



Business Prospectus: Physiotherapy Clinic

Created by Battle River Economic Opportunity Committee (BREOC)

2021



Business Prospectuses

Physiotherapy Clinic

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Overview

Battle River Economic Opportunities Committee (BREOC) is a partnership of seven municipalities that have taken ownership of driving and leading economic prosperity in their region. This region spans two counties in East Central Alberta, the County of Paintearth and Flagstaff County, which house the municipalities involved: Castor, Coronation, Halkirk, Forestburg, and Heisler.

BREOC has developed a comprehensive strategy to diversify, strengthen, and create long-term success within their regional economic portfolio. An aspect of this plan focuses on support for private sector development and inbound investment. This included creating business prospectuses for different opportunities within the region for potential investors to use and grow into fully realized ventures.

BREOC has identified eight (8) business ideas that they feel represent opportunities in the region and created prospectuses that explore the details of creating and operating the venture. The following prospectus is focused

around creating a physiotherapy clinic within the BREOC area.

In an increasingly health-conscious society, physiotherapy is becoming a crucial service to larger segments of the population. Not only are individuals being treated for injuries, athletic concerns, or chronic pain, but they are seeking physiotherapy for preventative measures in physical labour jobs as well as recreational activities, such as skiing, mountain biking, hiking, running, and more, to prolong their physical well-being. Due to their positive effect on health and overall lifestyle, physiotherapy clinics, if run correctly, are effective businesses that produce a relatively high profit margin. It is common that in areas like the BREOC region, with a low number of physiotherapists, that consumer demand will be high, and they may draw a large trade area. The reasons to begin a physiotherapy clinic in the BREOC region are numerous and this prospectus is here to assist an entrepreneur in guiding them through the intricacies of beginning this venture.

The Concept

Physiotherapists work to increase injury prevention, health promotion, and wellness, using manual therapy, education, and techniques such as ultrasound and electrical stimulation. They also work closely with patients to create management plans for future treatment, and ultimately, an outcome of better overall health. This can be accomplished through treatment at a hospital in a public setting, or at a clinic in a private setting.

This prospectus will focus on a private clinic business model. Patients arrive at a private clinic to be assessed and subsequently treated. A typical clinic contains an administration area, a small gym with required workout equipment, required physiotherapy equipment (ultrasound and electrical stimulation equipment), and multiple 'private areas' for treatment. These private areas are typically curtained off areas





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to prevent the need for multiple rooms and the increased cost associated with that.

About the Industry

The physical therapy industry, of which physiotherapy is a subset, is defined as one that administers medically prescribed physical therapy treatments; plans and administers educational, recreational, and social activities designed to help patients with disabilities regain physical or mental functioning or adapt to their disabilities; and, diagnoses and treats speech, language or hearing problems. Physiotherapy is more specifically focused on the treatment of

physical ailments arising from workplace and athletic injuries, or chronic issues. Physiotherapists have an important role to play in addressing these challenges by promoting active lifestyles and rehabilitation for both seniors and the general population, thus contributing to optimizing a human's health system performance. Due to the nature of the business, the following are the key external drivers experienced by the industry.

Number of adults aged 65 and older: A significant portion of the industry revolves around recovery from surgeries and injuries, as well as preserving long term mobility and health. The 65 plus age group requires a lot of assistance in this regard.

Total health expenditure: The amount that Canadians are spending on health care is a key reflector on the outlook of the physiotherapy industry.

National unemployment rate: Typically, individuals who are employed use physiotherapy services due to their access to disposable income and insurance benefits. A high unemployment rate will lead to less potential patients as higher priority purchases are made first.

Per capita disposable income: Physiotherapy services are, in many cases, a non-essential service and as such, require disposable income.





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Market

The market for physiotherapy in the BREOC area was analyzed by assessing industry trends, as well as typical customer segments.

Industry Trends

Overall awareness of health amongst Canadians, has increased in recent years. Not only has scientific research and knowledge in areas like nutrition and exercise physiology taken leaps in the past two decades, but the communication of this knowledge has effectively penetrated the market.

Taking health and long-term mobility seriously has pervaded many areas of society. Individuals want to take control of their lives through their exercise and diets, and thus harness their body image. In many cases, this process involves physiotherapy through the treatment of disabilities, injuries, and chronic pain, to help them along their journey. Due to

its important role in the health care field, an increased awareness of maintaining long term health, and an aging population, the demand for physiotherapy is increasing.

This, coupled with the fact, that that the industry has historically contended with a shortage of physiotherapists in rural areas, makes BREOC a desirable market. Due to a relatively low population density compared to urban areas, rural areas have a perceived lack of market. However, addressing this shortage of physiotherapists in the BREOC region could reveal a sustainable business opportunity.

Customers

On average about 11.8% of Albertans visit a physiotherapist at least once annually, and that number has steadily increased since 2004 due to an ever-increasing demand.

Physiotherapy patients are typically from an older demographic due to their physical ailments, and their disposable income. One study reported that 25% of individuals receiving physiotherapy services are between 50 and 64, while 36% of individuals are age 65 and up, (APTA, 2017), meaning 61% of physiotherapy patients are over the age of 50.

It is typically not an industry commonly accessed by individuals 18 and younger, however, athletes or chronically injured individuals will often seek treatment.

BREOC's population has historically had a high proportion in the 50+ age group which fits well with the ideal physiotherapy consumer segment. Table 1 below further describes the population distribution of the County of Paintearth, Flagstaff County, and the overall BREOC region for reference.





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Table 1. Population of the County of Paintearth, Flagstaff County, and the BREOC region broken down by age range

Age Range	Population of the County of Paintearth	Population of Flagstaff County	Population of BREOC (Paintearth and Flagstaff combined)
0-4	120	181	301
5-9	137	218	355
10-14	174	246	420
15-19	188	266	454
20-24	92	216	308
25-29	71	130	201
30-34	90	172	262
35-39	111	218	329
40-44	134	199	333
45-49	121	229	350
50-54	125	241	366
55-59	187	320	507
60-64	171	351	522
65-69	125	274	399
70-74	75	228	303
75-79	31	128	159
80-84	26	61	87
85-89	23	39	62
90+	5	9	14
Total	2,007	3,746	5,753





BREOC Regional Market and Trade Area

When assessing trade area, a one hour driving radius is presumed for healthcare services. Research suggests that individuals are typically willing to drive up to an hour away for quality healthcare. Figure 1 shows the trade area within BREOC, with Alliance as the point of origin as it is the geographical centre of the BREOC region. This trade area includes a large list of communities listed including, Bawlf, Daysland, Strome, Killam, Sedgewick, Lougheed, Hardisty, Amisk, Hughenden, Galahad, Forestburg, Heisler, Bashaw, Stettler, Gadsby, Halkirk, Castor, Fleet, Hanna, Coronation, and Veteran.



Figure 1 - BREOC Trade Area (1 hour driving radius)



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Operations

Operations of a physiotherapy clinic can be divided into three (3) subcategories;

1. Rules and regulations
2. Physical operational considerations
3. Human resources

Rules and Regulations

In Canada, physiotherapy is a highly regulated profession both federally and provincially. An outline of federal and

Canadian Federal Regulations

The Government of Canada passed the Health Professions Act in 2000, which outlines the allowances of individual health professions, as well as guidelines to running their businesses. This document can be viewed here.

<https://www.qp.alberta.ca/documents/Acts/h07.pdf>.

Province of Alberta Regulations

To work as a physiotherapist, you must register with the regulatory body in the province or territory where you work. It is illegal to practice if you are not licensed or registered. Only registered physiotherapists are eligible to use the terms “physiotherapist”, “physical therapist” and the professional designation “PT”. The Canadian Alliance of Physiotherapy Regulators (CAPR) evaluates educational credentials and administers exams for

While the operational needs and requirements will need to respect the specific business model that the entrepreneur(s) wishes to pursue the following have been provided for key operational considerations.

provincial legislation is laid out below, with links provided to complete official documents.¹

There is also a Canadian Physiotherapy Association that ensures the industry is policed properly in Canada. They have a Rules and Regulations document explaining everything from ethics and conduct to membership and affiliation. This can be accessed here.

https://physiotherapy.ca/sites/default/files/cpa_rules_regulations_-_pdf_august_2018.pdf

competency on behalf of most of the provincial and territorial regulators. Each provincial and territorial regulator may also have additional requirements before you can practice. CAPR provides information to the regulators on credentials and qualifications, and the regulators decide who can and who cannot receive a licence to practice.

There is also an additional ethical code of conduct administered by the Alberta College of Physiotherapy that must be adhered to, to

¹ The Rules and Regulations were determined using secondary research and are subject to change. The entrepreneur is responsible for the

adherence and knowledge of all pertinent rules and regulations.





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ensure consistent, well-intentioned service. This document can be viewed at

https://www.physiotherapyalberta.ca/files/code_of_ethical_conduct.pdf

Physical Operational Considerations

The size of clinic that is to be built, purchased, or leased, has implications on the capacity that the clinic is intended to reach. Therefore,

before choosing the size of the clinic, careful consideration must be taken on the eventual capacity.

Facility Size and Layout

While many clinics can operate at 1,500 square feet or less, a more ideal size for growth and overall aesthetic of a clinic is

2,200-2,500 square feet. This is based on multiple best practices for optimal layout which are described below:

Have a Generous Reception Area: A larger reception area provides more flexibility to create a better waiting experience. It can allow for the creation of an atmosphere that adds to overall patient experience. It can also be a place for the sale of complimentary products like home workout tools, vitamins, etc.

Separate Waiting Area: When a new patient arrives and registers, a separate waiting area provides more privacy than a common area in which all the other patients may be able to hear their personal information. It also limits the amount of information people may hear conveyed over the phone by reception staff

Include a Central Prep and Charting Area: To reduce duplicating the same function in multiple rooms, creating a central prep area is a great idea. Depending on your layout, this may not even need its own room. It could just be an island in the center of your galley or bordering the gym.

Modality Cart Storage: A modality cart can be set up in the same manner as the central prep area, where the most used supplies and equipment are stored. You might also choose to make it mobile, using a cart instead of a fixed island.

Use Light and Music: Lighting can make an environment pleasant or abrasive. Look for lighting options that provide both service and functionality, allowing your staff and patients to see the work area clearly. As for music, while preferences vary, it's usually best to have some music as opposed to no music. You might want to select higher energy music that generates a more positive atmosphere in your treatment area – another reason to use a galley layout. This kind of music can help patients stay more motivated and engaged in their treatment.

Ensure the Clinic is Accessible: A physiotherapy clinic treats many disabled individuals who require ramps, handicap bathroom stalls, parking, and more. Maintaining accessibility is crucial in engaging a key patient segment.





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Necessary Equipment

The following list describes key equipment that will be needed within the clinic.

- Electrical Stimulation Machine
- Ultrasound Machine
- Short Wave Diathermy Machine
- Treatment Tables
- Cold and Hot Therapy
- Towels, Towel Heater, Towel Cleaner
- Privacy materials: curtains, curtain rods
- Massage Therapy Equipment: Table, Cupping Equipment, Seating Wedges,
- Gym equipment: Stability ball, balance trainer, exercise tubes and bands, foam roller, stationary exercise bikes, athletic tape.

Human Resources

There are two segments of employees needed to successfully operate a physiotherapy clinic, the physiotherapists themselves,

administrators, with the assistance of contracted professionals.

Physiotherapists

When assessing the number of physiotherapists needed to run the clinic the following factors need to be considered.

Desired capacity: A physiotherapy clinic is limited by the number of physiotherapists involved. If a high capacity is expected or needed, considering higher two or three physiotherapists.

Desired work schedule: If the owner is also a physiotherapist and they are wanting to work part-time, they need to hire other physiotherapists to cover the workload.

The number of physiotherapists involved is crucial. Most individuals seeking services are retired or employed, therefore, the times that

they seek services may not be during regular business hours.

Also, considering the BREOC region and the trade area draw, patients may be driving a considerable distance to access services. Therefore, being open with one physiotherapist from 9am-4pm, may limit the clinic's capacity. Creating two shifts, with multiple physiotherapists, and staying open from 7am-8pm may be more beneficial for revenue, patient draw, and success of the business. However, the model is completely up to the entrepreneur and their goals. Physiotherapists will oversee all patient care and treatment, and are most commonly partners, or full owners of the business.





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Administration

The role of administration is key in creating an optimal patient experience. Some high-level responsibilities of administration staff can include the following:

- Patient intake
- File Management
- Marketing Activities
- Invoicing
- Clinic Management

Professional Services

As is the case with many doctor-owned clinics, professional services are required to ensure the business is started correctly. Suggested professionals to consult during the start-up stage are listed below:

Legal/Insurance services: These are required due to the liability taken on by the physiotherapist to improve the health of others. If there is damage done to a patient

accidentally, there need to be legal services prepared to deal with a situation such as this.

Accounting/Bookkeeping Services: Often times, physiotherapists are not prepared, nor trained, to deal with this part of their business. Outsourcing to a trusted professional can be a great strategy to ensure it is done properly.

Similar Healthcare Practices

Similar healthcare practices that work in conjunction with physiotherapy services can add greater value to the patients, community, and local economy. Consider

adding massage therapy, chiropractors, acupuncture, and general practitioners to create a healthcare ecosystem.





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Marketing

Product/Services

The overall product of physiotherapy is the improvement of the health, mobility, and well-being of patients. This can be accomplished using many services which are described below. These may be considered to be included in the clinic.

Exercise Therapy: This is focused on strength and conditioning principles to achieve both rehabilitative and performance goals.

Manual Therapy: This includes soft tissue mobilizations, graded joint mobilizations and passive stretching to improve tissue extensibility; increase range of motion; modulate pain; and reduce soft tissue swelling and inflammation.

Electrotherapy Modalities: These including ultrasound, TENS, IFC and Laser Therapy.

Postural Retraining: This product reduces chronic pain related to postural dysfunction.

Gait, Balance and Co-ordination Training: This reduces the risk of falls and optimizes daily living.

At Home Visits: To access patients who are unable to leave their home, a physiotherapist may visit that patient in their home. This is especially useful for seniors, and severely disabled patients.

Phone Call Assessment and Treatment Plan Delivery: For patients who are out of town but require updated treatment plans based on their progression, a physiotherapist may be able to update treatment plans over the phone or via virtual meeting.

Pricing

Generally, at physiotherapy clinics, pricing is not based on the type of treatment, but instead based on the time the physiotherapist spends with the patient. A general pricing list is provided below.

Table 2: Costs associated with different physiotherapy activities and visits

Physiotherapy Activity	Cost
Private Initial Assessment and Treatment	\$90.00
Private Subsequent Visits	\$80.00
Prolonged Visits	\$160.00
Senior Initial Assessment	\$80.00
Senior Subsequent Visits	\$70.00
Active Rehabilitation (Post Injury and Surgery Treatment)	\$80.00





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Channels of Distribution

While the clinic setting is the main form of distribution for physiotherapy services, there are alternative channels through which a customer may hear of the clinic.

Physiotherapy Clinic: The main and most obvious form of service delivery is the care and treatment of patients from the clinic. This is a direct distribution chain from physiotherapist to patient.

Centres of Influence: A patient may be directed towards specific physiotherapy services from the influential healthcare practitioners in their life. General practitioners, dentists, massage therapists and more, are all key individuals to cultivate

professional relationships with. A large part of a physiotherapist's patient base can come from other healthcare professionals; therefore, it is key that these relationships are established and maintained.

Previous Patient Referrals: A patient may be directed towards specific physiotherapy services from their friends and family. Community referrals can also be a large source of a physiotherapist's patient base. Ensure that you get your patients to review you on social media, trip advisor, google, and tell their friends about them. Everyone knows someone who could use physiotherapy services.

Promotions

The following are promotional strategies that could be effective for a physiotherapy clinic within the BREOC region to follow.

Logo Development: Develop a logo that represents the business and will be used within the rest of your promotions.

Social Media: Facebook and Instagram are the most effective platforms in the BREOC region. Ensure your presence is consistent on these to develop a local following.

Website: A website will be key for drawing patients from within the larger trade area.

Financials

The following are tables outlining basic financial information for a physiotherapy clinic start up in the BREOC region.

Start-Up Costs

Generally, a start-up physiotherapist clinic should expect start-up costs of \$400,000 to \$800,000 dependent on the business model and eventual patient capacity.





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Table 3: Start-up costs for a physiotherapy clinic

Item	Cost
Building Rent (Average Cost per Square Foot)	\$8.00-\$12.00
Building Purchase	\$100,000-\$350,000
Building Build	\$350,000-\$750,000
Physiotherapy Equipment	\$35,000
Exercise Equipment	\$15,000
Therapy Equipment and Machines	\$10,000
Treatment Tables x 8	\$10,000
General Treatment Supplies	\$3,000
Insurance	Dependent on capacity and business model
Liability	Dependent on capacity and business model
Errors and Omissions	Dependent on capacity and business model
Building and Equipment	Dependent on capacity and business model
Licencing/Regulations	\$5,000
Physiotherapy treatment materials	\$5,000
Professional Fees	\$4,000
Legal	\$2,500
Accounting	\$1,500
Marketing Budget	\$5,000
Total	\$404,000 – \$804,000

Operating Costs

In operating a physiotherapy clinic, the costliest expense are the salaries associated with the physiotherapists and physiotherapy assistants. As shown in the table below, it is estimated that a physiotherapy clinic will cost approximately \$30,000-\$35,000 without insurance and licencing fees considered. The

final operating costs will depend heavily on the business model chosen by the entrepreneur.

These operating costs represent what revenue is needed to 'keep the lights on'. This is also considered a breakeven point.





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Table 4: Projected operating costs for a physiotherapy clinic

Item	Cost
Rent/Lease/Mortgage	\$2,000-\$4,000
Salaries/Benefits	\$23,333
Physiotherapist x 2	\$13,333
Administration x 2	\$10,000
Contractors	\$3,333
Equipment Maintenance	\$1,000
Utilities	\$600
General Supplies	\$3,000
Insurance	Dependent on capacity and business model
Ongoing Licencing and Fees	\$500
Total	\$30,433 – \$32,433

Income Statements

Table 5: Income statements based off the industry average of physical therapy offices, presented in percentages of revenue

Revenue	100%
Cost of Goods Sold	10.6%
Wages and benefits	4.2%
Purchases, materials, and sub-contracts	6.4%
Opening inventory	0.1%
Closing inventory	0.1%
Operating expenses	54.8%
Labour and commissions	27.7%
Amortization and depletion	1.8%
Repairs and Maintenance	0.7%
Utilities and telephone communication	1.3%
Rent	7.8%
Interest and bank charges	0.5%
Professional and Business Fees	3.7%
Advertising and Promotion	1.8%
Delivery, shipping and warehouse expenses	0.1%
Insurance	0.6%
Other Expenses	8.8%
Total Expenses	65.5%
Net Profit/Loss	34.5%

Physiotherapy clinics are typically profit generators due to their low cost of goods and high prices. This speaks to the value and necessity they provide to their customer base and should be considered when beginning a physiotherapy start-up.





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Critical Success Factors

The following section explores different factors that are critical to the success and survival once the business is operational.

Quality Customer Service: A physiotherapy clinic cannot succeed without exceptional service. A patient wants to leave a clinic feeling as though they were listened to and professionally cared for. If this is achieved, patients will become repeat visitors.

Referrals: To increase the patient base, patients can refer their friends and family, as well as share their opinion online. Keep in mind that today's consumer society is considerably more educated about their options than in decades past. They will take other's opinions very seriously. Give the patients a space to leave reviews, like Google, Facebook, or others, and ensure that they have a good experience at the

clinic. Share the best testimonials on the website. Additional referrals will come from other healthcare practitioners in the region. Ensure that these practitioners know the clinic, the physiotherapist, and the quality of service.

Patient Management: Prompt follow up calls and correct file management, will improve the patient experience and have them coming back.

Relationships with Healthcare Professionals: As mentioned previously, relationships with local healthcare practitioners will be critical for referrals, however, there may be cases where the physiotherapist has to refer the patient to other healthcare professionals. A successful referral will improve the patient experience.

Conclusion

As individuals at large become aware of their health, preventative health care practices have increased in popularity. Physiotherapy is becoming a necessity for people recovering from work and accident injuries, people seeking to increase their

mobility, or just people experiencing everyday back pain. The BREOC region is a prime location to start a clinic to serve these demographics as the supply is currently non-existent.





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Contact Us

The Battle River Economic Opportunity Committee is here to help. If you are interested in further exploring this or any business opportunity within the region, contact us today. There are tailored one-on-one business supports for business

start-ups, buying/selling a business, growth and expansions of businesses. The first step is to contact your local Economic Development Officer using the information below.

Economic Development Department – Flagstaff County

(780) 384-4100

ecdev@flagstaff.ab.ca

Carol Thomson

Economic Development Officer – County of Paintearth

(403) 882-3211

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