

Business activities

All businesses must undertake the following activities:

a) Buy, make and sell

- reflected in the operating statement (profit and loss statement)
- involves buying consumables and hiring staff, making diagnoses or management plans and attracting a fee

b) Retain and convert assets

- reflected in the balance sheet or statement of financial position
- involves building a cohort of patients, developing systems for serving them and growing your reputation and networks to provide good care
- includes the equipment and fit-out you use to conduct business
- effectiveness is the real measure in this case

c) Generate goodwill

- reflected on the balance sheet when a business is positioned for sale
- reflects the number of patients, and therefore income, a practice is likely to generate over the next two to three years
- goodwill should build as an enterprise grows
- many use goodwill to contribute to both retirement and a gain a return on the equity that the owner has invested in the business
- goodwill is not highly valued in general practice as most patients have alignment with sub-contract doctors who are mobile
- declines in the number of practices being bought by corporate groups since 2013 has seen a reduction in practice value of up to 40% as fewer buyers are in the market

To organise the resources of a business to be both effective and efficient requires managing a whole series of inputs to get the outputs you value. This will ultimately deliver outcomes like patient and staff satisfaction, which add to the tangible and goodwill value of your business.

Core business functions

- Human resources, people development, culture
- Financial collections, resources & reporting
- Marketing, patient retention and satisfaction
- Business risk
- Legals, compliance and accreditation
- Business systems and technology
- Planned business activity & new initiatives
- Routine operations and teamwork