

# Value Improvement Benchmarking Advice ('viba')

## Case Study: A clear pathway to practice success; AND to retiring financially secure

### Background Information

Our client is AAA medical practice ('AAA'). AAA has 4 Principal (owner) Doctors (including our client, John), 2 Contracting Doctors, 2 nurses and 3 support staff. John contacted us concerned with the following issues:-

- Declining **practice productivity and performance**;
- No **shared vision** between Doctors and the practices' medical services team for the future of the practice; and
- **Informal succession plan** that does not address how to transition the practice from 'personal' goodwill to 'practice' goodwill.

We had mainly worked with John and Michelle, AAA's practice manager to complete AAA's accounting and tax returns but as a result of our GPs viba accreditation we were able to offer AAA's Principal Doctors 3 client advisory services packages over a 2 year engagement period.

1. **Current Practice** package
2. **Improved Practice** package
3. **Succession Practice** package

The purpose of our case study is to highlight how our world class viba process will help you **retire financially secure** by transitioning your business from 'personal' goodwill to 'practice' goodwill.



### 1. Current Practice Package

We started with an assessment of all practising Doctors (Principal/Contracting) **key concerns** and **future needs**. We visited each Doctor at their personal homes (after hours) and completed our GPs needs review questionnaire with them and their respective relationship partners. The **reliance on the practice as the major source of income and wealth** for all Doctors was identified as the most 'common' and 'top' concern, with an '**ACT NOW**' timeline.

<b>One issue identified:</b>	Reliance on practice
<b>Our viba solution:</b>	Value Gap Analysis Consultation
<b>Owner and practice benefit:</b>	Engaged Principal and Contracting Doctors to grow the practice

By completing a value gap analysis consultation with each Doctor we were able to provide them with detailed information in relation to their personal **value gap risk** and for the Principal Doctors **how long, in terms of years**, they would have to work before they **could afford to retire** based on the practises' current profit level and future profit growth rates.

### 2. Improved Practice Package

Having better understood their personal **value gap risk** all Doctors agreed to participate in a **½ day 'off site' practice improvement workshop** conducted over a weekend to ensure practice operating hours were not disrupted. Michelle and selected members of the medical services team were also invited so the practice could establish a shared vision centred on '**creating and building patient value**'.

We segmented our practice improvement workshop into 3 sessions; one for Doctors only, one for Doctors and Michelle and then all Doctors and staff. Each Doctor and medical services team members were provided with our **GPs Risk and Value Driver Assessment** which they completed during the workshop. We facilitated the workshop and produced AAA's SWOT Report, an extract is provided below.

To learn more about our GP viba advisory process you can contact us on:-

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## AAA's Improved Practice SWOT Report

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Practice appeal</li> <li>Reputation of founding Doctors</li> <li>Relationships with other allied health professionals</li> <li>Location - high net worth catchment</li> </ul>	<ul style="list-style-type: none"> <li>Below average patient benchmark performance</li> <li>Restrictions - expanding consultation facilities</li> <li>No marketing plan</li> <li>Unstructured training and PD program</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Survey patients to identify new services opportunities</li> <li>Upgrade clinical and practice management software</li> <li>Develop 'patient loyalty club'</li> <li>On-line booking system</li> <li>Expand role of the Nurse Practitioners</li> </ul>	<ul style="list-style-type: none"> <li>Reliance on John and Helen, the founding Doctors</li> <li>Unequitable sharing of services/workload</li> <li>Out of date Principal/Contracting Doctors agreements</li> <li>Availability of Locums in family holiday periods</li> </ul>

<b>One issue identified:</b>	Below industry average <b>patient</b> benchmark performance
<b>Our viba solution:</b>	Provide a comparison of AAA's patient benchmarks ( <b>quantitative</b> and <b>qualitative</b> ) to our Knowledge Bank GP industry average and benchmark information (\$ and %TPF)
<b>Owner and practice benefit:</b>	Improved patient loyalty, more productive and profitable practice

Our Knowledge Bank GP industry benchmarking functionality allows us to benchmark our GP clients businesses to industry top performers. We provided Michelle with our GPs Standard Chart of Accounts and we were able to export the practices' benchmarking data directly into the Knowledge Bank to produce real time, accurate quarterly performance benchmark reports. As a result of the provision of this benchmarking information all Doctors and the medical services team became more focussed on improving patient benchmarks which resulted in AAA exceeding the industry average within 6 months from the provision of our information.

### 3. Succession Practice Package

Being part of the 'viba' network enables us to obtain research information on what 'industry consolidators' are looking for when buying GP practices including any amount for 'practice' goodwill. We included this information in our business valuation materials and we received approval from AAA's Principal Doctors **to value their practice to determine a goodwill amount** and then benchmark AAA's business cap rate and value to the industry.

<b>One issue identified:</b>	Limited 'practice' goodwill value
<b>Our viba solution:</b>	Business Life Plan
<b>Owner and practice benefit:</b>	Transition practice from 'personal' to 'practice' goodwill within 3 years

Our relatively low assessment of goodwill provided the **reality check** needed to align the future growth, improvement, valuation, succession and asset protection aspirations of all AAA's Principal Doctors. We encouraged the Principal Doctors to then complete a Business Life Plan. A key action plan was to implement a practice performance program that reward Doctors for improving their **productivity and the Doctors/medical services team to improve patient benchmarks**, a major step towards creating 'practice' goodwill.

We were invited to sit on AAA's board of advice to ensure their Business Life Plan goals were implemented and their 3 year plan of being able **to retire financially secure is achieved**.

### Contact Us

We are part of an independent network of accredited Value Improvement Business Advisers specialising in providing growth, improvement, succession and estate planning advisory services to Doctors in private practice.

To learn more about our GP viba advisory process you can contact us on:-

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