



Gross Budgeting for Start-Up Costs

Determining a budget for starting your own hand therapy practice will require careful consideration of what type of practice you want to establish, as no two clinics are the same. You will need to factor in what items should be purchased and what the ongoing expenses will be.

Considerations include:

Consultants

Once you have determined what consultants you may need for guidance (please refer to “The Use of Supporting Professionals”), you will need to figure out what to spend on their services. There are a variety of ways consultants can be reimbursed.

- Hourly rates (billable hours)
- Daily rates
- Project fee: A set price for the body of work you are requesting from the consultant.

The consultant’s incurred expenses (e.g. travel, accommodations, meals, etc.) should be considered and worked into your agreement.

Information Technology (IT)

IT infrastructure is important, and can be very costly. IT compliance is vital to the health and sustainability of your practice.

- Hardware
- Software -- billing, scheduling, documentation, etc.
- Phone (landline v. VOIP system)
- Internet connection costs

Labor (Clinical and Non-clinical)

- Payroll – consider what the staff will need
 - How will employees be paid? When will they be paid?
 - Can employees be cross-trained (aide work to front-office operations) to initially assist in decreasing labor costs?
- Benefit reimbursements
 - PTO
 - Holiday
 - Medical
 - Dental/vision
 - 401K
 - HSA/FSA
 - Life insurance/disability

Labor (Clinical)

- Salary – what you can afford to pay yourself and your staff
- Continuing education benefits
- Malpractice – professional liability insurance
- Employee insurance (workers compensation, unemployment)
- Association membership/license fee



Lease/Space

- Lease terms and square footage of space
 - Consider how much you can spend on a space with the best location within your budget.
 - Determine if there is a Common Area Maintenance (CAM) charge on top of rent.
 - Renovation/buildout: Does the space require modifications/upgrades (remodeling, paint, flooring, Internet, phone, plumbing, etc.)? If so, who will pay for this?
 - Monthly utility costs
 - General liability: Does this cost get passed on to you?
- Maintenance/upkeep
 - Cleaning services or supplies
 - Grounds (trash/snow removal)
 - Location equipment

Equipment (Capital)

Clinical and office equipment can fall under capital equipment if it has a usable lifespan of at least one year and costs \$5,000 or more. Consider purchased used equipment, or renting/leasing equipment.

Suggestions for general office equipment include:

- Office/therapist chairs, desks, computers
- Waiting room chairs, coat rack
- Treatment tables
- Printer, Wi-Fi router, phones, coffee pot, water cooler
- Paper, paperclips, staplers, pens, highlighters, charts
- Trashcans, calculators, shredders (or shredding service)
- Credit card machine

Suggestions for clinical equipment/therapy supplies include:

- Orthosis pan
- Heat gun
- Orthosis fabrication tools
- Hydrocollator, hot packs, hot pack covers
- Towels (service or washer/dryer in clinic)
- Ultrasound, Estim, TENS machines (single or combination units), ultrasound gel, electrodes
- Ice packs, freezer
- Orthotic material – thermoplastic, neoprene, padding, hook and loop, stockinette, scissors, dynamic and static progressive components
- Plaster or laminate tapes
- Weights, putty, hand exercisers
- Therapeutic balls and such exercise equipment
- Sensory materials – dowels, bins
- Upper extremity exercising equipment
- Paraffin bath
- Fluidotherapy
- Evaluation equipment – goniometers, dynamometers, pinchometer, tape measure, pegboards
- Sensory testing equipment – discrimination
- Wound care equipment – gloves, gauze, scissors, dressings, gels, suture removal kits, debridement kits, scar gel sheets
- Compressive wraps and similar items



- Rental or leased equipment
 - Work, sport and self-care simulation equipment
- General exercise equipment
 - Work, sport and self-care simulation equipment, cable column

Cash Items

- Prefabricated orthoses and custom-fit orthoses in stock
- Ice packs
- Any other item you want to keep in the clinic in order to “sell” to patients, e.g. putty, bands/tubes, grippers, stockinette.

Marketing

- Deliverables
 - Printed materials – brochures, business cards, handouts, cut sheets
- Website
- Social media
- Grassroots/community engagement
 - Giveaways – T-shirts, mugs, stress balls, tote bags, etc.
- Advertising
- Postage

What is the bottom line?

After consideration of the topics above, you should be able to develop a business plan with a general idea of your financial responsibility in order to begin your journey. In general, you should factor in all your initial start-up costs and your recurring monthly costs for at least the first six months.

Learn more

[How to Start a Physical Therapy Clinic](#)

[Leasing Business Equipment](#)

[Entrepreneur.com](#)

[The Business Owner's Bookshelf](#)

[Three Business Start-Up Books Every Entrepreneur Must Read](#)

[20 Questions Before Starting a Business](#)

[Estimating Start-Up Costs](#)