

Providers Properties and Performance - Episode 56 - V1

Tim Spooner 00:00

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Trisha Talbot 00:53

This is the Providers Properties and Performance Podcast, the podcast that brings together leaders in healthcare and investment real estate to consider the possibilities in future at the intersection of practicing medicine, and healthcare real estate investment returns.

Trisha Talbot 01:08

Welcome to the Providers Properties and Performance Podcast, I am your host Trisha Talbot. As a healthcare real estate adviser to providers and investors. The best solutions occur when the two collaborate together as partners in delivering better patient care. Providers can deliver care to their patients when and where they need it and investors realize the returns to build and manage facilities. We explore changes in medicine and wellness, the future of healthcare and using real estate as a strategic and financial tool.

Trisha Talbot 01:35

Welcome to this week's episode of the Providers Properties and Performance podcast where I interviewed Tim Spooner, who is pPresident and CEO of Spooner Physical Therapy and Proactive MSD. Over 30 years ago, he started Spooner Physical Therapy, and it now has grown to over 22 locations, and he's grown it in order to serve the needs of his patients. And then along the way, where he has had to purchase buildings or develop buildings, he has become a physician owner and real estate as a result. So I hope you look forward to listening to his story.

Trisha Talbot 02:06

Tim, welcome to the Providers Properties and Performance Podcast.

Tim Spooner 02:09

Thank you, thank you glad to be a part of it.

Trisha Talbot 02:11

Just so that the listeners understand the entire perspective of what we're going to talk about here. You're a private practice physician, you specialize in physical therapy. But you've also invested in your own sites, as well as a partner in multi-tenant medical buildings where you also have an office that you have quite a depth of experience to share.

Tim Spooner 02:31

Yeah, I'm formally trained as a physical therapist. I've been a therapist for 35 years. And I've had my own practice for 31 years, and we have 22 locations around the valley. And at times, we have looked to acquire real estate and/or develop real estate as part of our growth and expansion.

Trisha Talbot 02:50

Absolutely. So you already mentioned Spooner Physical Therapy, but you also started Proactive MSD. So how did that start?

Tim Spooner 02:57

Proactive MSD is really an interesting thing. And as a physical therapist, we take care of people, that's what we do for a living. And what we do is help them with what's called musculoskeletal injuries, musculoskeletal dysfunction, which is a very prevalent thing in our society. And one of the things that was very frustrating for me was to work with someone who came in with a prescription, for instance, with acute low back pain. And I go, well, John, when did this happen? I was doing some yard work in January. And here it is four months later. And they're just now getting to me. And so this was designed to combat the wasteful overspending that happens in MSDs and bring a solution to employers to help them control their healthcare costs.

Trisha Talbot 03:51

Absolutely. Yeah. I think muscular pain seems to be prevalent, and it takes a long time to diagnose exactly what's going on.

Tim Spooner 04:00

It doesn't and it doesn't I mean, you know, physical therapists, this is our training. This is our specialty, if you will, and you can get into physical therapists through direct access in Arizona. And so you can see a physical therapist directly for your musculoskeletal pain. And that's one of the things we try and promote because if they have to navigate the medical system, they're going to get treated medically. Musculoskeletal issues are biomechanical in origin and we are the expert in that field in the medical profession.

Trisha Talbot 04:34

Obviously, I mean, I guess that's my point is you're able to diagnose them quicker because you kind of know what to look for.

Tim Spooner 04:42

And for a fraction of the cost. That's one of the main things is that we are very high value, low cost alternative in the medical field. You know, for instance, our average stay at Spooner Physical Therapy,

over 30 years is 10 visits, you think 100 bucks a day. That's \$1,000 in most MRIs and that cost \$1,200 to \$1,500 dollars. So you can get treated and resolve your symptoms for less than the cost of an MRI, and that doesn't include the medications, the office visits, the time and all the other things that go into trying to resolve your MSD.

So bringing a complete solution to an employer to help them control their costs is really fun for me. And it is also fun for the employer because they get to deliver an improved benefit to their employees that they didn't know existed. Plus, it lowers their health costs. So everybody in the situation wins. And one of the key things is, I'm going to pull here as well, we're a self insured company. I have 400 plus employees. I have to buy my own benefits. And it was through buying my own benefits that I'm like, why do my premiums keep going up? But my reimbursements keep going down? You know, that's a painful realization as a business owner, where I took an in depth look at the healthcare system, and where we could make a difference.

Trisha Talbot 06:18

And how were you drawn to physical therapy in the first place?

Tim Spooner 06:21

I knew I wanted to do something in medicine, I was an athlete all through high school, college, and I'm a teacher by nature, I love to educate, I love to help people. And the benefit of physical therapy is that I get to be active, I get to teach and I get to really help people improve and spend time with them. My patients that I've had over the last 30 some years are also close friends of mine. And when you look at taking care of a community, I really enjoy taking care of a community and helping them feel better. I've evaluated enough, you know, as many people in my front room over the years, just because someone will call me and know that I'm a therapist, and I can help.

Trisha Talbot 07:07

That's wonderful. And then what made you decide to go into private practice.

Tim Spooner 07:11

As my skills were improving early in my career, I found that I wanted to develop an environment where I could deliver the type of service that I wanted to deliver to my patients. I didn't want to be told I could not do this or could not do that. I wanted to take care of the people the way I would want my mom taken care of, you know, I opened my own practice as a result to do that. The fun thing about that is that it not only attracted other people who wanted to do that, but also attracted a lot of patients. And as a result, the company has continued to grow. And I think most medical professionals really feel this way. But they may be stuck or hampered by a system they're in.

Tim Spooner 07:54

And you know, for instance, my own practice, I opened the same month that Healthsouth came to town, you probably remember those. And you know, they have come and gone. So has several other national entities come and gone. Not because the people were bad, but maybe the system didn't allow them to do what they wanted to do to really take care of our communities.

And above all, I think healthcare is local. And as a result, our efforts, our wages, our treatments, and that should be regional so that we can pour it back into our communities through our interventions through our schools through other things that we do as a profession.

Trisha Talbot 08:35

What the first site of Spooner Physical Therapy almost, it was like 30 years ago?

Tim Spooner 08:40

31 years ago, it was on 89th place. I'm not gonna remember the exact address but it was I remember it because it was the only building it was that building the super pumper. And Scottsdale North hospital, which is now honor health share, I believe it's called. But those were the only buildings in that whole region. The freeway wasn't through - none of that. So that was our first location in north Scottsdale.

Trisha Talbot 09:04

And when did you decide to grow? Did it happen organically? Or did you have it well organized and thought through?

Tim Spooner 09:12

No, I think to understand that question is to understand that I'm from a small town in North Dakota, and I had no dream of building a big company but I attracted another therapist as we grew and we looked at our patients and they were driving over the hill from Fountain Hills. And we said, why don't we look at putting a clinic out there and one of our referral sources said you should put a clinic out there. The patient said boy, I would really appreciate not having to drive 20 minutes to come see you. And so we grew as we developed our people. As our therapists grew, they grew into leaders. They defined opportunities I didn't set out to put a box on every corner. That's someone else's business, that's not ours. We want to provide a community based service that really adds value to the community, to the referral sources, to the patients to everyone, it makes sure that they can be as healthy as they want to be and lead very active lives.

Trisha Talbot 10:12

Absolutely. And probably because a lot of physical therapy, some people try to do either in the morning at lunchtime or after work and having it convenient is helpful. So when you were looking to grow, when did you decide to start buying some sites that you operate in? And then how did that lead to you investing in properties where you also practice in a multitenant situation with other physician owners?

Tim Spooner 10:38

Again, another fabulous question. It's not like I set out to be a real estate person, it was part of a necessity, and part out of trying to design the type of clinic that we wanted to have and the service that we wanted to provide the community. So as my first project in north Scottsdale, the Pentacle on Desert Cove, was just that I partnered with several dentists, and rheumatologists. And we built a facility that encompassed all our practices, but really provided great space for us as providers to take care of the community.

Trisha Talbot 11:15

And do you feel that owning your property lowered your cost of occupancy or what enabled you to invest back into your business? Did it offer you any of those resources?

Tim Spooner 11:26

It's different, right, you can pay a lease or you can pay a mortgage. And you know that people think that they're going to be putting 10s of 1000s of dollars a month into their pocket, that's not true, you still have to pay for something. But what you are doing is a portion of that payment is towards equity or towards principal. And you have to balance that with the cash flow of the company. As a therapist, our margins are just razor thin. So it's not like I needed to shelter or move cash out of the business in order to help me shelter income. It wasn't that at all, it was more I want to control the costs by controlling the project, that was a lot easier.

Trisha Talbot 12:11

For other private practice physicians who have a vision like yourself to create the practice around the patient. What would you say to them as far as building their business and growing if they want to expand and put sites in different locations and either own or lease them? What would you say to a fellow clinician contemplating growth and how they might go about it?

Tim Spooner 12:35

First of all, surround yourself with a great team, people like yourselves that are experts in your arena, because at the end of the day, I'm going to go back into the clinic and see patients, this is what you do all day, the lending process, the building construction process. You need to have people that are in your corner. And if you don't, the cost can get out of control in a hurry. And I've been very fortunate I built at the right time, I sold what I think was at an appropriate time. But I know a lot of other people that built condos during the boom that actually got taken to the cleaners and lost the mortgage. And it was a bad deal. There are ways to financially protect yourself from that.

Tim Spooner 13:24

But the key is to have a very solid team if you're going to expand and do that. The next part is just to understand your business process and business philosophy. Is the reason that you want to own property to have multiple, multiple sites and build a real estate portfolio? Because there are businesses that do that. And it's important to study them. But for me, it was about how could I get into a location, a community, take care of them. Sometimes we built, sometimes we it was better to lease from a financial consideration. So it really depends on what that physician practice is really looking to do. And I guess one of the biggest mistakes I've seen is by people thinking, because I'm good in subject A matter when I come to subject B matter I'm also an expert in that. You could learn some hard lessons there and that I've seen that happen and unfortunately, the people are experts in the field and you need to surround yourself with people you trust.

Trisha Talbot 14:28

Yeah, and I try putting different decisions in front of clients I asked if they're looking to have a second job outside of practicing medicine or if they're looking to, you know, be advised and just make decisions after they're done with their day or before their day, instead of having to try to learn real estate and not

even learn it because it's not that it's hard to understand, but that a lot of the activity is happening and the decisions that need to be made or getting a hold of people and organizing everything happens at the same time that they're seeing patients. And unless they can copy themselves, sometimes you just can't logistically do both.

Tim Spooner 15:05

And well stated that, you know, these things happen after five and I can't tell you how many family meals or evenings that, you know, I missed away from my family as a result of that. And you have to know what that balance looks like for you personally and professionally. Again, I'm very fortunate that I'm supported well, but that's a challenge for others.

Trisha Talbot 15:28

Absolutely. Because I'm sure people loved it, you know, with growing families people like to be involved with their kids and that's much more fun than having to chase around all these parties have a transaction and keep everyone organized.

Tim Spooner 15:41

Yeah, I'd much rather coach Little League than go yell as a contractor. I know that.

Trisha Talbot 15:47

Okay, so Tim, we're gonna move into the get to know you part. So what was your first job?

Tim Spooner 15:53

My first job was with the Youth Conservation Corps, which was an offshoot of the Civilian Conservation Corps. I believe, when I was 14. I had other jobs making money with mowing lawns, and things like that growing up, I always had to make my own money. So I always had cash. And I always, you know, did something. The Youth Conservation Corps, we build jungle gyms and things like that. So that was my first job. And when I was really young.

Trisha Talbot 16:21

Wonderful! What would you be doing for a living if you were not a physical therapist or in medicine?

Tim Spooner 16:26

I believe I'd be teaching in some fashion, that's my heart. I like helping people grow. And, you know, I've learned so much from my patients really, that treating and in my environment, people like to give back especially people who are very successful. And having been given that gift that they helped me, I feel not only obligated, but very empowered to help others get to a better place. And so I wouldn't be doing something in that nature. Again, having successful people that have helped me has been really inspiring over the years.

Trisha Talbot 17:05

Paying it forward, huh?

Tim Spooner 17:07

Yeah.

Trisha Talbot 17:08

Who are you reading or listening to right now for news information or inspiration?

Tim Spooner 17:13

Well, I have turned off all my social media for probably the most of the last year. I do some things on LinkedIn. But from a focus standpoint, I get my news from very limited resources on where I read and the subject matter that I am in. Books I'm reading, I've been reading Simon Senek's Leaders Eat Last. Yeah, I think that sort of name, title of the book, and that's been super good. I really enjoy his work. And then a lot of the other things would be in this space I mean of the disruptive healthcare environment, works by Marty Macquarie and Dave Chase in and being involved in podcasts through things like the FMMA that were involved in.

Trisha Talbot 17:57

Yeah, Simon Senek's Infinite Game is another great one.

Tim Spooner 18:00

Yep. Yep.

Trisha Talbot 18:02

So what is one thing you do every day for healthy self care, you obviously have a really busy day, probably every single day. So what do you do to get yourself ready?

Tim Spooner 18:10

Great question. You know, for us movement is medicine. And, you know, as a physical therapist movement is medicine. So for me, movement is anything from getting my mind moving to having stillness, to allow my mind to be creative, to physically moving my body to performing it, what I want to do, and I really enjoy playing golf. And so I do a golf program. And I have had a numerous amount of musculoskeletal injuries myself, so I have to keep moving in order to accomplish what I want to do. So I kind of break it into mind, body, spirit on a daily basis, and try and nourish each of those areas of my life, and do something that is proactive in that manner.

Trisha Talbot 19:00

I love it. So I'm going to ask you two ending questions. Usually, I do one or the other. But both are relevant. So do you think a person is born with the desire to heal? Or is this only trained through their medical training?

Tim Spooner 19:14

I think your interests are piqued by the educational system that we have, and what you are encouraged to be good at. And, there's a lot of people that are good in math, and they're encouraged to be an engineer. And I think that although that's a good thing, you know, we want to encourage people to also know themselves of what they want to do, just because you're good at math doesn't mean you want to

be an engineer. And I've known engineers that went back to med school, and they're really good physicians. So that being said, I think it's a combination. I think you have innate abilities that are enhanced through your training and then you know the skill set as a provider should take you deep into your passion is what I like to see, or what I like to encourage. Because if someone's really passionate about what they're doing, they're gonna be really good. And that's the essence of a clinician that you want to send your mom to.

Trisha Talbot 20:18

Yeah, and you know, the providers and clinicians when you know, that they breathe, he and live what they do, but they have a variety of information that they don't just get in one source, and they're reading everything, they go to conferences, they're talking to people and they really enjoy it. You do you can tell the difference.

Tim Spooner 20:41

And there's been some studies, right with people who go deep into that there's cross pollination into other subjects, just because you've been able to think, and act and implement at a deep level.

Trisha Talbot 20:55

Yeah, absolutely.

Tim Spooner 20:56

That's why some CEOs go from company to company, because at the end of it, they can you know, they're running a company, and they can inspire, they can create a vision, but they may be doing totally different types of businesses.

Trisha Talbot 21:09

Absolutely. So this is a great lead into the next question. So do you think leaders are born or trained?

Tim Spooner 21:16

I think leaders are trained. A person without encouragement, without education, they're not going to know their native abilities. Now, I say that and then I like to ask a question. And you know, when I'm speaking with people say, look, if there's 20 people in a room, how will I know where you're at? Certain people gravitate to where their comfort is certain people are number one, certain people are number twos, certain people are supportive. And that's more your personality profile. So is that a hardwired thing, a nurtured thing, a developed thing? I think that personality is fairly hardwired. But if you're not encouraged to seek out your gifts and your talents, you're going to have a challenge, you're going to find yourself not in the right fit. So I like to in my job, I'm a human developer, right? I'm trying to help people move and grow and get to the next level.

Trisha Talbot 22:16

Absolutely. And I would even say that in different situations, and for different initiatives, you can be like I'm actually better in this in a supportive role, or I'm better at number two, or I'm going to lead this charge. And I think understanding where you can add value to whatever situation it is the best, based on what you can offer, I think is sometimes important as well.

Tim Spooner 22:38

Absolutely. And I mean, you hit that right on the head, where if we have to go into a crowd and get a crowd all fired up and stuff, I'm not that guy. I'm going to be the guy in the corner. But you know, there's other things that I can do with a team and, and leading a team, but I'm not that life of the party fun guy, you know, by any means.

Trisha Talbot 23:00

But you bring up another good point, because I think sometimes people shy away from leadership because they say, you know, I'm not an extrovert, I'm not comfortable in crowds. That's not something that's natural to me. So I'll never be able to be successful as a leader. And I would say, that's not true, either. I think that everyone can lead in a different way. You just have to find your effective way. And sometimes extroverts and the ones that are great in a crowd, they're horrible leaders, because they don't like the details. They don't want to talk about anything less than 50,000 square feet, and they have different gifts.

Tim Spooner 23:34

Yes, I'm most comfortable in a deer standard or an outstand. I mean, I do bow hunting or, you know, by myself for hours at a time and I say that to people, and they're looking at me, like really, and I'm, you know, because that's not a side they see of me, but again, you have to know yourself to know where your strengths are, but also where you're most comfortable. That is a great description of what you're talking about that not everybody should be in front of the room. Some of our best leaders, they're at our front desk and and leading leading teams, and it's, you know, again, how can I help them grow and improve their life and in their education,

Trisha Talbot 24:16

You bring me to a story that my eye doctor has the receptionist there, I swear I was like, whatever they pay you it should be double because she, she managed the physicians, she managed the patients. She was able to keep traffic going when things were delayed. She was helping other staff and you are answering the phones in between managing that flow, and I was like, This is fantastic. This is a perfect example of someone that you don't think is necessarily in a leadership position, but they really are managing this entire process and without them, a lot of things would slip through the cracks.

Tim Spooner 24:57

Absolutely. Anybody in the medical field should know that and really be taken care of those people at the front because that is a hard job but a vitally important job. I describe them as you are my eyes and ears to the outside community, how would I want to welcome somebody into what we call our party? Well, welcome them in to the party. So I try and find that personality that likes to welcome people into the party. You know, the people outside are hurting, they've had surgery, they've gotten injured, and they're wondering if we can help them. I'm like, well, by all means, invite him into the party.

Trisha Talbot 25:32

Absolutely. So any last words of lessons learned for colleagues that are looking to grow or get into their first private practice office, anything you want to leave the listeners with?

Tim Spooner 25 :45

Don't do it alone, find your team, find your folks, there's a lot of information out there. I'm blessed that some of the people that helped me early on, that I've known for years and years, they've become integral parts of my team. And when you're defining what, and how much you want to do with real estate, trying to understand the subject, it's not, like you said, it does take time, there is some variations and complications that you could understand but if you have people that you trust, and that it should work out, and in the long run if you're making good decisions.

Trisha Talbot 26:24

Absolutely. And there's more to you know, I love when I get calls after a cocktail party, and it's like, oh, I just heard cap rates are this, and this is the price per square foot, and you're like, well, there's a lot more to it. It's locations and tenants. So I got to get a little more information of, you know, what you're trying to accomplish to see what the market conditions are for your what you're what you're trying to do.

Tim Spooner 26:47

Yeah, it's like people ask me, you know, there are a lot of medical people who are self employed, versus medical people who run a business. And what you're describing, if someone's going to be a real estate investor, versus just owning your own facility, you're saying, I'm going to take this to a deeper level, I should surround myself with people who know what cap rates are, and how those fluctuate with interest rates and now all of a sudden, you got to understand the flow of money, and what it is and all these other things, and I'm like, okay, you must have a lot of free time. And because there's a whole world and language out there while you were at medical school, other people were studying this. And so it is important to understand that and what part you want to play in that.

Trisha Talbot 27:41

Absolutely. Well, thank you Tim, for your time. This has been a wonderful interview, and I think it'd be helpful to a lot of people, so thank you.

Tim Spooner 27:47

Thank you Trisha, it's always good to see you and congratulations on all your success.

Trisha Talbot 27:51

Thank you.

Trisha Talbot 27:54

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