



## **TOP PERFORMERS PLAN FOR THEIR SUCCESS**

### **HOW DOES YOUR PRACTICE MEASURE UP?**

Every physician knows a colleague who is much admired for clinical expertise, yet never achieves financial success. Reaching financial success in this era of declining margins demands strict practice management and hard work.

#### **A Strategic Plan**

Successful practices don't just happen. They follow a strategic plan that establishes goals, defines steps to achieve those goals, and assigns deadlines. Use benchmarks for your specialty and market area to help establish your practice goals. Then, bring in a consultant to establish a plan for reaching those goals.

Putting a strategic plan into action often requires a practice to function more like a business than many physicians find comfortable. Set up a management committee to make tough decisions for the good of the practice. The committee also needs to review major purchases, monitor physician practices and referral patterns, fairly distribute operating costs, and scrutinize records of all hospitalized patients.

#### **Hard Work**

Building up a practice requires bringing more patients through the door each day. Studies show that physicians in the most successful practices perform 19% more than the median number of procedures per physician.

These successful practices establish a culture that expects the entire staff to work hard. Expectations are set forth on Day One, so that new physicians understand and accept this commitment. New doctors are also screened to gauge not only their clinical philosophy, but also their acceptance of management for the good of the entire practice.

This cultural expectation of hard work is bolstered when paired with incentives that reward individuals who demonstrate their commitment. Even in practices in which half the physicians are capitated, better performers find a way to increase procedures per physician to cover the difference. We can help you develop a formula that gives hard workers an increasingly higher percentage of revenues while offsetting measures that might be viewed as incentive to undertreat patients.

## Cost Containment

Top-performing practices know that maintaining low overhead is mandatory. In the most successful practices, overhead is only 51.5% of net medical revenues. Equitable systems are devised for distributing it among all physicians.

Money-making practices employ zero-based budgeting, which start from scratch each year instead of just adding an agreed-upon percentage increase to last year's figures. Adherence to the budget is ensured through detailed cost accounting and transaction costing, and supported by more streamlined billing and collection processes.

Of course, nearly every practice would judge itself to be filled with hard workers who strive to contain costs. But, few have a strategic plan that consistently moves the practice further toward higher goals.

Doctors can't afford to leave their financial success to chance. By following the example of other successful practices, you too, can achieve your financial goals.