



Claverton 42

*for*

A PHYSIOTHERAPY PRACTICE

Strategy Report

July 2024

## 01 Executive Summary

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### Problem Statement

██████████ is a private physiotherapy company, based in ██████████, providing a range of services from a clinic in ██████████ and in the wider community. It seeks to expand its customer base and grow the business in the direction of its strengths.

### Proposed Solution

The business needs strategic marketing to those responsible for procurement at PMLD day centres to expand its business.

### Value

Acquiring a learning disability day centre client would see revenues increase by around ██████████ per annum. These single locations with multiple clients already represent the largest share of revenue for the business and they allow for a blended service with differing roles that are tailored to the strengths of the business. They also cover the infrastructure costs by not requiring a separate clinic. Profit margins for physiotherapy businesses with a turnover of under £250,000 average 41% and this falls to 15% for businesses with a turnover of £750,000 to £1,000,000 in part due to such costs. <sup>[2]</sup>

Two such day centres would cover the majority of the costs of hiring one physiotherapist, while leaving them with at least 50% utilisation available to take on other physiotherapy work at a profit. Hiring staff is critical to support a successful marketing strategy.

### Final thoughts

The practice is uniquely positioned with a strong philosophy that should make it an attractive proposition to potential clients.

## 02 Company Overview

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### Company History

- Organically grown, slowly over 10 years.
- Initially only the owner, working part time.
- Now physiotherapists (2-3 FTE), a physiotherapy assistant and an administrator.

### Mission Statement

Our mission is to support the local community to live well and as independently as possible.

### Vision

To be a leading provider of physiotherapy to all members of the community, to delight patients and ensure there is always an option for them where they will be listened to and afforded the best care available. To advocate for our patients even in adjacent areas where it is not us who provides the care.

### Values

- **Family:** We treat our patients and their loved ones as part of our extended family, foster a warm, supportive and nurturing environment where everyone feels welcomed and valued.
- **Integrity:** We uphold the highest ethical standards in our practice, consistently doing what is right for our patients and building trust through our reliable and accountable actions.
- **Honesty:** We prioritise transparency and openness in all our actions, ensuring our patients and where appropriate their families are fully informed and involved in the care process.
- **Empathy:** We approach each patient with understanding and compassion, recognising their individual experiences and challenges.

## Current Business Model

- Adults with PMLD
  - Target Group: Adults with PMLD
  - Acquisition Channels:
    - Website
    - Word of mouth
    - Networking
    - Partnerships with day centres
- Elderly in Residential Homes
  - Target Group: Elderly residents in care homes
  - Acquisition Channels:
    - Website
    - Word of mouth
    - Networking
    - Partnerships with residential homes
- Local Residents (MSK/Sports/Rehab/Respiratory/Neuro)
  - Target Group: Patients experiencing pain, injury, falls, post-surgery, breathing or neurological disorders
  - Acquisition channels:
    - Website
    - Google adverts
    - Magazine advertising
    - Partnerships with sports clubs

## 03 External Analysis

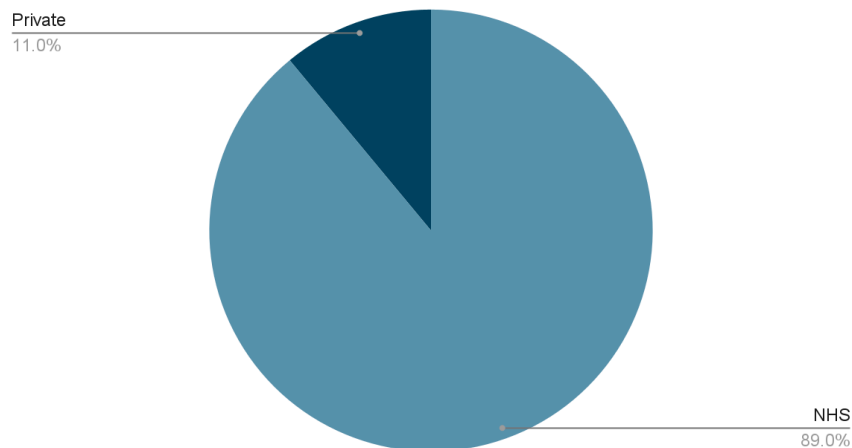
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### Market Analysis

The private physiotherapy market in the UK was around \$1.4bn in 2022, estimated to expand at 4% a year to \$1.9bn in 2030. <sup>[1]</sup>

The average practice has a revenue of £326,906. <sup>[2]</sup>

Physiotherapists by sector



There are approximately 65,000 physiotherapists, of whom 11% work in private practice. <sup>[4]</sup> This compares with 3432 chiropractors and 5341 osteopaths. <sup>[5][6]</sup>

With a UK population of 67 million, this is slightly under one physiotherapist per 1000 people, which is broadly in line with similar countries. There is a population of 28,000 in [REDACTED], so we would expect to see around 28 physiotherapists in the town.

- 42% of practices employ clinical staff, the remaining using an associate model
- 21% operate across multiple clinics
- 42% offer gym access
- 16% have NHS contracts <sup>[1]</sup>

Key drivers for private physiotherapy include:

- **Ageing population.** There were 9.2 million people aged 65 years and over in the 2011 census and this increased to over 11 million in 2021. <sup>[7]</sup> This partly explains an increasing prevalence of various conditions.
- **Rising health awareness.** Partly, but not exclusively, influenced in recent years by covid. <sup>[9]</sup>
- **NHS constraints.** Even the NHS acknowledges that waiting lists can be long for physiotherapy and that people are choosing private physiotherapy. <sup>[8]</sup>

## Competitive Landscape

- NHS
- Alternative therapies such as chiropractors
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

The main provider of physiotherapy in the area, as it is nationally, is the NHS. The private sector is fragmented with larger insurance groups contracting out to smaller practices. There are a variety of small, generally single-person, offerings in the [REDACTED] area and these tend to be focused on musculoskeletal issues, as are the non-medical alternative therapy providers. Other practices are further afield in [REDACTED], [REDACTED] and [REDACTED] and few, if any, appear to target learning disabilities, respiratory or neurological care.

There is a shortage of physiotherapists nationally, with the Chartered Society of Physiotherapists having called on the government to expand the NHS by 12,000 more physiotherapists to meet demand and bring the UK in line with other countries. <sup>[10]</sup>

There appear to be fewer physiotherapists in [REDACTED] than the 28 that would be expected for the national average, but it is difficult to say this with confidence, partly because NHS access to physiotherapy is geographically fragmented and services some patients out of area, partly because the local area has many villages, some of which we know contain physiotherapy practices that dramatically exceed the average ratio if you solely consider the village they're situated in.

The practice commands slightly higher rates than most local practices and appears above competitors in search engine results. It does not offer online consultations.

## PESTLE Analysis

These are key political, economic, sociological, technological, legal and environmental factors that influence the strategy for the next year.

- Upcoming UK general election. The Labour Party are leading in the polls and they have a stated ambition to address waiting lists using the private sector and have stated that they will not increase Income Tax, VAT (which is zero rated for physiotherapy) or employee's National Insurance. It is unclear if or how this would apply to physiotherapy. Only 16% of private practices currently have NHS contracts. <sup>[1]</sup>
- Interest rates have been falling, the practice has no debt at the moment though and is not choosing that route for expansion.
- The UK physiotherapy market was sized at approximately \$1.4bn in 2022, estimated to expand at nearly 4% a year to \$1.9bn in 2030, driven by an ageing population and an NHS service with long waiting lists for short appointments. <sup>[2]</sup>
- There have been small cuts to employer's National Insurance. <sup>[3]</sup>
- Demand for physiotherapy looks likely to continue to increase, in part by an ageing population and NHS pressures.
- The regulatory situation appears stable.
- The legal situation for the business has slightly changed recently having become a limited company.
- Technology around case management and libraries of exercises for patients are important innovations for improving accessibility and patient outcomes, enhancing the appeal of private practices and these continue to evolve.

## 04 Internal Analysis

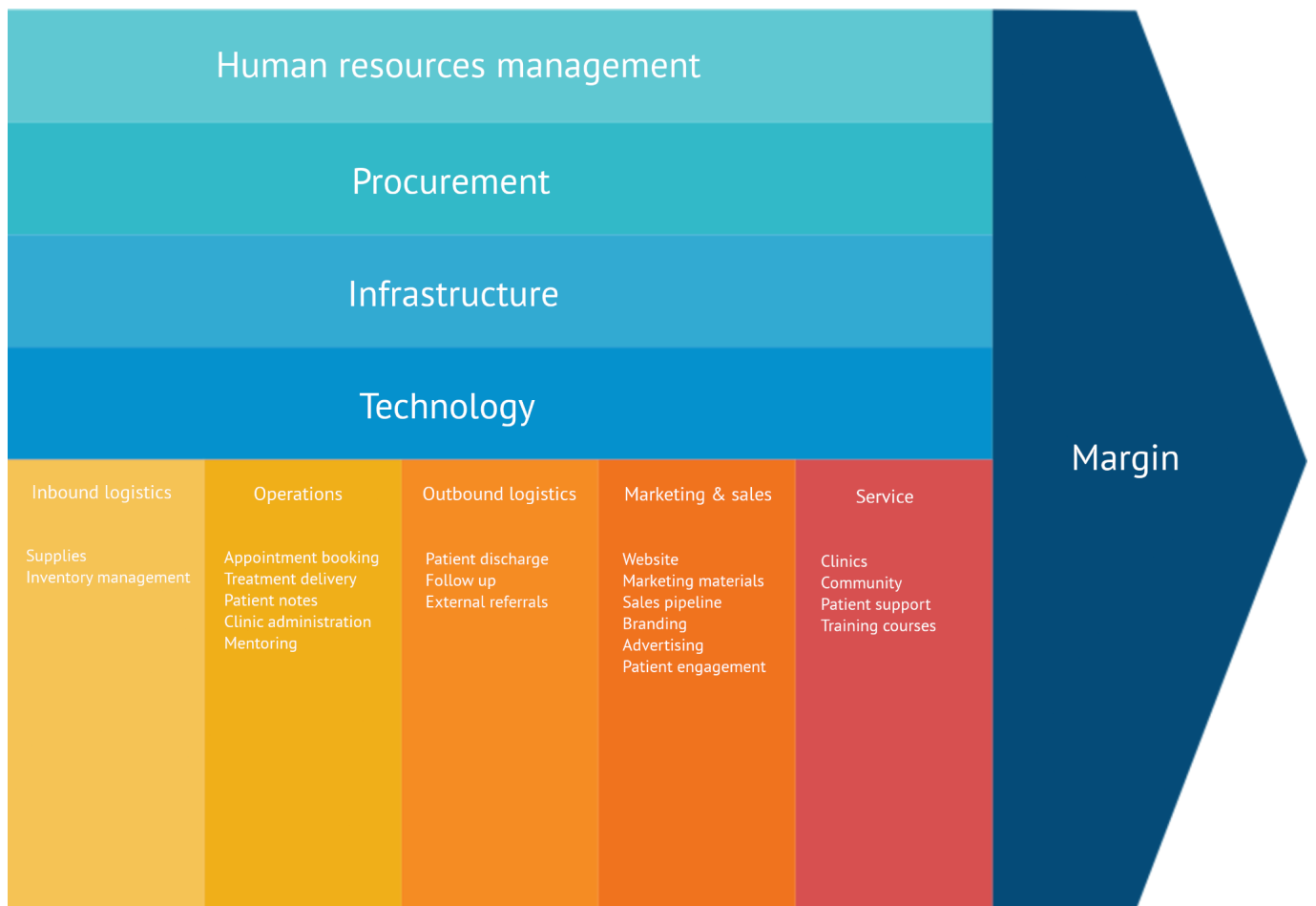
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### SWOT Analysis

<b>Strengths</b> <ul style="list-style-type: none"><li>● Learning disability therapy</li><li>● Elderly</li><li>● Community</li><li>● Respiratory</li><li>● Brand</li><li>● Quality, ethics, professionalism</li><li>● Flexibility, compassionate</li></ul>	<b>Weaknesses</b> <ul style="list-style-type: none"><li>● Heavily owner-dependent</li><li>● Inadequate marketing and growth</li></ul>
<b>Opportunities</b> <ul style="list-style-type: none"><li>● Growing learning disability</li><li>● Growing elderly</li><li>● NHS</li><li>● Training</li><li>● Partnerships (OT, training)</li><li>● “Luxury” experience</li></ul>	<b>Threats</b> <ul style="list-style-type: none"><li>● Potential to lose significant revenue through a few business customers</li><li>● Growing competition</li><li>● Geographically restricted</li></ul>



## Value Chain Analysis



## Core Competencies

- Learning disabilities
- Elderly
- Respiratory
- Musculoskeletal
- Training
- Hydrotherapy
- Rebound

[REDACTED]

## 05 Strategic Objectives

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### Short-Term Objectives (1 year)

- Hire two full time physiotherapists
- Increase marketing to specific, targeted businesses
- Work with three more PMLD day centres
- Work with one more elderly residential home

### Long-Term Objectives (3 years)

- Expand to a team equivalent of 8 billable FTEs including a team lead physiotherapist able to manage the day to day running of the team, consider giving this person equity
- Expand and market training programme offerings
- Significantly increase Director's rate above senior physiotherapist role
- Win an NHS contract
- Expand to PMLD day centres in the wider region and nationally

### Alignment with Mission and Vision

Working with four more PMLD or elderly settings would put the practice within reach of ██████████ in revenue, delivering community support for independent living more widely. This alone would not achieve growth targets, other areas of the business would have to continue to grow too, but it is already an ambitious target.

## 06 Strategic Initiatives

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### Growth Strategies

- Increase marketing to target learning disability day centres and elderly residential settings
- After reaching 8 FTEs, increase the owner's hourly rate
- Define and refine a sales pipeline process for learning disability and elderly homes
- Establish relationships with other physiotherapy practices, ensuring they are aware that this practice has particular expertise in areas they do not, consider referral schemes

### Operational Strategies

- Continue to refine the offering to patients; ensure that they promptly receive branded, professional, individualised treatment plans, that the discharge process gives them a report, that patients do not just fall off the books without a phone call to follow up. That documented processes and patient notes reflect all of this in a timely fashion, that explaining the flow of patients is part of the onboarding process.

### Financial Strategies

- Revenue diversification - more clients, training courses, online appointments, physio-led class sessions
- [REDACTED] / subscription model for physio/training
- Partnerships - OT, training

### Human Resource Strategies

- Talent acquisition
- Professional development
- Employee engagement - rewards, responsibilities
- Convert contractors to permanent
- Clear performance metrics and goals, derived from company KPIs

## Risk Management

- **Risk:** The practice is heavily owner dependent, normal for a small practice and approximately 50% by revenue, which restricts growth and makes the business unfit for sale
  - **Mitigation:**
    - Expand the team
- **Risk:** Only 2-3 accounts bring in approximately 25-30% of revenue
  - **Mitigation:**
    - Expand the customer base
- **Risk:** Staff turnover
  - **Mitigation:**
    - Offer training
    - Responsibilities
    - Objectives based upon revenue raising linked to pay rises

## 07 Implementation Plan

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### Action Plan

- Marketing

The key blocker to the business expanding appears to be the very first stage of marketing; awareness. Before a PMLD day centre can consider or engage with the practice, they need to be aware of the practice and the services it can offer.

The current marketing strategy appears to have resulted in zero new day centres in the last year.

There are sufficiently few learning disability day centres and the practice is sufficiently small that hiring a marketing company, when marketing at scale these days is largely digital, is likely unnecessary and probably counterproductive given any marketing company will lack the expertise to talk with authority.

Consequently the practice should define and refine its own marketing strategy to approach these few businesses directly.

As these are long term customers it justifies delivering value to them up front; meet them in person, understand their business, deliver a class, leave them branded items, provide them an assessment with report on the potential benefits that physiotherapy can bring to their residents *and* the value it can bring to their businesses (“sell the sizzle”; the outcome they will receive, rather than the hours of physiotherapy). Be clear on what the product is and ensure the website and social media channels reflect it.

Be politely persistent with the targeted businesses; find a way to contact them every month; send them Christmas cards, activity idea sheets, physiotherapy-related games, informative and educational posters, anything (all branded). Aim to ensure they understand the full breadth of what physiotherapy can deliver, including as a selling point for their business or charity.

- Nothing else.

There is so much the practice could pursue, but until the issue of expanding on the practice's existing strengths is resolved, networking events, talks, untargeted advertising in magazines, flyers, posters, etc. are only a distraction from the targeted pursuit of PMLD day centres and elderly residential homes that are core to the strengths and vision of the practice.

## **Resource Allocation**

- A marketing budget should be prepared as part of the marketing strategy.
- This will require owner time, perhaps two days a month.

## o8 Performance Measurement

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### Key Performance Indicators

There should not be too many KPIs for a small company, especially if responsibility for the KPIs are not easily delegated away from the owner. This is suggested as the principle KPI to monitor and account for:

- Number of PMLD day centres and elderly residential homes on the books

The following are included, but are largely secondary, for monitoring purposes rather than driving the business forward at this stage.

- Total revenue
- Practitioner utilisation

### Monitoring and Reporting

It is important that the KPIs are monitored continuously. There needs to be accountability for meeting the KPIs.

### Evaluation and Adjustment

Review KPI progress quarterly, refine if targets are reached early or new problems arise.



## 09 Conclusion

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The practice has several avenues available for expansion. Musculoskeletal physiotherapy is a relatively crowded sector but the practice also operates in the community and within learning disability day centres and elderly care homes. These areas are not only less competed but they have efficiencies for travelling clinicians and already constitute a greater share of the practice revenue.

The business has a broad spectrum of capabilities and it would be easy to switch from one segment to another; from training to online appointments, to opening a new clinic or providing a new specialty. It should initially focus on its existing strengths, where it already has significant revenue, expanding in this area through a marketing strategy tailored to learning disability day centres primarily and elderly residential homes secondary to this. Once the practice has expanded to be less dependent upon the owner, then it should have the breathing space to pursue other workstreams.

## 10 Appendices

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### References

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- [5] <https://www.osteopathy.org.uk/news-and-resources/research-surveys/statistics/>
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