

FUNDING YOUR FYZICAL THERAPY PRACTICE

A GUIDE TO UNDERSTANDING
THE INVESTMENT REQUIRED
AND HOW TO SECURE FUNDING.



THE INVESTMENT REQUIRED TO START A FYZICAL CLINIC

Investing in your own physical therapy clinic through FYZICAL is a sound investment that can provide a substantial return, both personally and professionally; but, what exactly does it take, financially, to start your own practice? In this guide you'll learn:

- The Investment Level Required to Start a Clinic
- The Top Methods of Funding Your Clinic
- How to Ensure You're Approved for Funding



THE INITIAL INVESTMENT

The total project investment is, on average, between \$217,850- \$518,600¹, but when leveraging an SBA loan, FYZICAL partners need access to an average of \$225k in non-borrowed funds. In some cases, not all funds are utilized, but having the ability to access them ensures security should you encounter any obstacles during the establishment or early operating months of your business. On the following pages, you will see a breakdown of some of the major initial investment categories.

FYZICAL Franchise Investment

To join the FYZICAL Franchise, you should expect to make a one-time initial investment. This investment provides access to all of the knowledge, support, resources, technology, vendor discounts, and power of brand that FYZICAL provides and is included in the average \$217k - \$518k initial investment. This membership investment also secures a protected area in which you will never compete against another FYZICAL clinic. This initial investment often pays for itself immediately by reducing the time and investment required in other start-up stages of your practice. Investment may vary based upon number of locations secured and population of your market, but the initial franchise fee for one location is \$49k².

Equipment

New FYZICAL centers can anticipate spending only \$11,000 - \$76,000³ on their FF&E (furniture, fixtures and equipment) prior to opening. FYZICAL's more than 50 vendor partners provide exclusive pricing on equipment, products, and services that allow FYZICAL members to establish their practices more effectively and economically than those outside of our organization. The size of your location will impact your equipment investment, with larger centers naturally requiring more equipment to fully utilize their space.

Location Leasing

FYZICAL helps you find, select, and negotiate your best real estate opportunity whether you choose to purchase or lease, although most members choose to lease. Be prepared to invest approximately three month's rent as many landlords typically require first and last month's rent, as well as a security deposit. Lease amounts vary significantly, but a range of \$2,600 - \$5,600 accommodates most centers.



Leasehold Improvements

Leasehold improvements and build-out costs vary widely based upon a number of factors, including the size and condition of the premises, whether or not there are any existing leasehold improvements and whether the landlord will contribute to the cost of the improvements. FYZICAL will advise you on negotiation and we have been successful in negotiating landlord contributions to your build-out costs. Your location costs are likely to be in the range of \$65,000 - \$180,000⁴.

Operating Expenses

This category includes investments required to operate your franchise during the first nine months of your business. This includes employee payroll expenses, additional expense that may be due to the landlord or suppliers. Non-clinical owners should set aside \$75,000-\$150,000.

Everything Else

A full list of more minor investments associated with your therapy practice can be viewed within FYZICAL's Franchise Disclosure Document (FDD) or requested from your FYZICAL Advisor. These smaller investments include training and travel, security system, signage, branding, design, computer and EMR systems, grand opening advertising, utility deposits, business licenses, 12 months insurance, prepaid expenses, as well as other miscellaneous investments. Everything you need, big or small, has been accounted for, so there are no surprises in your start-up process with FYZICAL. All investments are accounted for in your total investment figures.



THE TOP 6 METHODS OF FUNDING YOUR PRACTICE

Regardless of your current financial means, it pays to be knowledgeable about options available for funding your practice. A breakdown of the most common methods to secure funding for your PT clinic are below.

1

Cash or Marketable Securities

For the most qualified candidates, funding the business with savings or by cashing in marketable securities (stocks) may be the right choice. Consider this type of funding if you are debt averse, have significant liquidity, and feel more secure investing in your own success rather than the success of the stock market.

2

401k Rollover for Business Startups

Funds from the 401k account of a previous employer may be used to finance your own small business. Even if these funds have already been consolidated into the 401k account of your current employer, any earned under a previous employer are eligible for this funding program. This process, commonly referred to as a Rollovers for Business Startups (ROBS), allows you to draw money from your retirement account to start a business without incurring an early withdrawal fee or tax penalty. If you do not have enough to finance the project alone, you may consider simply rolling over enough funds to increase your personal finances and make you more qualified for an SBA Loan.

3

SBA Loan – The #1 Funding Choice for Therapy Entrepreneurs

The U.S. Small Business Administration is an agency that sets guidelines for loans made by lenders that partner with them. The SBA guarantees these loans and as a result, down payments are typically lower and requirements a bit more flexible. Because SBA loans are designed for starting a business, you do not begin making payments on the loan immediately, but only after you begin to utilize the funds! This allows candidates who qualify to secure more funding than necessary, in case of emergency, but not have to make payments on funds they do not utilize. Most SBA loan programs have specifications on how you can use these funds, so having a thorough understanding of the lending process is essential. FYZICAL works closely with top funding institutions to educate and tailor the lending experience to your needs.



4

Commercial Bank Loan

This is a traditional term loan directly from a bank. You apply for the loan and based on your business plan and personal credit history, you will receive a decision and be given access to a lump sum. The stronger your financial history and the higher your credit score, the better the terms and interest will be for your loan term. This is less common in funding a therapy practice as the terms of an SBA loan are typically more advantageous and accessible.



5

HELOC - Home Equity Line of Credit

A home equity line of credit, commonly referred to as a HELOC, allows individuals to draw funds from the equity value they have in their home, as needed, and repay the money at a variable interest rate. The available funds replenish when the balance is paid off making this a "renewable resource." The better your credit score, and lower your debt-vs-income ratio, the better your rate will be. This could be a viable solution for those with high equity in their home who may have trouble qualifying for other lending options.

6

Partners, Friends & Family

If you do not qualify for the more traditional funding options above, it is possible that you could secure funds by bringing in a partner or borrowing from friends and family. You do not necessarily need enough funds to finance the project yourself, but just enough to qualify for an SBA loan or another funding option. If you pursue this method, be sure to put the terms of your agreement into a contract – including any expectations set by the lender and ensure both parties agree to the terms.





ENSURING YOU'LL BE APPROVED FOR SBA FUNDING...

The SBA is the most common method of funding for those that wish to take on a loan for their business. Below, we have outlined what SBA lenders consider in order to determine your qualification.

INITIAL CAPITAL INJECTION

This is the money you will provide toward the project from your own funds, not the loan. A traditional SBA loans will require you to allocate a percentage of the loan value as an initial capital injection. Plan to allocate an average of \$225k as an initial capital injection.

CREDIT SCORE

Your credit score demonstrates if and when you pay your debts. The higher your score, the more trustworthy the institution will deem you. Generally speaking, a score of 650 or higher is necessary to qualify for an SBA loan. If you have a lower score, you'll likely need to be more impressive in another category to be considered for funding.

COLLATERAL

Collateral is any asset which could be used to guarantee your financial commitment to the loan. This may include a private residence, additional real estate assets, an additional business, vehicles, or

any other valuable assets. In the event you default on your loan, your lender may take possession of or sell your assets in order to recuperate the funds they loaned.

ABILITY TO SUPPORT YOUR FUTURE PERSONAL EXPENSES

This category is often called your "burn rate" - the rate at which you will burn funds in order to run your household as you live today. It will include groceries, mortgages, car payments, and additional debt service. Lenders will want to see that you have the means to cover these expenses through savings, or future income, while you are waiting for your business to begin turning a profit. Strong spousal income, income from additional businesses or employment can satisfy this category. If you are the only breadwinner and will leave your current job to pursue this opportunity, you will likely have to demonstrate a higher cash balance to cover these expenses.



YOUR PATH TO SUCCESS AND BUSINESS OWNERSHIP IN PHYSICAL THERAPY!

With the support of FYZICAL, you can operate a successful franchise physical therapy clinic within your own community. If you're ready to learn more about the opportunity, schedule a call with a FYZICAL Advisor today.

WANT TO LEARN MORE AND TAP INTO A WEALTH OF KNOWLEDGE & SUPPORT?

FYZICAL franchisees have access to an entire startup team ready to help you get begin your path to practice ownership – to get started, check to see if your preferred territory is available by clicking the button below.

[CLICK HERE](#)



