For years now the sector has been told young doctors coming out of medical school are not interested in buying practices. It’s leaving older doctors despondent about their chances of selling when they retire, so some see selling to a network as their only option. But there are still young doctors interested in investing in practices and excited at the prospect of taking charge of their futures. **Liane Topham-Kindley** speaks to practice buyers, and their advisors, about an age-old rite of passage - buying your own practice

They are young, they are passionate about working in general practice and they are putting their money where their mouth is - buying practices.

GPs Tineke Iversen and Suzanne Greaves bought into the Waihi Health Centre in 2009, both aged 33.

It was the last thing Dr Iversen, who grew up in the small town at the southern end of Coromandel Peninsula, ever imagined she would end up doing.

She recalls vividly as she headed off to medical school, the wife of her GP at the time suggesting she might return to her home town one day to become a rural GP.

"I still remember saying 'over my dead body','" Dr Iversen laughs.

But she is back in Waihi, taking over the practice from her former GP, Don McInnes, who, in a twist of fate, now works as her locum.

She and her business partner, Suzanne Greaves, who emigrated to New Zealand from the UK in 2008, are thriving on owning their practice.

"I absolutely love it," says Dr Greaves, who was previously a partner in a practice in London.

She enjoys the business side, saying it brings an extra dimension to practice a wide range of tasks including looking after the staff to recruitment and retention.

"It does take you away from the medical side of things and it makes your day different...it makes it really interesting."
Thirty-six-year-old Auckland GP Hugh Sung last year bought into the Kingsland practice of Drs Peter King and James Lowe. He'd been working as a locum since graduating in 2008, but grew tired of the lifestyle.

"I really wanted to open my own clinic to have some sort of autonomy as to how to treat my patients and how I run the practice."

The father of three looked seriously at working in Australia. Two of his colleagues had moved there and encouraged him to join them. He travelled to Melbourne to learn they were working for a large corporate medical centre.

"At this medical centre they showed me around and I had a look at their contract, but to me it felt like a slavery contract," Dr Sung says.

"I didn't want to tie myself to a five-year contract and they were really pushing me."

So, instead he returned home and set about trying to find a practice to buy, which he says was not easy.

Although he admits owning his own practice makes for a busier working week, Dr Sung is revelling in the opportunity.

"To be honest, I haven't found anything stressful for now, it's kind of what I expected."

It has been such a positive experience that he is recommending to one of his colleagues, three years younger than himself, who is currently doing the GPEP 1 programme, that she should seriously consider buying into a practice.

"She's asking me my advice about what's the best thing to do and I keep telling her she should be in a shareholding, rather than locuming."

Director of Auckland accounting firm Grant Thornton, Pam Newlove, has for many years had a number of GP clients and says fewer doctors are interested in investing in practices.

"The appetite for making the investment into practice ownership has probably waned a bit."

She notices non-New Zealand trained GPs seem to have more confidence around owning a practice than New Zealand graduates.

"I think it's a generational issue, Gen Y seems to want different things from their professional career and it's a trend not just in medicine, but in many other sectors."

"People don't want that commitment and it's not just the financial commitment, it's emotional as well."
Being a business owner means more than working 9 to 5 with an additional business administration workload that typically falls after-hours, and younger people tend to shy away from this, Ms Newlove says.

"The financial rewards are still there for practice owners and these rewards are more secure now than they were 10 years ago."

With more certainty around funding, Ms Newlove says it is possible to earn a good income if you run a good business.

"But I don’t think it’s a lack of financial reward that deters people, it’s the commitment."

Te Anau GP Stephen Hoskin (37) says the Generation Y tag of a lack of commitment contrasts completely with his own experience.

Now one of three - soon to be four - GP owners at the Fiordland Medical Centre, Dr Hoskin grew up on a farm in the Wairarapa and graduated from Otago Medical School in 2002.

He tried to avoid the big hospitals, preferring instead to work in Nelson and Westport hospitals before working in the Te Anau practice as part of his GP registrar programme.

Practice owners Stephen Graham and David Hamilton asked him to return to locum and "by then they had me hooked".

They assisted him in buying into the practice, by enabling him to buy in over time.

That, coupled with the fact the local community owns the building the practice operates from and he didn’t have to outlay a significant sum to invest in a building, helped.

Not to mention that his partners were "reasonably arbitrary in their price setting". Financially, Dr Hoskin says it was a good move.

"It was a no-brainer financially, it was definitely worth it."

Not that it’s all about the money. Dr Hoskin says he gets huge job satisfaction from running a practice that provides good service.

Living in a community where it’s a four-hour return trip to Southland Hospital, he finds it very rewarding doing what he can to keep his patients out of hospital.

"Being part of the community is a big thing. We feel we have a role. We try to provide a service that’s valuable for them, but also they are genuinely grateful.

"I've worked in lots of places, but this is a community that shows appreciation."
The autonomy that practice ownership allows is hugely satisfying, he says. The contrast between working in a DHB-owned practice on the West Coast and coming to Te Anau was vast.

"If you needed a bit of equipment or a book, you would have to fill in forms and talk to managers; here we just have a chat and we agreed just the other day to spend $15,000 getting a computer system upgrade after a two-minute talk.

"Or, if you need annual leave, you plan it, we write it on the calendar and that's it, done."

One of his worst memories of working on the West Coast was having his approved annual leave revoked.

It's about lifestyle, too. After a night on-call, you might find Dr Hoskin finishing work at 3.30pm the following afternoon and, on a Wednesday afternoon, you're likely to find him running up Mt Luxmore.

GP registrar Clinton Newbury says sometimes the lifestyle tag associated with general practice is considered a soft option, but he considers general practice ownership a smart choice.

A former yacht designer who worked for Team New Zealand in their successful 1995 America's Cup challenge as a draftsman and sailor, Dr Newbury has been a late starter in medicine, graduating in 2009.

After initially working as an ENT cardiothoracic registrar, Dr Newbury moved to Christchurch to be part of the rebuild and has ended up buying a share in the Amberley Medical Centre, where he has been locuming.

"I just loved the place," Dr Newbury enthuses. "I thought the nurses were amazing, the doctors and staff were amazing and when Better Health talked about buying in, I thought it sounded a nice model...I put my hand up straight away and said 'I'd really like to be involved'."

Better Health is the trading subsidiary of the General Practice Company owned by former Pegasus Health managers. Dr Newbury works for the General Practice Company at both Moorhouse Medical Centre in Christchurch and the Amberley Medical Centre.

Better Health has recently bought a 50 per cent share in the Amberley Medical Centre, with a group of health professionals, including Dr Newbury, taking the other 50 per cent share.

Dr Newbury is a shareholder, not a director, and so does not have any formal say in the running of the practice but says, at the moment, he lacks experience in the sector to be a director.

"I think I would spend all my time working 'in' the business, not 'on' the business."

But as he comes up to speed on the clinical side, he hopes, over time, to become more involved and does not rule out investing in more practices in future.
GPs Marc and Lois Paton have invested a significant amount of money into their own business after opening a new practice from scratch.

UK medical graduates, Marc was just 28 and Lois 29 when they boldly opened their new practice, Silverfern Medical Centre in Waimauku, 31km north west of Auckland in 2009.

Fed up with working in other large practices which worked like "dictatorships", the Patons wanted greater autonomy and, after looking at a number of existing practices to purchase, decided the best option of all was to start from scratch.

The major challenge was the fact no one seemed available to give them advice on how to start up a new practice, with one PHO suggesting it could not be done and refusing to help.

After almost a year in the planning, the Patons opened their practice in August 2009 with just one enrolled patient and now, almost four years later, have about 2200 patients.

Marc works on his own as, with two young children, aged three years and eight months, Lois is a full-time mother, only working on a Saturday morning. They have also recently taken on a female locum who works four days a week.

Until last August, the Patons had to do their own after-hours cover and, when patient numbers were lower, Marc says this was not a problem. They opted out of after-hours care with the removal of their rural ranking status and the introduction of the Auckland regional after-hours plan. Their patients can now attend a nearby after-hours centre.

With the long-term commitment of being a business owner and the extra stress that goes with being responsible for staff and equipment, Marc understands why many of his colleagues do not buy into practices.

"You could earn the same as I earn being a locum; I can see why they don't do it."

Financially, starting up a new practice has been tough too.

"For the first year we had literally no income and we relied on the charity of our parents to help us out. I wouldn't want to go through that again," Marc says.

But he's enjoying having the ability to run things the way he wants to - "I don't have to meet targets of 'you must take off so many moles', that's not what I came into general practice for".

And, he enjoys working with a team of staff he has employed himself and looking after his own patients.

"We're in charge of everything here and patients know we have invested and we are going to be here for a while and that it's going to be a long-term relationship."
The Medical Assurance Society’s business advisor, Shaun Phelan, says his organisation is very aware of the corporate activity in the general practice market and considers all GPs should be much more informed about business ownership and succession planning in general.

As part of the GPEP 1 registrar programme, MAS runs a session on the business of general practice. Usually there is low interest among the GP registrar group in ownership.

Earlier this month, Mr Phelan spoke to a group of 12 registrars in Christchurch and only one was initially interested in ownership.

Generally there are three main areas of concern, Mr Phelan says, the first being a lack of business ownership and management skills or knowledge, and their desire to gain this.

Flexibility is also an issue. Many feel that business ownership means a career commitment to that practice and community.

Affordability is another issue. Often registrars feel they are not in a financial position to consider business ownership. If they own their own home they generally have a significant mortgage and sometimes they still have significant student debt.

Mr Phelan acknowledges general practice is a complex business model, but he points out to the registrars that many larger practices now have very competent managers and experienced partners can help mentor younger GP owners in governance and business ownership areas.

Ownership should be an investment and the return on that investment, over and above what a GP non-owner earns, should be sufficient to repay any borrowing required to purchase the practice over a reasonable time frame of four to seven years, he says.

After discussing these concerns, Mr Phelan says that for most registrar groups he has been involved with in the last few years, more than 50 per cent usually change their minds and will seriously consider practice ownership in the future.

"That was definitely the case for the Christchurch group last week."

Waihi’s Dr Iversen says nothing in medical training sets you up to be a business owner.

"When you buy a business it’s a few years before you understand how it works well, in terms of funding, and to get a good management style."

She estimates she spends about two to three hours a week on business administration in addition to her clinical work.

But, like Dr Greaves, Dr Iversen says she has learnt many new skills and has become more involved, including as a trustee for the local PHO, as a result of her new skills.
She learnt the most about running the business from her practice manager, Donna Fisher, who had been working in the practice for several years. Dr Iversen's accountant was also very encouraging of her buying into a practice.

"One of the goals she had set for me was to buy into a practice, so when I said there's one for sale that I like, she was, 'right, let's have a look at it'."

Nelson doctor Debbie Harrison, who has just celebrated her 40th birthday, says it would have been useful for her and her business partner, GP Suzy Moore (34) to have had a business mentor when they took over their own practice.

The pair bought into an existing solo practice in Nelson in 2010, now known as Harrison & Moore.

Purchasing from a solo, retiring doctor, there were lots of things the doctors wanted to change and they had to work through Cornerstone accreditation, which Dr Harrison describes as "a huge baptism by fire".

"Looking back it was huge, buying the practice and walking into Cornerstone, we had to do everything from scratch."

They ended up moving from an old villa to a more modern building, which they have bought themselves, while caring for a fairly high needs population with a high number of refugee and migrant patients.

"I think we were quite naive," Dr Moore says. "To take over a practice, there is a lot unknown... our knowledge is very different now to what it was two years ago."

The women are both originally from the UK, Dr Moore graduating in 2003 and Dr Harrison in 1996. They met while locuming in New Zealand and, both fed up with working for other people, decided to buy the practice together.

With young families, both women work part time and enjoy the flexibility ownership entails. They were friends prior to going into partnership and say the collegiality is the best part of their practice.

"It's the most supportive work environment I've ever been in," Dr Harrison says.

"Because we naturally have that peer support there all the time, we are only a phone call away and we make time to get together to discuss things clinical and non-clinical."

Such advantages are missing from the locum world.

South in Te Anau, another young GP is following in Dr Hoskin's footsteps. Having worked there
recently as a GP registrar, James MacMillan-Armstrong is buying in to the practice over time.

"Better let him have the same opportunity as I did," Dr Hoskin quips.

North in Waihi, Dr Greaves is adamant practices should be run and owned by GPs. "This community has had two GPs who were there for 30 years and now they have two more GPs who are going to be there for another 30 years."

It is cradle to the grave medicine that is at the heart of general practice.