

A Guide on How to Start an Optometry Clinic for an Optometrist

*Get a good team of advisors behind you -
Get yourself two or more advisors who
are committed to helping you succeed
and to avoid common rookie mistakes*

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So you've just completed grad school, and you are looking forward to starting your [private optometry practice](#). However, with the rapidly fluctuating landscape of the healthcare system, coupled with the constant pressure placed on eye care providers, modern-day optometrists are finding it increasingly hard to start and maintain their successful practice. That said, one can still overcome these challenges and operate a successful private [optometry practice](#) even in this day and age.

What level of business expertise is needed to open a [private optometry clinic](#)?

Most private optometry practices are opened by ODs with very little to no business understanding at all, and yet they've become very successful in the long run. That's probably because they were able to follow one of the most basic rules in business, which is to keep positive cash flow. This means that there should be more money coming into the business than money coming out, and the biggest mistake that any business owner can make is to allow money to bleed out of their business without taking any steps to remedy the problem.

Also, you can acquire business knowledge by taking short courses either online or at your local community college, and the rest you can learn through experience, the good old trial, and error. You can also learn a great deal just from associating yourself with existing and experienced practice owners who are willing to mentor up-and-coming ODs and be sure to surround yourself with a knowledgeable team that'll help you fill in the blanks and teaches you what you don't know. This includes professionals such as accountants, auditors, and lawyers.

Top business tips for opening a private optometry practice:

Get a good team of advisors behind you - Get yourself two or more advisors who are committed to helping you succeed, as they will answer all the questions that will arise along the way while

assisting you to avoid common rookie mistakes that they've been through. A good example of a resource that you could consult to get great advisors is the website iCareAdvisorsLLC.com.

Get a basic understanding of accounting principles - Go online and do some research on the basics of accounting, and take advantage of the free tutorials on websites like quickbooks.com, which have been designed to help new business owners like you to operate their business better profitably. You should also make it a priority to learn how to complete a profit and loss statement (P&L), which is one of the basic building blocks of your company's books.

Be aware of the influence that cost of goods (COG) has on your profit margins - Understanding the relationship between the cost of goods and the financial success of your business is an important step to take in determining the fees that you'll end up charging your patients. A great tool to use in understanding this process is the codesafeplus.com website, which will guide you through simple steps on how to setup your fees properly.

What's involved in the process of buying an existing private optometry practice?

There are a few variations on how you can go about purchasing an existing practice, namely:

Total Purchase - In this scenario, you'd typically come across a doctor that is selling their current practice at a pre-determined price. You give them an offer to purchase and negotiate an agreement is achieved. Once you have your price, you can start sourcing funding to pay for the practice, and once that's done, the practice will be yours.

Fractional Purchase/Sweat Equity - Both of these methods involve purchasing a fraction of the practice, like 25% for example. Once you've paid off the initial 25%, you can then buy another stake to increase your ownership of the practice until you eventually purchase all the shares to become the sole owner.

It's important to keep in mind that each of these methods has its advantages and disadvantages. For example, it is easier to source funding for a fractional purchase than it is for a complete purchase because the bank can lend you the amount without having to collateralize the loan with all the assets in practice. No seller would be comfortable having their hard-earned practice assets placed at risk by being associated with your loan. So, you have to weigh your options and choose an option that is not only mutually beneficial to you and the seller, but one that will enable you to sustain the practice in the long run.

How to value a practice before purchasing it

Typically, a method should sell for 60% of its yearly gross income. However, there are other factors that you should consider, such as the practice's success rate. For example, a practice that earns \$1.2 million annually would have to be valued according to its earning ability instead of the 60% rule of thumb. In the same logic, a struggling practice will be subject to a valuation that's based on less than the 60% average due to the lack of cash flow in the business.

The most important thing to remember when starting your practice is that you don't have to do it alone. There are plenty of resources on and offline that you can consult to help you through the process. Getting yourself a mentor is another excellent way to receive useful guidance along the way that'll help you to avoid common mistakes while getting through the inevitable hurdles. And remember to surround yourself with a team of knowledgeable professionals and staff to help you run things smoothly.

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