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The Business of Medicine: How to Manage Your Private Practice

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Many physicians open their own practice with the expectation of being their own boss, treating and taking care of patients, and running a successful practice. They are excited to get their new office up and running and to be part of the medical community. With great zeal, they hire a medical support staff including an office receptionist, medical assistant, and office manager. After the practice opens, physicians quickly find that they are working 15 hours a day, 7 days a week. They run out of time, patience, and ultimately money, and start wondering, "Why in the world did I become a doctor?" The vision of being your own boss and working 8 hours a day quickly turned into spending 15 hours a day handling the business of medicine (eg, ordering office supplies, meeting with employees, handling patient complaints, writing checks, teaching the office manager how to bill correctly). Then, when the physician goes to bed at night, he/she tosses and turns thinking about payroll, insurance reimbursement, patient complaints, and being short staffed tomorrow.

This typical scenario makes starting a business seem much more involved than one might imagine.¹ Unfortunately, medical school does not teach physicians how to run a business; that is the problem. However, in order to manage his/her own practice, a physician has to be a businessperson. In fact, most practices fail not because of the skills of the physician but the lack of knowledge about how to manage the practice and help it grow. In most cases, the physician simply is unprepared

for the business of medicine. Knowing how a practice works best has little to do with knowing how a physician works best.¹

How does a practice grow without creating undue stress for the physician? The answer is 3-fold: First, the physician must develop a corporate structure. Second, he/she must build an "A team" (ie, a team where everyone works according to their level of training). Finally, he/she must create systems that can be managed by the A team. Developing a structure, team, and systems initially takes a lot of time, but it lays the groundwork for future success and growth. This article will provide a general overview on how to structure your private practice for future success.

Building a Corporate Structure

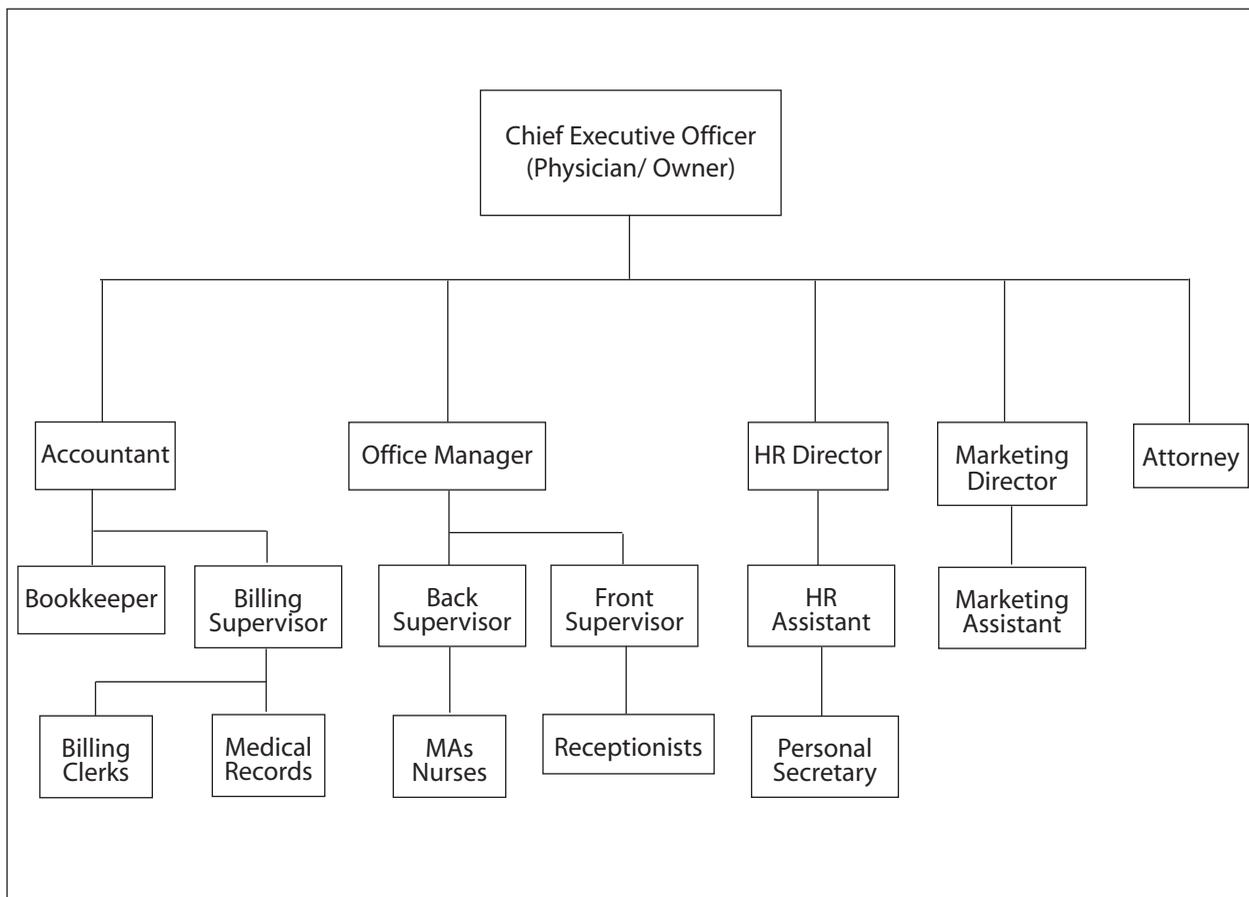
Developing a corporate structure essentially is equivalent to creating a road map for the staff to see where they are and who reports to whom. The corporate structure should include all of the key positions in the practice (Figure). Make sure that the organizational chart fits your practice. If you have a 1-physician practice with a physician assistant, you will need a smaller organizational chart than shown in the Figure. For example, as a 1-physician office, your office manager would take on the human resources duties and work with local newspapers to place advertisements. However, if you have a 3-physician practice with 4 physician assistants, a medical spa and retail area, and 65 or more employees, you will have a larger organizational chart. The organizational chart would have to be expanded to include a spa manager and retail supervisor to run the spa and retail areas of the business efficiently.

After developing a corporate structure that fits your business, you can devise job descriptions detailing the responsibilities of these positions so every employee knows his/her role and responsibilities. This will help

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PRACTICE MANAGEMENT



Corporate structure. HR indicates human resources; MA, medical assistant.

the physician practice what he/she does best—medicine. The key to success in this case is finding the right employees.

Developing the A Team

Putting together your A team requires finding job applicants who are right for your practice. When hiring an accountant, look for someone with experience who is precise, meticulous, and honest. The office manager must be able to multitask and exhibit excellent communication skills. In addition, he/she must be up-to-date on employment-related laws, billing, medical coding, and Occupational Safety and Health Administration regulations, as well as Health Insurance Portability and Accountability Act policies. If an employee is right for the position, he/she will excel. Reward employees for excellent performance, provide them with training, and communicate the value of their contributions. Building and developing your A team

will be a continuous process. If done well, it will result in tremendous dividends. Having experts at every level of the organization will allow the physician to practice medicine and rest a little better at night knowing that team members are responsible for ordering supplies, writing checks, staying up-to-date on procedure terminology codes for billing, conducting interviews, and handling customer and employee complaints.

Creating Systems for the A Team to Manage

After developing your structure and building an A team, management systems, such as incorporating a policy and procedure manual; developing a supervisor training program, front office and back office training manuals; and establishing customer service protocols, need to be developed. The physician can initiate these systems, but ultimately it is the responsibility of the management and supervisory team to carry out and communicate these systems to the rest of the staff.

Management systems create consistency. Good management is really about managing a process that creates consistency. Processes create a step-by-step approach, and each step combined forms a system. For example, the front office training manual should include a step-by-step process for answering the telephone, scheduling appointments, greeting patients, and organizing patient files. The process for effectively managing the front office is then combined with the policies and procedures of the practice, processes of customer service, and other processes to create a system that can be managed by the A team. The truly effective A team then manages the process through which many vital tasks are accomplished. Management according to this theory is more about how things get done than who does them. A great manager figures out how to get things done effectively and efficiently using systems.¹

Conclusion

Three areas are instrumental to the success of any organization: corporate structure, an A team, and management systems. These general guidelines apply to a variety of businesses and are key to the viability of any company. As an entrepreneur, it is the physician's role to ensure that the management team knows how the practice should look, how employees should act, and how patients should feel when they have an appointment. Communicating a vision for the company to the staff will allow the physician to do what he/she does best—practice medicine. Imagine leaving the office by 6 PM and sleeping at night. Start working on your business today—and not just in it—in order to make it successful.

Reference

1. Gerber ME. *The E-Myth Physician: Why Most Medical Practices Don't Work and What to Do About It*. New York, New York: Harper Business; 2004. ■