The Medical Entrepreneur – A Review

A reader recommended Dr. Steven Hacker’s book, *The Medical Entrepreneur*, to me this summer. I contacted Dr. Hacker and he sent me a review copy. I read 3/4 of it over the next few weeks, and then set it down, only to recently pick it back up and finish it.

*The Medical Entrepreneur* is really two books in one. The first is a guide for a graduating resident who wishes to go into solo practice. It covers subjects similar to *An Ophthalmologist’s Vision*, a blog I have occasionally referenced about an ophthalmologist who opened a solo practice right out of residency. Although dentists still do this frequently, it is becoming quite rare for physicians. Only 18% of physicians are in solo practice these days (down from 24% just 5 years earlier.) The numbers are even lower for young doctors. Not only is it harder to start a solo practice, but it is harder to find a mentor who has done it! Enter Dr. Hacker, a dermatologist by training. The first 126 pages of the book teach you how to open your own private practice. If this is something you wish to do, there is no better manual. Here are a few excerpts from this section of the book:

Medicine has given me many options. As a resident, I struggled with the decision between an academic career and a career in private practice. I felt that I was a “sellout” for not staying in academics. After fifteen years, nothing could be further from the truth. I have enjoyed all of it. The business aspect of medicine is exciting….Go into private
practice. You will not regret it.

In the beginning you will be slow enough to watch the billing and to hire the one staff member that can bill. If you do it yourself initially, you will learn all about billing issues. If you ever switch to a billing company, you will be able to monitor its production.

After a few years and a loss of approximately $30,000, I decided to terminate the relationship with the managed care plan. This was the scariest and yet the best move I made. It was scary to terminate a relationship with an insurance plan that accounted for 25 percent of patients in the practice.

You should evaluate business interruption insurance to cover you practice expenses, such as payroll, in the event something happens to temporarily shut down your business…Office overhead insurance is another form of insurance that pays every employee but you in the event of a short term disability or hospitalization. This can be helpful to retain key employees in the event you are disabled and cannot generate revenue.

Interesting Format

The format of the book is that it is primarily written by Dr. Hacker, but with “stat consults” (cheesy, I know) with several other contributors including a health care attorney, an intellectual property attorney, a corporate attorney, and an estate attorney. Some of these “consults” run several pages and are as long as a typical chapter in a book of this length. The multiple voices provide expertise, but also make the reading a bit chaotic, especially when combined with some of the lists and randomly blank pages for “notes.” For example, in the middle of the first section about opening your own practice is a consult explaining how to evaluate an employment contract. Say what? I thought I was going into practice on my
own. It’s useful information, but the flow just isn’t there some times. Perhaps that’s why I set it down for so long.

I really liked the “Pitfalls to Avoid” sections of the book. For example, one of them advises you to make sure the internet domain name is available BEFORE naming your practice.

Some of the lists in the book are really quite helpful. For example, there is one that lists all the important points of a physician contract and another that compares the Pros and Cons of keeping your billing in-house vs outsourcing it. There is also one that explains how to design your office. I thought his recommendation for a “physician bathroom” in addition to one for the staff was a bit odd. While I certainly understand why staff might not want to share with the patients, I would have a hard time justifying installing a third bathroom in a small solo practice. The appendix has a great list of the 25 things you need to do before opening your solo practice.

The Entrepreneur Section

The second section of the book is all about how to be an entrepreneur on the side. Although I’m not entirely certain he really wholeheartedly recommends doing so. His chapter entitled “Reality Check” says this:

Before I consider any new business venture, I now ask myself if I am knowledgeable enough to write a book about that business. You should have that level of knowledge….I completed college and medical school in seven years. I completed an additional five years of residency training. Being an entrepreneur took a greater toll on me than those
twelve years. Do not underestimate the challenges you will have in starting, running, and building a successful business. Before launching a new career or a new business venture, ask yourself if you are qualified to write a book about that business. If you think that you would have to do a year of research beforehand, then you are starting against the odds. Choose a business in a field that you have expertise in from the start.

If you think you can start a business and be a doctor, too, think again. I did it, but I would warn against it. Even though there were successes, there were failures too. And there were costs, personal and financial. I could not devote enough time to meet both company’s complete needs.

There’s a lot of great stuff in this section. It teaches about the difference between patents, trademarks, copyrights, and trade secrets. It also teaches you about having a CEO, COO, CFO, and a board of directors. It also explains the difference between angel investors, venture capital, and private equity. He shares many of his personal experiences from starting three different medically-related companies and provides plenty of encouraging advice.

Issues with the Book

However, I was disappointed that there wasn’t a section about bootstrapping a business. These days it is not only possible, but relatively easy to start many businesses on a relatively small scale. There are millions of internet entrepreneurs (such as yours truly) whose start-up costs were less than $100 (not counting the entrepreneur’s time, of course.) Certainly, using a physician income or a typical mid-career physician’s assets to fund the start up of a small business is very reasonable. He also didn’t address the possibility of buying a business or a franchise from someone else. It seems to me there are other ways to be an entrepreneur than just by
designing a product, finding funding, hiring a bunch of people to make and sell the product, and hoping profits outweigh expenses. There also wasn’t a section on real estate investing, perhaps the most common business physicians get into on the side. These deficits are simply a function of the fact that the book is written by an author who is sharing his personal experience, and he didn’t happen to go down any of those paths. But it seems a glaring omission that can perhaps be eliminated in a subsequent edition.

The Final Section

The last section in this second edition is a set of notes from a conference organized by Dr. Hacker in 2012—The Medical Entrepreneur Symposium. (Dr. Hacker runs the conference and sells his services as a consultant.) Although there are some pearls in there, it contributes to the disjointed sense of the book and, when combined with the front and back matter, feels a little salesy. The conference is very inexpensive. The consulting? Not so much. But you know as well as I do that experience matters a lot in these sorts of things.

Overall, I enjoyed the book and I think it is a must read for two small subsets of physicians. First, the senior resident who is interested in opening his own practice and second, the physician at any stage of his career who thinks he might enjoy being an entrepreneur (especially if he has an idea of a product to manufacture and sell.) For these two groups, I have not seen a better manual. For a physician with a slight interest in finance, investing, and business who is planning to take a job as an employee or even join a multi-physician group, the book will not feel nearly as high-yield as others.

Buy The Medical Entrepreneur on Amazon today!

Have you read the book? What did you think? Do you have any experience as a physician and an entrepreneur? How did you
balance the roles? Comment below!