

Seven Decisions Every Audiologist Will Face



A field guide for independent
or prospective practice owners,
from Stearns Bank.

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Running an audiology practice means wearing two hats at once: clinician and practice owner. Somewhere along the way, every doctor of audiology faces the same seven questions:

1. Is it time to start your own practice?
2. Is it time to expand your practice?
3. How will you finance your growth?
4. Is it time to get out of your manufacturer's agreement?
5. Should you acquire an existing practice or expand your own?
6. Should you add real estate to your revenue stream?
7. How are you planning for your exit?

Here's what we've learned from financing independent audiologists for years: what each decision actually depends on, and the questions worth asking before you commit to one.

1 Is it time to start your own practice?

If you've been working as an Audiologist under a physician, ENT, or in a hospital setting for a while, you might be feeling ready for what's next: running your own practice.

Signs it's time to start your own practice

- You've built strong patient relationships and referral trust.
- You have ideas about how care should be delivered that you can't act on where you are.
- You've been practicing long enough to know both the clinical and business side.
- Referring physicians or colleagues have told you they'd follow you if you went independent.



If that's you, there are two ways to move forward: starting from scratch or buying into an existing practice as a partner.

Starting from scratch vs. buying into an existing practice

	Start from scratch	Buy into a partnership
Speed to revenue	Slowest — you'll focus on building a patient base	Faster — existing patients and revenue right away
Capital required	Highest upfront — space, equipment, staff, and systems, all at once	Lower upfront — your buy-in is typically structured over time as you earn equity
Control	Full control over layout, systems, and culture	Limited — you inherit someone else's choices
Best if...	You have a clear vision for how the practice should run and the runway to build it	You want the independence of ownership without starting completely from zero

2 Is it time to expand your practice?

If you already have a practice, the question becomes, “When do I grow?” Knowing when to expand is a hard call to make. Will the demand hold? Can you afford more locations? The unknowns are enough to make even confident owners hesitate. But after years of working with audiologists, we’ve seen a few clear signals that it’s time to expand.

Signs it’s time to expand your practice

- New patients are waiting 3+ weeks for an appointment, and it’s not a seasonal spike.
- You’re referring patients to other practices because your schedule can’t absorb them.
- You’ve already added evening or weekend hours to keep up, and it’s still not enough.
- Local demand is trending your way — an aging or growing population in your area.

If this is you, it’s probably time to expand your practice. But growth is about more than just the market. Are you clear on what expansion means for you?

Expanding your practice vs. staying put

	Stay put	Grow
Overhead	No new overhead, one set of costs	New overhead before the added capacity earns a dollar
Cash flow	Predictable	Under pressure until growth ramps up
Financing risk	Capped by your current space and schedule	Diversifies across two locations, with more room to grow
Revenue potential	You have a clear vision for how the practice should run and the runway to build it	You want the independence of ownership without starting completely from zero
Competitive exposure	Leaves room for a competitor to capture the patients you’re turning away	Captures that demand before a competitor does
Practice focus	More time to strengthen systems, patient experience, and margins	Builds long-term value in the practice
Best if...	Demand is real, but you’re not ready for more responsibility, or the signal isn’t strong yet	Multiple signs above are true, and you have the runway for the ramp-up

Growth is never risk-free. But at some point, taking on that risk is the only way to build the practice you actually want. Staying still forever isn’t the safe choice; it’s just a different kind of risk. If you’re not sure your practice can absorb the risk for the reward, that’s exactly the conversation to have with a lender who specializes in audiology.

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3 How would you finance your growth?

Not every growth step calls for the same financing. If it's not quite time to expand, you may just need to upgrade your equipment. If you are ready to expand, small business loans are a good option. And if you're considering a manufacturer's agreement, it's worth seeing how that option really stacks up against the other two. The differences go well beyond the interest rate.

	Equipment financing	Small Business loan	Manufacturer's Financing
Terms	Shorter, matched to how long the equipment holds its value	Longer, structured around the full scope of the project	Unpredictable — tied to hitting purchase minimums, usually not a fixed payment amount. Can incur significant penalties if purchase quotas are not met
Down payment	Often times limited to first and last payment	Typically lower than traditional bank financing	Minimal — that's the appeal upfront
Approval speed	Faster — fewer moving pieces to underwrite, and can be completed in hours	Can take as little as a few days because the scope is beyond the piece of equipment	Can move quickly — bundled into the vendor relationship, minimal underwriting
Regulatory oversight	Regulated financial product, subject to federal and state banking oversight	Regulated financial product, same oversight as any bank loan. Uses standardized documentation, terms and conditions	Not a regulated financial product. There is no standard for documentation, terms and conditions

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Worth knowing: not all equipment finances the same way. Durable, high-value equipment that holds its value over time makes strong collateral and typically qualifies for the best terms. Something that depreciates quickly, or gets replaced with the next remodel, is a different conversation.

4 Is it time to get out of your manufacturer's agreement?

Many audiologists got their start through a manufacturer financing agreement — a commitment to buy one brand's product line in exchange for startup support. At the time, it looked like a smart deal.

Over time, those agreements can start to work against you. Patient needs don't stay confined to one manufacturer's lineup, and some audiologists find themselves caught between a purchasing commitment and their own judgment about what's actually right for the patient in front of them. Minimums get harder to hit. What started as free money can carry a real cost — sometimes at rate structures that rival high-interest debt.

What most audiologists don't realize is that these agreements are often refinancable. Financing exists that can help retire the manufacturer obligation in a single transaction, freeing up monthly cash flow and restoring your purchasing independence going forward. Talk to a lender who understands manufacturer agreements specifically — the payoff structures, the leverage points, and how to unwind one without disrupting your practice in the process.



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5 Should you acquire an existing practice or expand your own?

Acquiring an existing practice gets you a patient base, trained staff, and revenue on day one. Expanding your own gives you full control over how you grow, without inheriting anyone else's decisions. Both are legitimate paths to the same goal — which one fits depends on what's actually available to you, and how much control you're willing to trade for speed.

Acquiring another practice vs. expanding your own

	Acquire another practice	Expand your own
Speed to revenue	Fastest — revenue and patients from day one	Slower — ramp-up time before it's self-sustaining
Control	Limited — you inherit someone else's choices	Full control over layout, systems, and culture
What you start with	Existing patients, staff, and referrals — plus existing baggage	A blank slate, no inherited problems
Diligence required	High — financials, patient retention, referral concentration	Still important — slower revenue ramp-up, market fit, patient retention
Best if...	The right practice is on the market, and you want speed over control	Nothing for sale fits, or you want it built your way

If you're looking at an acquisition, don't stop at the asking price. Ask for two to three years of financials and look past top-line revenue to patient retention and recall rates — a practice that's coasted on the same shrinking patient list looks very different from one that's actively growing.

Understand how much revenue depends on a single referral source, because that's what disappears first if the relationship doesn't transfer to you. If you're expanding on your own instead, apply the same discipline to the real estate itself: foot traffic, parking, and proximity to referring physicians matter more than square footage.

6 Should you add real estate to your revenue stream?

Most audiology practices need 1,500 square feet or less. That means a standalone, owner-occupied audiology building is rare. So if you do buy real estate, you'll likely own more space than your practice needs — and lease out the rest. While being a landlord comes with its own set of challenges, it may be a valuable revenue source for your practice as you ramp up an expansion.

Leasing vs. buying space

	Acquire another practice	Expand your own
Capital required	Lower — capital stays in the practice	Higher — capital goes into real estate
Responsibilities	None beyond your own space	Mortgage, tenants, vacancies, and maintenance for the whole building
Flexibility	Easier to relocate or resize as the practice changes	Harder to get out of — you're tied to the property
Equity	You're not growing equity in an asset	Potential to build equity alongside the practice
Best if...	If you'd rather invest in your practice than into a real estate asset	You're comfortable with landlord responsibilities and want the long-term equity



A specialized lender can help you analyze the projected return on investment for your practice. Along with consulting your attorney and accountant, this is a crucial step for ensuring the real estate investment supports, rather than hinders, your overall practice goals.

7

How are you planning for your exit?

Even if retirement is a decade away, your exit strategy shapes the decisions you're making right now. Are you building this to sell? To pass to an associate? To bring in a partner? Each path carries different financing, valuation, and tax implications. The owners who plan for it early end up with better options.

Valuation isn't only about revenue. Whoever eventually buys in — an associate, a partner, or an outside buyer — will look at whether the practice runs on documented systems and cross-trained staff, or whether it runs on you personally.

Start by asking: if you stepped back tomorrow, could someone else run this practice without you? If not, that's the first gap to close — documented processes, cross-trained staff, and referral relationships that don't depend solely on you. From there, the path splits depending on who's buying in: an internal buyout, an associate buy-in, and an outside sale all need to be structured differently, and structure takes time to build.

Does your lender listen as well as you?

Whatever decision you're facing, Stearns Bank has spent years financing independent audiologists. Talk to our resident audiology lending expert, Tom Ethen, about what makes sense for your practice.

[TALK TO AN AUDIOLOGY LENDING SPECIALIST](#)

1.800.247.1922

"Thank you for the opportunity to connect. I'm proud of Stearns Bank's commitment to the audiology industry and the relationships we've built with practice owners. I look forward to continuing those conversations and being a resource along the way."

Tom Ethen

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