

## STARTING A PRIVATE PRACTICE: GROUPS

# Secret of forming a 'star' chamber

Trading as a group has always been popular among certain specialties, but with the onset of clinical commissioning groups (CCGs), there is renewed interest in working together. **Ian Tongue** explores the common problem areas and provides useful tips to keep the group on track



- Retention of own, existing private practice;
- Differing levels of partners' private practice;
- Establishing the ground rules;
- Clash of personalities;
- The size of the group;
- No time for discussion.

## Financial considerations

If the group is more than a cost-sharing arrangement, it will need to decide on its preferred method of trading.

The most common choice historically for groups has been the limited liability partnership (LLP). However, a limited company or combination of the two may be appropriate, depending on the circumstances.

It is vital that the group seeks the advice of an accountant to ensure that the structure adopted works for its members.

Once the structure is decided, some key issues need to be agreed (see box on the right – and the 'Keep it legal' feature on page 34 of last month's edition).

## Key for success

### Assign roles

Assigning roles in the group is pretty much essential. Outside of your clinical expertise, there will inevitably be skills that one member has over another and it is important to recognise this.

The group will need to make individual members responsible for key areas such as clinical, finance, regulatory and contract negotiation, to name just a few.

### Ensure everyone on board

If there is a lack of commitment from any members, this will inevitably increase the difficulty of making the group a success. It is often better to upset someone by excluding them from the arrangement than to give them any scope to affect its success.

## Develop a business plan and model

It is always a good idea to have a formal plan of action. It does not need to be a literary masterpiece; quality over quantity will keep things manageable.

The plan should aim to cover the following:

- Identify and describe the opportunities and threats;
- Discuss how contracts will be won and how the group will market itself;
- Assign roles to the team and discuss the logistics of working together;
- Prepare financial projections.

Your accountant should be able to assist you with various aspects of the business plan.

## Seek a financial commitment

Often, the stage when a financial commitment is required from members can be the last area where prospective members drop out. Speak with your accountant and have them review your business model to assist in calculating how much start-up capital is needed from members.

## Members agreement

Being in a financial arrangement requires a comprehensive 'rule book' to determine its operations and provide prescriptive guidance on key areas. (See 'Play by the rules' on p38 of our May edition).

It is often the case that individuals forming groups are both friends and colleagues which makes it vital to have a comprehensive agreement to avoid those relationships souring later on.

For an LLP arrangement, the agreement is known as a 'members agreement' and for a company, this is a 'shareholder agreement'.

It is vital that an agreement is in place to avoid issues later on and most firms of solicitors should be able to assist you. It is often worth-

while asking you accountant for a recommendation in this area, as engaging a solicitor with experience of these types of arrangement can speed things up and save money.

The road to success with a group can be a bumpy one, but if the members are committed, organised and devote enough time to it, the arrangement can be a great success.

**Next issue: How to be first off the blocks when starting out**

## WHAT YOUR GROUP NEEDS TO AGREE ON

Once the structure is decided, the following needs to be agreed:

- How will we share profit? e.g. volume, contribution or some other method
- What financial contribution per member is required?
- Who will be responsible for arranging banking facilities?
- Do we need to acquire or lease premises?
- Do we need to purchase any equipment or assets?
- Do we need to employ any staff?
- How will the group build goodwill and what is the exit route for members?

*Ian Tongue is a partner at Sandison Easson & Co, specialist medical chartered accountants*

Anaesthesia & Pain  
Critical Care  
Dermatology  
General Practice  
Plastic Surgery  
Radiology  
Trauma & Orthopaedics

Centre de Congrès  
Val d'Isère  
January 28-31  
2013

Multidisciplinary International meeting  
Lectures | Workshops | Joint and satellite sessions  
Guest speakers | Short paper competition  
CPD approved

www.doctorsupdates.com

doctorsupdates™

THE NATURE of groups can vary significantly, with some operating as simple cost-sharing chambers and others sharing both costs and income, which represents significantly more commitment to each other.

The key reasons for coming together include the following:

- Economies of scale;
- Spread workload and risk;
- Provide additional security and cover;
- Bid for major contracts – from clinical commissioning groups, for example;
- Provide flexibility;
- Greater power with insurers.

The most common specialties operating as groups are surgeons – plastic, orthopaedic, ophthalmic and ENT – anaesthetists, radiologists and pathologists.

## Key considerations

Forming a group can take months and, in some cases, years depending on the objectives and commitment of the members.

It is vital that the group has clear objectives for its formation, other-

wise it will not be an effective tool for its members. During the discussion stages of consultants coming together, it is vital that the nature of the group and its objectives are defined from the start.

The members of the group must be committed or excluded from the arrangement. It is often the case for groups to become smaller as the discussions progress, as individuals often decide that they do not want to be involved.

Sometimes the initial interest shown is curiosity and not wanting to be left out, with numbers eventually thinning to reveal the founder members.

In order for any group to be successful, it must have clear objectives, high commitment and, finally, time and money from its members.

## Problem areas

There are many barriers along the way to overcome, particularly if the group will overlap or include its members' existing private practice.

Some common obstacles are:

Information for Care. Everywhere.

Advanced  
Health & Care

Need to streamline your processes?  
Crossscore is the solution

Crossscore is a proven private practice software system which helps to improve workflows and keep track of patient records and treatments.

Main features include:

- A multi-location appointments system (local or hosted solution)
- Full clinical system with tailored clinical data entry windows, forms and templates
- Prescribing with drug interactions, contra-indications and warnings
- Paperless TDL, LC and HCA test ordering and results
- Advanced reporting & auditing suite
- Pharmacy module with dispensing & stock control
- Accounting with Sales & Purchase ledger for maintaining practice accounts

To find out more contact us on 01233 722670

The Advanced Health & Care suite of products includes: Adastra, Adastra 111, Advanced Community, CareSys, Crossscore, eFinancials, Smart Business Suite, iConnect, iNurse, Saturn & StaffPlan.

Unit 4 Eurogate Business Park | Ashford | Kent | TN24 8SB  
t: +44 (0)1233 722 700 f: +44 (0)1233 722 701  
e: ahcmktg@advancedcomputersoftware.com www.advancedcomputersoftware.com/ahc