someone who can help run the finances by ensuring all work is billed and chased for payment in addition to their secretarial duties.

If that is your NHS secretary, then great. The relationship will already be established and you should be able to hit the ground running.

You will need to decide whether they become an employee of your business or whether they are self-employed for these services. It is common for the secretary to be self-employed, but some prefer the security and lower hassle of being employed.

This is not a choice between status; the agreement between you will determine the secretary's employment status. It is always a good idea to discuss this with your accountant before committing.

2 Accountant
Employing the services of an accountant who understands the medical profession should prove invaluable.

A general accountant is unlikely to understand the nuances of the medical profession and how the

Covid-19 situation will affect the market.

Working with your accountant before you commence is ideal and you should look to build a long-term relationship with them, receiving advice at the different stages of your career right through to retirement.

3 Marketing
Depending on your specialty, you may have to incur significant amounts of costs in marketing yourself and your business.

Almost all consultants engaging in private practice must have a quality website. And do not underestimate the power of social media when it comes to the private medical sector.

If you get admitting rights at a private hospital, it will often have a team looking after consultants who will help you with marketing. After all, they have a vested interest in your success.

4 Pricing
Clearly, the insurance market forms a substantial part of the private medical sector and you will need to register with the various insurers.

They have tariff rates for procedures and, as a new consultant, it is unlikely that you can negotiate something different.

However, with the impact of Covid-19, it is anticipated that fewer procedures can be carried out in any given time and therefore it is anticipated that pricing will need to change, otherwise many will have to focus on the self-pay market.

The self-pay market is usually

more profitable and pricing more flexible. Always consider how you take payment in this market, as you do not want to end up doing work for free by incurring bad debts.

Do not assume that everyone seeing you will pay you after the work is carried out. It is always best to take payment up front for those self-paying.

It may be tempting to discuss pricing with colleagues, but be very careful, as the Competition and Markets Authority has been circling over the medical sector for some time and has punished businesses where its believes uncompetitive practices have been taking place.

5 Trading structure
Engaging a specialist accountant should give you access to advice you need on the most tax-efficient trading structure. You may start out as one structure and then change to another later; for example, starting out as self-employed and then changing to a limited company.

There can be significant savings for one structure over another and considerations such as pensions and your spouse's tax position play a significant part in this decision-making. Also, your longer-term financial goals and requirements for income are considered as part of this decision.

6 Diversify
We have seen from the impact of Covid-19 that work such as compiling medico-legal reports has been less affected by the virus. Specialties with clinical and non-clinical work help provide a more consistent income source in times of uncertainty as well as when you are building your private practice.

7 Planning
Having a clear plan from the outset can be especially important for ensuring that you take the right path for your career and maximise the return from your efforts.

Some consultants draft a business plan when they start out, but in most cases, something less formal is fine. Establish the direction of travel for your private work from the outset and structure your business needs around this.

8 Accounting system
When running a business, you are required by HM Revenue and Customs to keep adequate accounting records. From an accountancy perspective, this can

be a simple spreadsheet, but it is common to invest in electronic practice management packages which can also help manage the day-to-day finances.

There are several packages on the market to consider. All provide demonstrations for you to look at. Your secretary may have experience of one package over another, which can provide an advantage when choosing.

9 Colleagues
Speaking to helpful colleagues can provide invaluable information when establishing your private practice, as they will have a current insight into the private practice landscape you are operating in.

They will have their own experiences to draw on and, no doubt, can provide some helpful dos and don'ts.

10 Three 'A's
The adage of 'ability, availability and affability' is extremely important to any private medical practice.

The private medical sector requires you to run a business and you cannot always rely on your medical reputation to draw work in.

While not exhaustive, the above points cover several key areas to consider for the establishment and development of a successful private practice.

The current landscape will provide additional challenges and therefore you will need to adapt. Speak to your accountant regularly to keep things on the right track financially. ■

Ian Tongue (right) is a partner with of Sandison Easson chartered accountants



PRACTICE SUCCESS

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