

Five Strategies for a More Vital Practice

*Frustrated with the status quo?
Here's how to take your practice from so-so to stellar.*

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Why are some practices characterized by physician dissatisfaction, high employee turnover and disorganization while other practices thrive? What makes the difference between the successful practice and one that just gets by? And how can your practice be the former and not the latter? The most successful practices I've observed during my career as a practice administrator and consultant have some striking similarities. They all adhere to the five basic business strategies outlined in this article. Your practice should too.

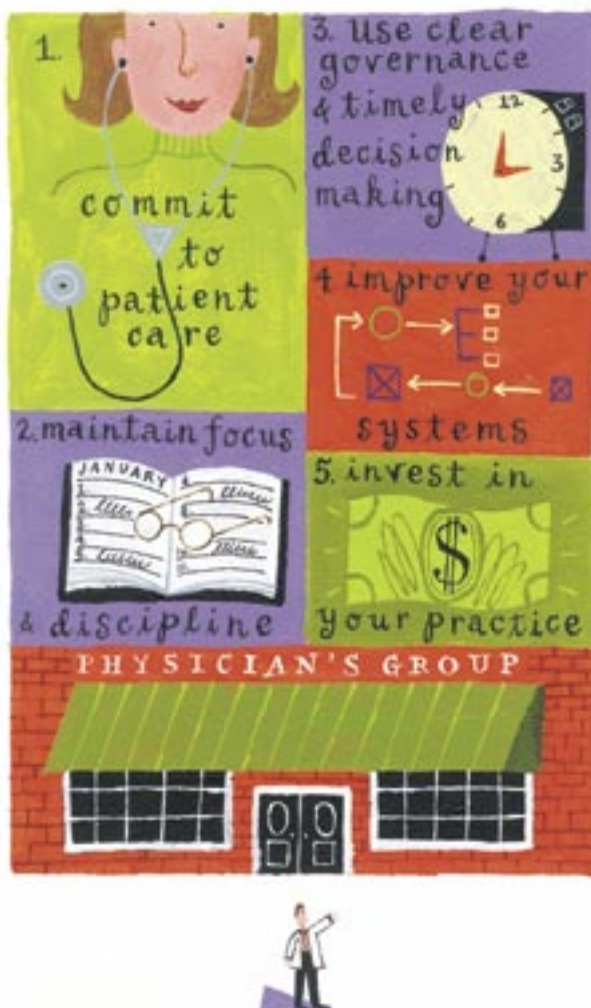
1. Commit to patient service

As a leader in your practice, your words and actions must consistently show your commitment to providing quality patient service. You cannot do it through a mission statement or slogan that is indistinguishable from the mission statements of the majority of other family practices across the country. You have to discuss your commitment to patient service at staff meetings, in conversations with your practice administrator or manager and in the context of decision making. For example, perhaps a staff

member proposes closing the office over the lunch hour so people can get their work done without interruption. You and the staff member may want to discuss the effect that doing so may have on patients. "Will it make it more difficult for our patients to reach us?" "What message would that send to our patients?" Remember that your staff will follow your lead. If you treat your patients as your first priority, your staff will too.

If you are the physician leader or manager in the practice, you may also need to encourage other physicians to "walk the talk." If you learn that a physician is inappropriately cancelling patient appointments on short notice for personal reasons, delaying returning patient phone calls or putting other business priorities before patient care, you need to address it right away. There is nothing more demoralizing to staff than to have a physician behave in a way that is not consistent with the practice's overall values and goals and to have it go unaddressed by management. It sends the message to employees that the practice is only committed to patient service when it is convenient.

Similarly, if someone overhears a staff member addressing a patient in a non-professional manner or treating





Successful practices focus on five business strategies. Doing so sets them apart from their less successful counterparts.



One key strategy is a commitment to quality patient service.



Practice leaders show their commitment by talking about patient service frequently with staff and factoring it into their decision-making process.



Successful practices also use a strategic plan or the annual budget as a framework for making decisions throughout the year.

a patient in a way that is not consistent with good patient service, that too needs to be addressed promptly, either by you or by your practice administrator, as appropriate. Do not criticize the staff person in front of patients or fellow employees. Instead, take the staff person aside and quietly offer suggestions about how he or she should have treated the patient. (For more information on giving feedback and other strategies described in the article, see the reading list on page 33.) When other employees realize the leaders in the organization are addressing these issues right away, they understand that they are working in a practice that walks the talk.

2. Maintain focus and discipline

Above all, medical practices are businesses, and staying in business requires focus and discipline. Successful practices are clear about where they are and where they want to be. Some practices use an overall strategic plan to guide them; others rely on their annual budgets. As a first step, think about the progress you'd like your practice to make in the next six to 18 months, and develop a plan and some interim goals to get it there. Strategic plans and interim goals should be explicitly stated and agreed upon by practice owners and then shared with staff.

You should also monitor progress toward your goals. Many successful practices track their progress by regularly reviewing only a few simple benchmarks. For example, if your goal involves improving revenue, you might track your number of office visits. If it's to control costs, you can monitor the practice's overhead percentage. Some practices (especially those with an office manager who likes Excel) produce detailed monthly bonus calculations or productivity reports only to find that few physicians read them. If you want busy physicians to pay attention, give them no more than a page of relevant data and a two-page summary of what the data mean.

It's also not enough to focus on what you want to achieve. You have to be disciplined enough to maintain your focus. It is easy to be distracted by the hundreds of things that happen in a practice each day. But regularly reviewing some simple key indicators

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KEY POINTS

- Successful medical practices share several key characteristics.
- These characteristics include an unwavering commitment to patient service, clear governance and well-defined practice policies and procedures.
- Successful practices also invest in their practices and base their decisions about capital improvements on more than the immediate dollar outlay.

doesn't take much time and can save you from unpleasant surprises. For example, I'm familiar with a four-physician practice that was coming to the end of a busy, productive year. They called their accountant to ask about paying themselves year-end bonuses, only to be told there was no money to be paid out. Although they were just as busy as they had been in previous years, they had not kept an eye on the practice's collection rate and were unaware it had dropped dramatically during the year. Consistent monitoring of key indicators would have allowed them to deal with this decline in a timely and effective manner.

A strategic plan will give you the framework within which to make decisions throughout the year. When someone in the practice wants to chart a new course, you can ask, "Does this fit with our current plan?" For example, I'm familiar with a physician who had what I call "conference syndrome." Every time he returned from a conference, he had numerous new ideas he wanted to implement in the practice. Once the practice developed a strategic plan, his ideas could be evaluated in terms of the overall goals and direction of the practice. This saved the practice from expending limited resources in an undisciplined manner.

Another practice received an unsolicited resume from a nurse practitioner who was moving to the area. The resume seemed strong, and several physicians advocated interviewing and hiring him. However, the practice's strategic plan didn't call for expansion. Hiring simply because they were presented with a strong candidate instead of having a real need did not make sense.

3. Commit to clear governance and timely decision making

Poorly managed practices cannot make timely decisions, cannot address and solve problems in real time and cannot take advantage of opportunities quickly. Successful practices are organized in ways that enable physician leaders and practice managers to act when needed.

Small practices are generally governed by the owners, with decisions made by everyone on the governing board. This works fairly

well if the owners share a common set of values and business goals, and if they are willing to meet often and late into the night! However, the group will still need to designate one physician to work with the practice manager on day-to-day operations. Some practices rotate the “managing partner” responsibilities. Others designate specific areas to specific physicians. Large practices have a more formal management structure. For example, a trusted physician in the group may be appointed by the managing partner. ➤

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When someone in the practice wants to implement an idea, successful practice leaders evaluate it in terms of the overall goals and direction of the practice.



To do this, the physician should ask, “Does this fit with our current plan?”



Successful practices enable their leaders and managers to act quickly by clearly defining the parameters of their authority.



An example of a clearly defined parameter is allowing the managing partner and administrator to make capital purchases up to a certain dollar amount.

FPM READING LIST

If you'd like more information about the five strategies outlined in this article, review these articles from the *FPM* archives. These and other *FPM* articles are available online at <http://www.aafp.org/fpm>.

Patient service

“Focusing on Today’s Visit.” Redka JW. June 2003: 59-60.

“Serving Up the Feedback Sandwich.” Dohrenwend A. November/December 2002:43-46.

“The Power of Two: Improving Patient Safety Through Better Physician-Patient Communication.” Meyer GS, Arnheim L. July/August 2002:47-48.

“Building a Mind-Set of Service Excellence.” Plsek P. April 2002:41-46.

“Reducing Waits and Delays in the Referral Process.” Murray M. March 2002:39-42

“Tuning Up Your Patient Schedule.” Chung MK. January 2002:41-45.

“Improve Quality by Understanding Your Care Process.” Pol LG, Rodie AR, Crabtree BF. June 1999:45-47.

“Beginning With a Vision.” Eubanks S. March 1999:57.

“Patient Satisfaction Surveys: How Well Are You Treating Your Patients?” Flanagan L. January 1996:60-75.

Focus and discipline

“10 Ways Practices Lose Money.” Borglum K. June 2003:51-56.

“Putting Measurement into Practice With a Clinical Instrument Panel.” Endsley S. February 2003:43-48.

“‘Work Smarter, Not Harder’ to Save Your Practice Money.” Mertz G. May 2001:27-31.

“The Meeting You Won’t Want to Miss: Annual Strategic Planning.” Soper W. February 2001:28-32.

“Setting Group Goals.” Eubanks S. October 1999:47.

“Monitoring Your Practice’s Financial Data: 10 Vital Signs.” Aymond R. July/August 1999:42-45.

“Finding Diamonds in the Trenches With the Nominal Group Process.” Moon RH. May 1999:49-50.

Governance and decision making

“Leadership Is a Learned Skill.” Taylor RB. October 2003:43-48.

“Why Did That Idea Flop?” Crownover B. September 2003:39-42.

“How to Make Your Meetings More Productive.” Shenkel R. July/August 2003:59-60.

“Implementing Change: From Ideas to Reality.” Silversin J, Kornacki MJ. January 2003:57-62.

Systems improvement

“Best Practices in Claims Processing.” Backer LA. July/August 2003:19-22.

“The KISS Principle in Family Practice: Keep It Simple and Systematic.” Solberg LI. July/August 2003:63-66.

“Four Principles for Better Test-Result Tracking.” White B. July/August 2002:41-44

“Strategies for Better Patient Flow and Cycle Time.” Backer LA. June 2002:45-50.

“22 Tips for Improving Your Practice.” Aymond R. September 1999:20-24.

Investment

“Questions You Should Ask When Hiring.” Cardinal P. June 2003:46-48.

“Choosing a Practice Facility.” Maresh OK. September 2002:37-41.

“How Many Staff Members Do You Need?” Reeves CS. September 2002:45-49.

“Hiring the Right Physician for Your Practice.” Capko J. September 2000: 41-44.

“Staff Retreats: Time for Reflection and Renewal.” O’Connor JP. January 1998:56-62.

“The 12-Step Way to Reduce Overhead: Staffing Efficiencies.” Tinsley R. January 1997:23-31.



Successful practices also meet regularly to make decisions, review practice data and explain the practice's goals to staff.



To ensure a productive meeting, practice leaders should pick a standard meeting time, follow an agenda, serve food and set a positive tone for discussions.



Practices that can't come to agreement on issues and continue to discuss the same agenda items meeting after meeting should adopt formal meeting rules such as Robert's Rules of Order.



Successful practices not only develop procedures to standardize the way they do things, they write them down and follow them.

Defining the parameters of the managing partner's authority will provide clarity and free the other physicians in your practice to concentrate on patient care. Clear parameters allow the managing partner and administrator to make decisions and act without consulting with the entire group. An example of a clearly defined parameter could be allowing the managing partner and administrator to make capital purchases up to a certain dollar amount without consulting the rest of the group or add staff within the limits of a budget that the group agrees to annually.

To thrive, a practice also needs to devote sufficient time to management. Physicians must regularly meet with one another to

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make decisions and review practice data. You should meet regularly with staff too. Take time to discuss your practice's goals in these meetings. Once your staff knows what your goals are, they will be likely to help meet them. This is also an opportunity to discuss and solve problems.

Pick a standard time to meet and do your best to prevent interruptions. Avoid the lunch hour, as lunch meetings invariably start late and suffer from multiple interruptions. Follow an agenda, take minutes, serve food and, above all, set a positive tone for your discussions.

While physicians can sometimes disagree, it is important to appear united before your staff. I am familiar with one group of physi-

HOW DOES YOUR PRACTICE MEASURE UP?

The quick self-test below is designed to help you assess how well your practice is doing in each of the five key areas outlined in the article. Answering "yes" to two or more questions in a section indicates a need for improvement in that area. For a more comprehensive practice self-assessment, see "The *Family Practice Management Practice Self-Test*," *FPM*, February 2001:41-48 (<http://www.aafp.org/fpm/20010200/41thef.html>).

Key areas	Yes	No
Patient service		
Do you cancel patient visits frequently or on short notice for personal reasons?		
Do you routinely fail to return patient phone calls?		
Have you overheard a staff member being rude to a patient?		
Focus and discipline		
Do you file financial statements away without reviewing them?		
Do you fail to consider your budget or strategic plan when deciding on a course of action?		
Are you surprised by year-end financial statements?		
Governance and decision making		
Do you often second-guess your administrator's day-to-day decisions?		
Do you and your staff repeatedly revisit issues and fail to make a decision or implement it?		
Are your staff members aware of disagreements among the physicians in your practice?		
Systems improvement		
Is your policy and procedures manual out of date and seldom used?		
Does your office seem chaotic?		
Do you have high staff turnover that can be attributed to systems-related problems?		
Investment		
Are you and your partners generally unwilling to make significant capital expenditures on things such as building improvements and new office equipment?		
Would you describe your office as "shabby," "messy" or "tired-looking"?		
Do you usually buy the most inexpensive office equipment?		

cians who would tell staff members what occurred during board meetings, including the disagreements and arguments among the partners, and then try to get staff members to take sides. This was divisive. It invited gossip and reduced what should have been business disagreements to personal rivalries. Physician partners should always keep their disagreements with one another private.

Some groups can never come to agreement. The agenda for their meetings are recycled from month to month and they continue to discuss the same topics time and again. They never make a decision about the issue, but refuse to table it either. Typically, when an agreement can't be

reached, the practice administrator will be asked to research another aspect of the issue or find other options. Progress becomes impossible and morale suffers.

Practices can sometimes free themselves from this type of inertia by adopting meeting rules, such as Robert's Rules of Orders (<http://www.robertsrules.com>). Often, formalized meetings can improve the process and help a practice get "unstuck."

4. Improve your systems

Some days, the practice of medicine seems hopelessly complex. That is why it's important to have clearly defined, efficient and effective processes. Many entrepreneurial physicians build a great organization through risk taking, "shooting from the hip" or "flying by the seat of the pants," only to find that they've grown into chaos! Develop procedures. Write them down and follow them. Clearly written procedures have the potential to improve patient care, decrease errors and improve your bottom line. They will also make it easier to cross train staff and get temporary staff up to speed more quickly.

Too many practices allow unlimited variation among physicians. For example, Dr. A uses the pink physical exam form. Dr. B uses the blue physical exam form and the yellow health history. Only Dr. C likes to have all his patients weighed. Dr. D uses a different progress sheet from everyone else. These variations in processes, although minor, end up costing practices money and

increasing complexity. Develop practice-wide policies and procedures that standardize the way you do things.

Successful practices not only pay attention to how things get done but actively work to improve. Some practices form small work groups to investigate a problem or work process and suggest a more streamlined, efficient workflow. Eliminating one step in a task that is performed 50 times a day will save significant staff time. And staff time isn't free.

Here are some aspects of your practice that might be in need of improvement:

- **Workflow.** Select the newest or most open-minded staff member to follow a chart or lab report through the office. Map its path on a flow sheet. Is there an easier way? Are the processes outdated and cobbled together?

- **Billing and collections procedures.** Improving your gross collection rate by just a few percent will give the practice some extra cash at the end of the year.

- **Claims processing.** Take a look at how you handle claims denials. Many practices are writing off insurance balances that could be appealed and collected with just a little more diligence.

- **Prescription renewals.** Having clear, consistent policies and procedures in place can speed the prescription renewal process and save your practice money.

5. Invest

Successful practices invest time and money to grow and improve. This includes sending staff for training (and paying them for the time), making building or office improvements, purchasing new equipment and keeping current with information technology. A practice that is afraid to take financial risks rarely thrives. Many businesses develop a capital expenditure plan that spans anywhere from six months to five years. Medical practices should do the same.

One major decision that many practices face is whether to invest profits into the practice or to take the extra money home at the end of the year (if there is any). It's understandably difficult to persuade group

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Clearly written procedures can potentially improve patient care, reduce errors and improve a practice's bottom line.



Successful practices also actively work to improve how things get done.



For example, a practice may form a small work group to investigate processes and suggest ways to improve efficiencies.



Successful practices also invest in themselves. They stay current with information technology and make sure staff have the appropriate tools to do their jobs.



Successful practices also tend to invest their profits back into the practice instead of taking them home at the end of the year.



Practices that are afraid to take financial risks will rarely succeed.

members to invest in the practice. However, only by doing this can a practice thrive.

What investments should you make? Some practices let their offices get shabby or they outgrow them. Patients judge a practice, in part, by its appearance. Worn carpet, dingy curtains, stained furniture, outdated magazines or an overcrowded waiting room send a message to your patients that you're not well organized and certainly not successful. Monitor your office's appearance and then budget a reasonable amount each year to keep it looking like a place where your patients will be comfortable spending time.

We all know how important it is for medical practices to control expenses, but being stingy when making capital equipment purchases is a mistake. It is important that your staff have the appropriate tools to do their jobs, and this means that when it comes

time for capital improvements, your cost/benefit analysis should include more than your immediate dollar outlay. For example, buying an inexpensive fax or copy machine may be easier on your bank account, but if it can't handle the workload, it will cost you in the long run both in terms of time and staff frustration.

Higher performing practices aren't the result of smarter physicians, harder working staff or just plain better luck.

The bottom line

Experience has taught me that excellent performance isn't the result of having smarter physicians, harder working staff or just plain better luck. Practices achieve success by implementing the strategies described in this article. They require a commitment of time and resources, but will result in a practice that runs more efficiently, has improved outcomes and is a better place for physicians and staff to work. **FPM**

Send comments to fpmedit@aafp.org.