



Paul E. Okamoto, D.C.



Paul E. Okamoto, D.C.
Portland, OR

Back Talk

To Associate or Not
(The second installment of this series)

When a person graduates from chiropractic college, the whole world looks bright and the future looks promising. However, one of the looming questions on the horizon after passing the boards is whether to associate or not. In this article, I would like to discuss the pros and cons of three options - - associate-ship, starting out from scratch, or purchasing a practice. I have been in all three situations, so I would like to share my experiences and observations.

When a person starts out on his/her own, the primary concern is how to obtain raw material in the form of new patients and continue the process. For a medical doctor, it can simply be a matter of hanging out the shingle. However, for any chiropractor in a new community, significant thought and effort must be instituted. Just putting out a sign will not draw patients to your door. The typical rule of thumb is that the larger the community, the more difficult it will be to get your name out and the more effort will be required to obtain new patients. Of course, the upside is that after the practice is up and going, there is a larger pool of patients to attract.

Other needs to initially be considered are a business loan, rental space, office layout, equipment purchase versus lease, advertising, work hours, etc. Additionally, there are many other things that must be addressed on an ongoing basis, i.e., overhead, staff, marketing, insurance relations, third-party suits (*including reports and expert witness testimony*). Thus, a doctor must wear two hats -- the clinical hat and the business hat. Although chiropractic schools do an excellent job teaching clinical skills, unfortunately most of the business aspects are not taught. This can lead to dire circumstances and a starvation period, which can seem like the wilderness experience that the Jews went through on their way to the Promised Land. Even if the doctor has excellent clinical skills but is lacking in business know-how, the practice can fail. A doctor can learn the business aspect primarily in one of two ways - either through associateship or by hiring a practice management firm.

The primary benefit of associateship is to see and learn what to do to have a successful practice by working side by side with the head doctor on a day-by-day basis. Benefits can include treating patients with chronic or permanent conditions, which the junior doctor might have book knowledge, but limited clinical experience.

Additionally, everyday business aspects become part of the new graduate's understanding -- learning how to schedule appointments; giving treatment recommendations; responding to a patient's comments and questions; using ICD9 diagnostic codes; accepting managed care and preferred provider organizations; accepting assignment for Medicare or not; handling peculiarities of billing different types of insurance; fighting insurance adjusters for payment; determining permanent impairment versus disability; writing attorney reports; testifying in court; determining when and whom to hire for supportive staff, advertising, etc.

continued page 2,



**THE
CHRISTIAN
CHIROPRACTORS
ASSOCIATION**

2550 Stover, B-102
Fort Collins, Colorado
80525-4642

1-800-999-1970
(970) 482-1404
Fax (970) 482-1538
Web Site: www.christianchiropractors.org

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Back Talk, continued,

If the new graduate has decided to start a practice and hire a practice management firm, the business skills can be learned. However, there is a very steep learning curve that must be attained while trying to build the practice at the same time. It is not impossible, but is quite difficult and challenging.

The upside of having one's own practice is that the financial rewards are greater. Yet owning one's practice has numerous associated headaches, including long hours and stress, which goes well beyond the office walls and hours. If a person has previously owned a business before going to chiropractic college, the chances to succeed are better, as much of the business management knowledge and skills can be carried over into the chiropractic practice.

The third option is the purchase of an existing practice. There are four important factors in a practice purchase. The first is that the new doctor needs to have purchased capital, which is commonly not the case with those who have just graduated.

The second factor involves training and transition time. The head doctor must agree to stay for a period of time for training and transition. My recommendation for the time frame depends upon the prior business experience of the new doctor. The more experience that the new doctor has in owning a business, the less time that is needed. If that doctor has prior business experience, a three to six month transition is sufficient. If there is no prior business experience, I would recommend a period of one to two years.

The third factor is to maintain continuity in the transition. It is best during the practice transition to keep the same staff and stay in the same location. If the new doctor decides to change staff or location shortly after the transition, patients will consider going somewhere else. The fewer changes that existing patients experience in the transition, the greater the likelihood that they will stay. Try to make as little changes as possible for at least six months after practice acquisition.

The last factor involves non-competition. There should be a non-compete clause within the purchase agreement that would state that the head doctor would not open a new practice within a certain distance and within a specific time period. Typically, a non-compete clause would be for two to three years. The distance agreed upon is typically dictated by the size of the community -- the larger the city, the smaller the distance.

I would like to share my experience. When I graduated from chiropractic college, I decided to start out on my own. Like many new graduates, I had no previous business experience but had excitement and zeal about chiropractic. Early on, I frequently went to Parker seminars. What I found was that each time I went, the practice would take off but would then slowly slide back downhill. In order for the practice to gain ground, I would need to go to another seminar. Initially, I went through this roller coaster experience for

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continued on page 6,

Back Talk, concluded,

years. Additionally, I made many clinical and business mistakes. There is a reason why it is called "practice." I then joined a management firm and became more grounded in what needed to be done to attract new patients, keep patients, and maintain the business side. After six years, I then sold my practice, intending to go to Bible school thinking that I was called to go into missions.

I moved to Alaska and there met Dr. Cecil McLeod. For two years, we had lunch once every week or two. Eventually I joined his practice as an associate, and later realized that I was called to be a chiropractor and support missions, rather than to become a missionary. I initially went into this associateship relationship rather naively, assuming his kindness and generosity were the norm. I cannot overstate the benefit of what I learned in clinical skills, business ethics, and Christian integrity from working side by side with this godly man for seven years. Only after speaking with others who had been involved in associate relationships in other practices did I find out that the vast majority of them ended in hurt feelings, bitterness, and even lawsuits. How blessed I was!

My family and I then moved to Portland, Oregon. I wanted to be near a chiropractic college to feed into new graduates to help them become successful in this great healing art. It was there that I bought a small practice with equipment, two staff members, and a patient base. I had the selling doctors stay three months to help in the transition of patients.

While in Portland, I have had a number of associates work for me throughout the years. I have come to realize the struggles of being the head doctor in an associate relationship. Just as a person who becomes a parent and only then gains greater appreciation for his/her parents, these experiences have made me even more thankful for Dr. McLeod's patience and understanding with me. I often tell new doctors that an associate relationship is just like a marriage. The relationship must be harmonious, and doctors must have a considerable understanding and giving attitude toward each other.

My recommendation for the majority of new graduates is be an associate for 2-5 years to learn the ropes while, at the same time, earning a steady living. An associateship in the chiropractic practice is very similar to an apprenticeship or hospital residency. A person learns the skills necessary in that job opportunity to succeed. There is also much to be said about the associate doctor who can collect a paycheck and leave any practice or business concerns at the door each day. Once a doctor feels that he/she has learned enough to be out on his/her own and has accumulated a nest egg, leaving the practice might be the right thing to do. However, in order to avoid strife in the relationship with the head doctor, it is best to either buy the patients from the head doctor (which should have been determined in the associate agreement) or to move to a different city.

I should also state something about an associate contract. It is easy to have unrealistic Christian expectations in life. We must always keep in mind that all humans are fallen beings. Since this is a business, common business sense should dictate our expectations and decisions. It is essential to have a written contract between the doctors that can be agreed upon by both sides and can address potential conflicts. There are basically two important factors that must be in any associate agreement. For the associate, it is how the salary is determined. For the head doctor, it is what happens when the associate decides to leave the practice. Having only a verbal agreement is a plan for misunderstanding and discord.

One word of caution about associateships. The vast majority of associate offers are looking for someone who must build a practice within a practice. In this type of agreement, unless the base pay is sufficient to maintain one's existence, there will surely be a starvation period. The best type of associateship relationship to look for is the one in which there are sufficient new patients and the junior doctor will be given patients from the practice, rather than to try and find his/her own. As a result, any new patient that the associate doctor brings in is just icing on the cake. Have a blessed day!

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Dr. Paul E. Okamoto is a 1974 graduate of Palmer Chiropractic College and has been a member of the CCA since 1977. His practice, the Master's Touch Chiropractic Clinic, is located in Portland, OR.