Transition planning for your physical therapy practice: Are you ready to retire? Is your practice?

December 22, 2013

With the calendar year coming to a close, many private practice owners are preparing for 2014. What about the longer term? Have you considered what will happen to your practice when you decide to retire?

PTPN recently surveyed the therapist owners of its member practices about their thoughts and experiences regarding transitions plans for their practices. Here's some of what we found:

The responders agreed: When asked how much advance planning is needed before transitioning out of a practice, the majority thought at least 1-2 years was needed and many went beyond that:

- 1-2 years: 39%
- 3-4 years: 21%
- More than 4 years: 34%

A whopping 95% of our responders are planning to sell their practice when they retire, rather than closing its doors, but not nearly that many have some type of succession or retirement plan in place. And owners were split about how they view new hires for their practice: Roughly half hire new physical therapists with the consideration that they could take over the practice upon the owner's retirement.

So what does this mean for you, the therapist owner of a private practice? First and foremost, as a business owner, you need a plan. PTPN members can log in for our Practice Transition FAQs to help decide not just whether to sell, but whether to stay in some type of capacity, like as an advisor or part-time clinician. You'll also need to determine whether to sell to existing employees or to an outside therapist or company. If you're thinking of selling within your practice, consider building incentives toward ownership into your employee contracts; physical therapist – and lawyer – Paul Welk suggests several ways to incentivize current employees in this article for ADVANCE for Physical Therapy and Rehab Medicine.

As with any major business transaction, there are many issues that can crop up when selling your clinic. Our FAQs take you through some of the common problems therapists face when transitioning a practice and how best to deal with such issues. PTPN members can access our Practice Transition FAQs by logging in at www.ptpn.com/provider/index.php and clicking on "Provider Tools," then "Practice Exchange."

As you make your succession plan, it may help to involve experts. One example is PTPN Preferred Vendor HCS Consulting, which works with practice owners on creating business plans, from practice creation through transition planning. The experience of consultants like HCS can help a practice owner make the best decisions regarding growing, managing or exiting his or her practice. And PTPN members get a discount on HCS services, among many others. For details, log on to our members...
only section at www.ptpn.com/provider/index.php. Members also have access to PTPN's own experts like PTPN President and private practice owner Michael Weinper, PT, DPT, MPH, for free "consulting on demand" on practice transition planning, as well as many other management topics.

And, finally, for PTPN members, when you're ready to sell, consider PTPN's Practice Exchange. It's a good way to find fellow physical therapists – with similar quality standards for their clinical practice – who may be looking to expand their practice in your area. If you're a therapist owner (or aspiring owner) who's not a member of PTPN, access the PTPN Practice Exchange when you're thinking of expanding by buying other private practitioners' offices.

For further information:

The smart search: How to hire the right staff for your practice. PTPN, December 22, 2012.

Welk, Paul. Succession planning, ADVANCE for Physical Therapy and Rehab Medicine, June 18, 2009.