5 Foundations Every Physician Founder Needs to Launch a Healthcare Startup Transcript

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You know whatu2019s broken in healthcare

Welcome to the Startup Physicians [music] podcast, where we explore how doctors lead healthcare innovation. Please like and follow our show to join our community of physicians [music] contributing to meaningful change.

Hi everyone, [music] welcome back to the Startup Physicians podcast. This is your host, Dr. Allison Kurfman, and I'm here to tell you today that you know exactly what's broken in healthcare because you've lived it. You've watched patients suffer because of it, and that clinical insight is the most valuable thing a startup can have, and it's yours. But knowing the problem and knowing how to build a company around it are two completely different skill sets. And our medical training didn't teach the second one.

So today on our podcast, I'm going to walk through the five foundations every physician founder needs to go from clinical insight to launch. I've spent the last several years working with countless founders, both physicians and non-physicians, across healthcare.

I co-founded Imagine Pediatrics, which scaled to 100,000 patients and became a multi-nine-figure company. And across multiple ventures, I've helped raise over $100 million in capital. I spent time inside a top private equity firm learning exactly how they assess and de-risk companies before putting millions behind them. And through all of it, I've never stopped practicing medicine. I still work in the pediatric emergency department. I still see kids one-on-one because I love taking care of them, and I really believe that it's my calling. And so I'm not advising from the sidelines. I'm in the same trenches that you are, seeing the same broken systems every day and wanting them to be different. Every solution that I've designed in healthcare came directly from my experience seeing patients, carrying their burdens, understanding how the system harms them, and wanting it to be different. That's the starting point. That lived clinical experience is the single most valuable thing a healthcare startup can have. You can't hire for that, you can't replicate it, and if you're a physician with an idea, you already have it.

But that perspective alone doesn't build a company. I've talked to hundreds of physicians who want to contribute at a higher level and create a one-to-many impact.

Why most physician founders get stuck

So many of them have a clear clinical vision and no idea how to turn it into a viable business. They see the problem, they feel the urgency, and then they get stuck. So today I'm walking through the five foundations that every physician founder needs. These are the things that I wish someone had told me years ago. When I first co-founded my first company, I literally went to the library and checked out Startups for Dummies. I didn't know what any of the words meant. I had no framework, no roadmap, very few people I could lean on or call. My co-founder and I figured it out, but it took longer and was more challenging than it needed to be.

So as you navigate this pathway, if you're interested in being a founder, I would love to help guide you so that you have all the resources and connections that you need at your fingertips and the pathway to impact that you really desire. I've also put together a free one-page framework for you that maps out all five foundations that we'll talk through today as a visual reference, and you can download it at startup physicians.com/resources and download our physician founders framework. So let's get started. Foundation number one is validate the right problem. This sounds pretty obvious. It's the most commonplace where founders go wrong.

So you see problems every day in your practice. You may have a lot of ideas for how to fix these problems, and your instinct is to start building. I would say don't do that yet. Not every problem is worth solving as a business.

Foundation 1: Validate the right problem

Some problems are real, but the market is too small. Some are real, but someone's already solved them well enough, and it's a little bit too hard of a niche to get into. And some problems are real, but no one will pay to fix them. There may be too many stakeholders, or it's really hard to track down who carries the burden of this problem.

And some may feel urgent to you as a clinician, but they don't register as priorities for the people who control healthcare budgets. So when you validate your problem that you're trying to solve, it doesn't just mean asking a couple of friends if they think it's a good idea. Validation really means talking to like 50 people, whether it's patients, administrators, payers, other clinicians, potential partners. You need to hear the same pain from multiple angles. So you need to hear someone say, "Oh, I would pay for that." not just that sounds cool. Or you need to understand who bears the burden of this cost or of this problem. And is it because quite honestly, if the problem lies firmly in the patient's camp, then you're talking about a direct-to-consumer solution. So you're asking who would actually pay to fix this problem, and if the answer is the patient, then that is a direct-to-consumer payment model. If the answer is the hospital system or the payers, that's a very, very different model. So I have actually known doctors who invested more than six figures into something that never launched.

They assumed the clinical need was obvious, so the business case must be too. They were really gung-ho about helping. They said, "Well, I want to be fast like a startup. I want to I want to move and take action." Which is Those are great inclinations, but you have to have a business case.

And that's not something that we learn in medical school. So that's not the same thing. I I learned this firsthand. Many of you know my story, but I built a virtual care program for medically complex kids at a um a nonprofit hospital system. It was a great pilot program. We reduced these children's hospitalizations by 35%, cut their ER visits in half. The clinical and financial results were undeniable, but the program still lost its budget during COVID because we did not have a payment model at that time.

So we did not have We were trying to prove that our model would work and then go to payers to to try to negotiate payment, but COVID threw everything for a loop, and a lot of budgets were lost during that time period. And so even though we had clinical proof, we didn't necessarily have business viability. So the business case really requires understanding who pays, how much, and why they would choose your solution over the status quo. In my case, I did have a viable business model, but I was in the wrong environment. It was a great place to create a pilot program, but in order to truly create a scalable startup to reach the masses, I needed to step out of the traditional healthcare system and into the startup world partnering with a venture firm to put capital and resources behind the business model. So building something that can't launch is a really expensive lesson, and I don't want you to have to learn that the hard way. And here's the part that makes this harder than it sounds. Most physicians don't have anyone in their life who can walk them through this process. So you don't have co-residents who are doing market validation or attendings that know how to build startups that you can curbside them and ask them. You're really trying to learn a discipline that didn't exist in your medical training, and you're doing it alone. And that's where most founders stall on this foundation number one, not because they can't do it, but because they don't have anyone showing them how, and they don't have the right connections.

So foundation number two, build your business model and understand unit economics. These might be words you haven't heard before, but once you've validated the problem, you need to answer the most important question that any investor, partner, or payer will ask, which is how does this make money?

And the idea of unit economics really intimidates a lot of physicians. It really shouldn't. It means one thing. So for every unit of your product what does it cost to deliver and what does it earn in revenue? So for instance, if you're running a service-based model, what does it cost to deliver one session or one consultation or one assessment? When you take all the pieces, all of the operational cost and the um the staffing cost, maybe you need like this much of this person's time to deliver this, and there's ways to calculate all of these things. So we're going to assess what does it cost to deliver one unit of your product or service? And then what do you charge? What is your revenue for that unit? And the easy math is that the revenue needs to be higher than the costs for the model to work out. If you're building a technology product, um what does it cost to acquire one customer per year and serve them for a year and maintain your systems and your technology and your security and all of that. And what will they pay you over that time? So this is not a one-time exercise. It's iterative. So you have to build what we call a financial model, and then you show it to a lot of smart people. They tell you everything that's wrong with it. They

poke holes in it. They tell you these costs are underestimated and your revenue projections are inflated. You forgot to take account for something.

And then you take all that feedback, you go back, you revise the model, and you show it again. And every round gets you closer to something that holds up. I very distinctly remember building some of my earliest financial models and working with a bunch of investment bankers who are really good at Excel. I even remember being tasked the night before like a really big payer call to find $24 million in the model. Like we need to cut costs or increase revenue. We have to find $24 million. So that was a and obviously this is on a piece of paper. Like this is not it's a thought exercise. But you want to you know your math teacher in like middle school said to show your work. Like you want someone to be able to go in and be like oh, I see how they got to this number. So that was my joke with my co-founders at like 2:00 in the morning the night before a big in-person meeting was that we had we were like we're going to look in the couch cushions for $24 million.

Now granted we did not get a payer contract that next day. We still had a lot of work to do on the model. But they told us all the things that were wrong with it, all the things we were missing and then we kept going back and and building that. So at Startup Physicians I I took all of that experience that I had working at a firm and I've built AI-powered tools for this exact process.

Foundation 2: Business model + unit economics

So our tools can walk founders through this multi-layered financial modeling step by step. And I really pulled from how private equity firms assess early stage companies. You do not need an MBA. You need a framework and a willingness to iterate. And the best thing about AI is that it is written in English. So you can talk to it in English. You don't have to know code. You don't have to know how to use Excel deeply. It's really phenomenal what we've been able to do to create agents. And like I said just a couple of years ago I was spending countless hours developing our clinical model with investment bankers who could actually create into an Excel model. And now I can guide physicians who have no investment banking experience through the process to create forward-looking accurate and predictive financials using our customized agents.

So but I want to be honest with you. This is where most physician founders feel the most lost. And actually I know a number of physicians who are running businesses who even say the forward-looking financial modeling is the the thing that you know sometimes they hire a fractional CFO to do this sort of work. I want you guys to know how to do this on your own. I want you to know exactly how to build this. If you were able to get through medical school, you are able to learn this too. Your the clinical side of things is intuitive to you. And it has a lot of meaning to you. The financial modeling side of things feels like a foreign language. And if you've never sat across from an investor who's picking apart your unit economics, you just don't know what you don't know. And that gap between clinical confidence and financial fluency is where companies can fail. So it's not because the idea was wrong, but because the founder couldn't prove the math worked and maybe never got that runway. So foundation three is standing up operations that scale. Speed matters in health care startups.

We there's a metric we use called like your runway, which is like how many months you have before you run out of money. The companies that succeed in health care innovation move fast. Within 6 months your concept needs to be validated, your model needs to work and you need to be in front of the right people. You cannot spend 3 months figuring out you know what project management tool to use. You need operational templates. You need a tech stack that works immediately and the discipline to build systems instead of one-off solutions. One of the biggest mistakes I see founders building is point solutions. So they say I am going to use AI to solve this one super specific problem in clinical workflows.

By the time they finish making that thing, the landscape has shifted and their very narrow solution is already outdated. We actually saw this recently where they're spent a bunch of companies that their whole thing was that they do ambient listening for prescribing and and for documentation and and then like and these companies are doing well. They're growing in multi-billion dollar companies. And then like overnight Epic like released a feature that was like oh yeah, we do that too. All you have to do is like turn it on. I mean that really shakes things up. I mean a lot of these companies already had a really good foothold. And so they're going to have to adapt. They're going to have to grow. But when the biggest distribution system within health care just kind of turns something on

that immediately competes with your product, that's a big deal. When you're building something, you have to build an operating system that can adapt. You have to use AI as the backbone of your business from the start. It is not something you bolt on later.

It is a brave new world of building companies. We are all on the lookout for what's the first company that sells for a billion dollars is a unicorn and has a single employee. Like that's going to happen. There are ways to set things up that that you are using AI to create and grow a knowledge base of your concept that will be like a growing brain as you grow.

Um and that feels like a whole new thing to learn. Like that's not that we also did not learn that in medical school. So that is going to be really important. You need to set up your data infrastructure, your communication systems, your financial tracking, your project management, even like administrative stuff. Like like how you organize and maintain documents. Um you have to build that in a way that grows with you. You don't have to build all that yourself. I think having templates, frameworks, and advisors who've done it before can really give you a running start so that you can focus on what your brilliance brings the table. Like I I don't know how to fix pre-operative clearance or the care of glaucoma or you know all these other things that you guys know. You know exactly what the clinical problem is. I don't want you wasting a lot of brain cells being like I don't know how to make a financial model. I don't know how to build up an op system. I don't know how to create the tech stack or choose all that. I don't I don't know how to make AI agents that can run all this for me. So this is where the time pressure becomes real. If you spend a year figuring out all these operational details and choosing tools and learning project management methodologies, setting up your own financial system from scratch, you're not going to be in your zone of genius. And in health care innovation right now, a year is a lifetime. Companies that win are the ones that stand up their operations in weeks not months because they start with a proven system and just go for it. Foundation four is capital strategy.

This is where I can see the most damaging mistakes. Physician founders often have an erroneous belief that they need to fund everything out of pocket. They think that they have a great idea, but they can't do it because they don't happen to have 50 or $100,000 sitting aside somewhere. I actually don't know anyone who has 50 or $100,000 sitting aside somewhere and I know a lot of very wealthy people.

I think that you know you have to think of capital in a different way. It is a tool. It is accessible to us. We have credibility. We have the ability to fund raise even though that sounds really intimidating to some people. People do it every day. And I've had doctors who have literally come to me and said here's my plan. I'm going to put $50,000 into building a prototype of this technology product and then I'm going to go figure out the business model. They've like literally met with a dev team who's given them a quote of 30 to a hundred I someone else said $100,000 to create the MVP of their product. Which is great. You need an MVP of your product a minimum viable product. You have to have the business model before you go put capital into it. So don't do that. I think like I said early in the episode you have to validate if anyone's going to pay for it. Um and it's not that the idea is bad. Like if you skip the validation and modeling steps and go straight to building and you fund it yourself, by the time you realize the business model doesn't work, the money might be gone. Or the market may have shifted. Or maybe you get this great product and it's like oh wow, it's really ready to go. But you don't have the operations in place to deploy it quickly. Quite honestly, if you want to make a tech product, like go use AI to make a mock-up. Like that costs nothing but your time and and you can get a ton of feedback on like a um a mock-up of what the wireframes are going to look like and what the functionality is going to be. You can make a requirements brief. There's so much you can do on paper especially with AI to describe how you're going to solve this problem. But do not go put 30 or $100,000 in into building something especially if your own capital.

Capital strategy means understanding all of your options and picking the right one for your stage. So believe it or not most founders don't start by going and raising venture capital funding. That's not step one. It's usually like step five. So before you go to venture capital, you want to consider these options. The first thing is can you pre-sell your product?

Foundation 3: Operations that scale

So can you get sales for especially if it's a service-based product and deliver the solution maybe more manually to

a small group of paying customers and then use that revenue to build the technology. This will both prove the demand and generate cash flow at the same time. So the second option is strategic partnerships. Can you partner with someone who has either the development background or resources, the distribution channels, or an infrastructure that you need so that you're not paying cash for everything yourself. So, a partnership model may be more a strategic assessment of giving equity, but I want you to understand what a cap table is. Some of you are like, I don't I don't even know what a cap table is. There's strategy around how much of your company that you will retain ownership of. And And my goal is that all of you who decide to build businesses will retain majority ownership of your venture. So, strategic partnerships are one option for bringing in the right talent instead of paying for it, you're partnering for it. The third is non-dilutive funding. There are grants, there are innovation prizes, there are government programs that exist specifically for healthcare innovation, and they don't take equity. This is like getting a loan you don't have to repay. I mean, you have to apply for them, you have to know about them, um but these are absolutely options. It is good for the economy for small businesses to succeed and grow. There are reasons why there are investments in And especially, you know, if you're working in a really impact-driven field, there's probably a lot of philanthropy around it. People want small businesses to succeed and to do great things, especially in healthcare. So, those options exist. Fourth, family offices and angel investors. So, these are often more accessible and little more patient than venture firms. Um they have different investment philosophies. If you've never been in this space, you probably don't even know what a family office is, but it's a different type of funding. And so, we can go into that deeper um in a future workshop. And then, fifth is revenue-funded development. This is kind of along the same lines as like pre-sales, but you use your early revenue to build your product incrementally rather than raising a large round up front. Again, my goal with every founder I work with is to help them retain majority ownership of their company and their idea, which means being strategic about when and how you take on outside capital, not giving away a huge percent of your company in the first round because you didn't know that alternatives existed. So, I just want you to think about that for a second. Many physician founders I meet have never heard of non-dilutive grants for healthcare innovation. They don't know that pre-selling their product is an option. They don't realize a strategic partner could bring development resources to the table so that they don't personally have to write a six-figure check. They're making capital decisions with incomplete information, and those decisions can be permanent.

You can't ungive equity. You can't unspend your savings. The founders who protect their ownership are the ones who understood the full landscape before they made a move. Finally, foundation five is pitch, network, and sell.

So, no matter how strong your clinical vision is, at some point you need to put it in front of other people and persuade them. So, that might mean pitching to investors, it might mean pitching to either a hospital system or a clinic that could be your first customer. It might mean pitching to a potential co-founder or advisor. And most physicians have never built a pitch deck. You've never created a data room. You might not know what a data room is.

You may never have practiced delivering a three-minute elevate elevator pitch until it feels natural. And these are all skills, and they're all learnable.

But founders have to be able to pitch. You have to have this deep conviction that what you're doing matters, that you're a storyteller, you're a you're someone who's advocating for patients. You have this great idea that you are so optimistic that it's going to work. And you have to be willing to be told no over and over and over again and still just keep on going and learning and growing and changing and iterating. I mean, those are personality traits that are are really important for successful founders, but the actual act of pitching and and sharing your vision, that's a skill that you can learn. I'll tell you another funny story. I um had a mentor at my firm who was one of the most hilarious people I've ever known. And he gave me a lot of feedback when I was first pitching. He was like, you talk too much, you're not talking enough, you're not saying enough, da da da da da da da da da da da. Like all this feedback. And whenever we went into a pitch, he would sit across the table from me. We had like hand signals where my business counterpart would talk about the total addressable market and the financial model and stuff. And then she would say, "And now, Dr. Kaufman can explain our clinical model." And that was my cue to start talking. And then he would like signal me to be like, "Stop talking." Like it was very funny, but I needed someone to teach me. I I didn't know how much to say. And so, it took a ton of practice and so many conversations. And many pitches did not go well. I mean, we can think back to some that it's like is actually like hilarious. We were in a bad location for having this Zoom call.

We were at a restaurant. We were supposed to be in like a side room that was like a We were finish We just finished a board meeting, and then we had to get to this pitch. And there was like really loud '80s music playing in this in this room, and we could not find anyone from the restaurant to turn it off. So, you will collect embarrassing stories from pitching, and you'll get better from it. So, just realize learning how to pitch is part of being a founder. You will have bad experiences, you will have good experiences, um and you will get better with every single one.

And then networking piece is just as important. It's about who you know, not how you do it.

Foundation 4: Capital strategy

When you show an early version of your financial model to a respected advisor and they give you tough feedback, that is a gift. Incorporate it. Go back to them a month later with the improved version. Now they believed in you because they watched you iterate. And that advisor becomes an advocate. That's how your network can turn into funding and into partnerships and into inter and into customers.

You need to learn to pre-sell. If you can get five customers to pay for a product before it's fully built, you've proven more about your business than any pitch deck could. Pre-sales are a strong signal of demand, they can fund your development, and they can give you real users whose feedback shapes what you build. So, those are the five foundations. One, validate the right problem. Two, build your business model and your unit economics. Three, stand up operations at scale. Four, develop a capital strategy that protects your ownership. And five, pitch, network, and sell.

So, I want you to picture two versions of the next 12 months. If you are an aspiring physician founder who thinks you have a solution that could help your patients. So, in the first version, you take what you learn today and you start working through these foundations on your own. You might Google or use AI to look up healthcare startup financial models, and you can watch some YouTube videos on unit economics. You might ask a friend of a friend who works in BC to look at your pitch deck. And you can spend six months building something and then show it to an investor who still is asking you questions you can't answer, and you might realize you've been solving the wrong problem the whole time. That's not a failure of your effort, that's a failure of support. You were doing it the best you could with what you had. In the second version, you can walk into a room with 15 to 20 other physician founders who are at the same stage as you. You have an entire team of experts who have built companies, raised hundreds of millions in capital, and they're looking at your specific business, your model, and your market. You have AI tools that can build things for you and stress test your financials in real time, coaches who've been through exactly what you're going through, and a network that opens doors that you didn't know existed. Six months, you could be standing at a health innovation conference pitching your validated company to investors and partners who are ready to move. So, that's not hypothetical. That is why we built the Startup Physicians Incubator. It is our newest program. It's a six-month program for physician founders starting in June of 2026. We will have monthly live sessions with me, with a customized curriculum, with expert coaching on every foundation, AI-powered modeling tools, two in-person retreats, and a live pitch competition with a large network of VCs. And a network that stays with you long after the program ends. As physicians, we consult specialists every day. I am an ER doctor. I know how to know what I don't know and who to call. And we don't try to do everything ourselves. We will call a cardiologist or a surgeon or a radiologist. And building a company works the same way. The difference between founders who launch and the founders who stall is not talent or intelligence. It's whether they had the right people around them at the right time. Love to invite you to download our free framework at startup physicians.com/resources.

It is our five foundations, and it'll show you exactly where you stand. You became a physician because you wanted to change lives, and becoming a founder is how you can change the system. Thanks for listening, and I'll see you next [music] time. Thanks for listening to the Startup Physicians Podcast. This community was built for doctors who want to contribute [music] to the future of health care. We offer support for physicians who are ready to make the next step towards building the career they've dreamed of.

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