

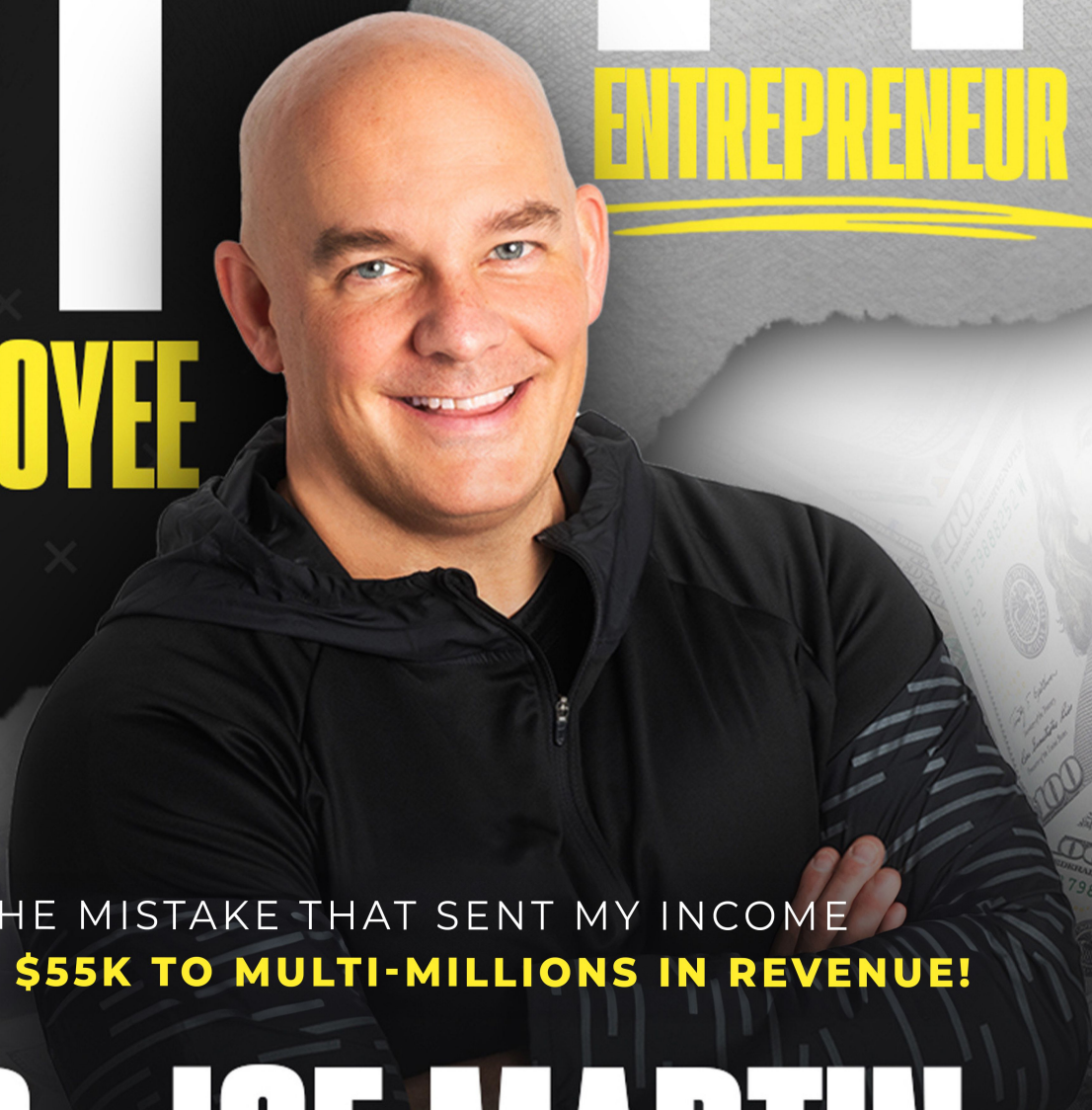
FROM  
PT

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TO  
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PT

ENTREPRENEUR

EMPLOYEE



THE MISTAKE THAT SENT MY INCOME  
FROM \$55K TO MULTI-MILLIONS IN REVENUE!

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P T D P T O C S

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# From PT Employee to PT Entrepreneur: The Mistake that Sent My Income from **\$55K to \$453K in Year One!**

Just writing the title of this e-book still has me shaking my head in disbelief that I could mistakenly fall into a scenario that would change my life on such a monumental scale. I wasn't afraid to open my own practice, it just wasn't in my plan when it happened out of the blue. What's really cool though is that my morals and ethics ultimately are what gave birth to the path that ultimately led to earning over \$30 Million dollars throughout my career.

## **Here's how it started.**

I will toot my own horn here and say that I was a great clinician and I was very passionate about listening to, hearing, and helping my patients. Looking back, these attributes were instrumental in shaping my entire path and are exactly what helped me build an excellent reputation amongst referring providers and patients alike.

So, I was a clinical manager for an outpatient clinic owned by a multi-location practice and I was earning approximately \$55,000/yr. I worked very hard as an employee and I remember a specific turning point that got me thinking "I want more, I need more, I deserve more," And to be completely honest, it really wasn't the money that had me searching for better. I was arguably one of this company's most motivated and growth producing managers. I had a significant successful background in marketing and business relationship building. I remember taking the CEO with me to a meeting that I set up with a safety manager at one of the area's largest employers and I taught him how to close a deal basically.

Aside from this encounter, I personally reached out to another very large employer and coordinated a relationship with an MD within the Network of which my employer was a member. This match making was designed to help our Network become the exclusive medical provider for the company's employees and to help the company save thousands of dollars in workers compensation costs.

Of course, we would go on to provide the pre-employment screening, onsite job analysis, and rehabilitation of injured workers so this deal was fruitful for all involved, except me. Listen, I wasn't greedy and I didn't need some huge bonus, but a simple handshake and a thank you from my boss would have gone a long way with me. Another contribution in the way of personal sacrifice for the benefit of the company and my patients came when I showed up to work while suffering with a severe case of the flu and slept in a back room for 2 full weeks.

My being onsite allowed for uninterrupted patient care and preservation of company revenue in light of the fact that there was no coverage.

Again, no sense of appreciation or even a thank you from my boss. These set of circumstances sent me looking for a leg up.

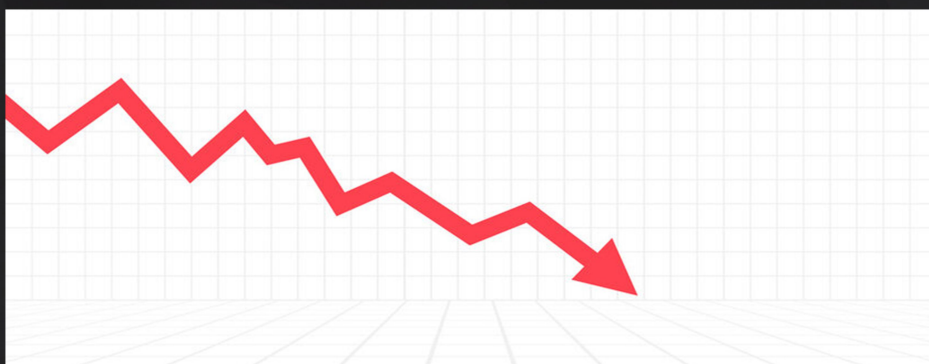


## **My clinical reputation** and business relationship building skills landed me the perfect position, or so I thought.

I don't recall the exact origin of commencing talks with a very reputable, local MD but he was looking for a Licensed Physical Therapist to run a rehabilitation department and he knew of my reputation so a deal was made. I believe we had mutual respect and knowledge of each other's reputation in the community. This opportunity would take me from \$55,000/yr. (peanuts for what I did) to \$80,000/yr and only a 3-day work week. Yes, I negotiated that deal! I was so excited for this new venture.

## **Well, things began going south** relatively quickly.

I gave my employer a generous 8-week notice, which ultimately gave them time to replace my management position. During my last weeks I began to refer some patients to the new practice I would be joining. It was known that the reputable MD who hired me also had recently brought on another MD apparently with many degrees and credentials. Anyway, one of the females I referred there to see this master Doctor informed me of an uncomfortable encounter with this man. She said that when the Doctor came into the exam room, she let him know that it was "really hot in there" She then reported to me that he responded by saying "You mean Sexually?" My jaw dropped and I had a pit in my stomach. I was apologetic to this woman for sending her there and I felt horrible that she was treated like that. Furthermore, I began to have concern that my new position would involve me working directly for this MD as my immediate supervisor. Ut oh!



# My **First** AND **Last** day on the job

So, my life took a sudden turn. The unique opportunity I was enthusiastically embarking on quickly became a nightmare. Going in to work my first day, I would meet my new boss, the Doctor who made an inappropriate sexual comment to my female patient.

As the day progressed, I was working with a patient and he came over and actually yelled at me and demeaned me in front of the patient because I had her lying on a mat on the floor. He felt that she should be on a treatment plinth. It was the approach that was off kilter. Anyway, I have thick skin so that was small apples to me. But what happened next was a complete deal breaker. We were in the back office and he made some suggestions that would have me engaging in fraud. I remember thinking if this is the first day where are we going from here.

I knew that my management position at my previous employer was gone not that I would go back there anyway, but when you have a family to support anything could have been possible except for compromising my principals and participating in what reeked of shady practices and an operation I couldn't feel proud of.

So, It basically came down to believing that if I did the right thing everything would somehow work out. So, I left at the end day and called the reputable Doctor who hired me and I went to see him to resign in person and to warn him about this MD he brought into his practice! I was jobless and incomeless. Whoa! I went home and talked with my wife and she couldn't have been more supportive and completely believed in me and in us. Would we move away again, find another local job ORRRRRRRR ?!



WE CHOSE ORRRRRRRR...

## Time to open my own practice

Time to open our own practice!!! Wow! And I say "our" because all of a sudden, my wife became my business partner and my fellow soldier. I am a combat veteran so I understand the value of having others shoulder to shoulder when it comes time to make things happen. This thought emerged and evolved so rapidly and it was amazing how easy it was when we were backed into a corner and really had no other viable option!

And once we jumped in everything just progressed. When you jump off a cliff you learn about that parachute really fast. I went to look for space, I contacted my former administrative assistant to see if she would come with me on this venture, I set up meetings with Physicians who were very loyal to me and my care of their patients, and I recruited an attorney and an accountant immediately. I found a building that I felt would be a good starting point and I specifically remember my negotiation tactics. I proposed to the landlord that I would need 6 months free rent because it would take some time to become credentialed with all the insurance companies. And then time to ramp up business would require me to scale up progressively with rent starting at \$500/month.

By the time I paid \$3000 in rent I had amassed over \$200,000 in revenues! The take home is ask for what you want the worst they can say is no! I set myself up on quite a "hard to lose" set of circumstances. The insurance companies were easy to blame for the need for a reasonable ramp up period and it was the truth!!!

I wasn't oblivious to setting up front desk operations, files, intake paperwork, laws, regulations, best practices etc. So that was relatively easy. We initially conducted our own billing operations which I would completely advise against for PT's just starting out. Billing agencies which also can handle all NPI acquisition and credentialing procedures for what I feel is a nominal fee for the value are well worth the investment and peace of mind.

For example, If they are projected to collect \$400,000/yr. for your services you will pay them anywhere from \$20,000 to \$28,000 to collect that \$400k. This is a drop in the bucket if they are a reputable agency. You can't hire anyone for that kind of money and we certainly didn't have the extra 40 hours/week to devote to this on top of all the clinical operations and focusing on what we were really good at.



# Many **paychecks** per week vs. One

Wow, was this real life? I was still basically doing what I loved by providing high quality care to the people of my community, but there was something very exciting about all the checks that would flow in on a weekly basis! I mean, when you are used to receiving one “predictable” scaled down, (after all the tax deductions etc.) net paycheck per week and all of a sudden you are receiving MANY paychecks per week it is the fuel that feeds your fire to keep going and inherent desire to increase the number of checks and expand services.

My net paycheck used to be \$825 every Friday and now I was receiving checks adding up to 8-10x that. Granted there were more bills to pay but because I negotiated my way to some pretty advantageous circumstances AND I opened on a shoestring budget (literally a \$15,000 investment from a dear friend and a \$3000 boost from my gracious in laws) I was off to a tremendously beneficial start.

I opened my practice in October of 2002 so those first few months was my ramp up period. In my first full calendar (2003) year of business I watched my income soar from \$55,000/yr. with my previous employer to \$453,000!! Why did I wait so long? Because I had no idea that I could do it with less than 5 years out of school. If I would have planned for it instead of kind of being pushed into it, I may have hesitated and took a lot longer to build up the courage to do it! Sometimes in life there is a force pulling you in a direction and what I found out was that when you have to perform you perform.



My high-school soccer coach, principal, and dear friend Rocco Longo once taught me “You raise your level of play.” We had an excellent soccer team and when we played a higher skilled and more reputable team we would play at a higher level because “we had to.” When we played a much less successful team, we would sometimes play worse.

Same thing in business and in opening a private practice, you all of a sudden raise your level of play because a lot more is on the line. Capabilities and wherewithal you didn’t know you had, emerge with a vengeance!!



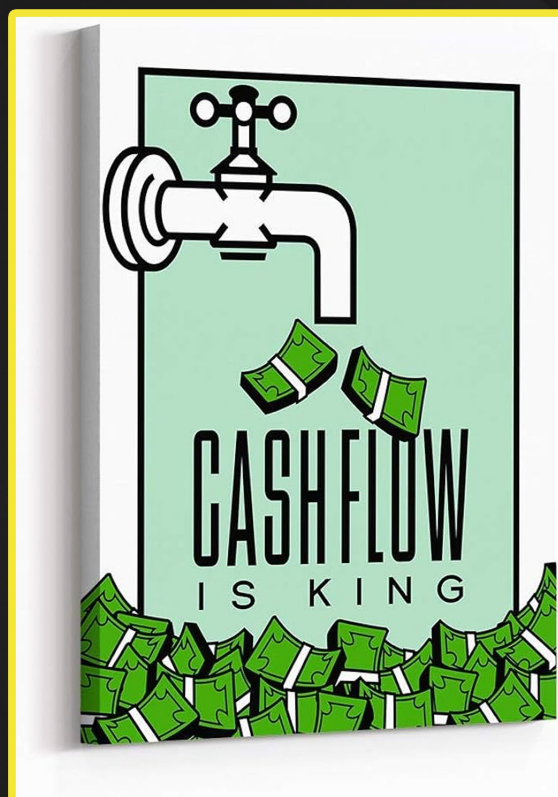
## **My take home advice to Physical Therapists contemplating a move from employee to practice owner:**

- 1.) Do it.
- 2.) Do it as inexpensively but as professionally and aesthetically pleasing as you can
- 3.) Hire an excellent accountant and a great business attorney FIRST!
- 4.) If you are going to work with insurances or other 3rd party payors, hire a reputable billing and credentialing company. Your peace of mind and the time it will free up for you to do what you're amazing at will be worth millions!
- 5.) Know federal and state laws and regulations and familiarize yourself with cpt codes, icd codes, modifier use, 8-minute rules vs. non-8-minute rules (i.e.) CMS / Medicare, Direct Access, Practice Act etc.) and follow Nancy Beckley and Rick Gawenda if you want to run your practice on the straight and narrow (It's the only way IMHO). I am sure there are other experts out there, but I have found Nancy and Rick to be great compliance and operational leaders in our profession.
- 6.) Find an expert in digital marketing and concentrate the grand majority of your marketing efforts on the consumer, not Physicians. (they have had so many lunches and presentations; they have busy practices and lives.) Give your patients outstanding care and they will market to their physicians for you. Besides, instead of feeding Docs and then waiting for referrals to trickle in here and there, engage in methods that are more predictable and in your control.



7.) Branding is beautiful and important but make sure, in the meantime, you are driving specific patients in your door and you are closing deals. This is a must. If you have no idea how to do this find someone who does. Radio ads, billboards, tv commercials, and newspaper/magazine ads without a “traceable” offer and a specific call to action can be a cashflow drain – especially just starting out. The first thing you need to do is bring in and keep cash! Cashflow is the oxygen to your practice.

8.) Think long and hard about participating with health insurances and know the difference in projected revenue generated per hour with insurance payments vs cash-based payments. Perhaps you will be a hybrid practice but just remember, in the end, other than the obvious clinical efficacy and customer service importance, profit is the name of the game in any business.



9.) Be flexible and open minded. I had a conversation with a PT recently who said, “we don’t do modality only treatments” Well, being a hands on, manual therapist and board certified OCS myself I understand that, however, when you are in business and you have a particular technology that helps your patients significantly and it is a home run, cash-based revenue producer....open your mind...You have to be successful at business in addition to being a successful clinician. In private practice, you have to wear many hats and ALL hats are important. You can be the most famous clinician in the most beautiful clinic, but if the business doesn’t bring in enough revenue, then it’s time to go back to being an employee working paycheck to paycheck. Remember, you have to do what you believe in and approach care according to your skillset, strengths, and values, but if there is something else outside of your primary focus or passion, and it is efficacious and it brings good revenue to your business, think outside of your box. (This is just my advice....you don’t have to take it or agree with it 😊)

10.) Whatever you do, be sure you are adding to and not detracting from the credibility of our Physical Therapy profession. I love cash-based practice because we get to set our fees and while we should never price gouge, we should charge what our services are worth and they are worth much more than we are paid by insurance companies in most cases.



# My Final word

I am cheering for you! Get out of the rat race. Plan but don't overthink it! Do a little math and be conservative; If you work as an employee for a 20-year career you will likely make \$1.8 to \$2.1 million and be required to earn and request a few weeks PTO every year. If you work for yourself, you have unlimited earning potential and can easily make \$5 million + and take PTO when you wish! At the end of the day, it's not the money. It is your freedom and time and the ability to do everything you love a lot more often!! Personally, I have earned over \$30 Million in 22 years in private practice and have lived a life of freedom!

**FOUNDER & CEO OF**



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