Effective Staff Management

Everyone wants to work with people who are competent, motivated, and productive. But recruiting and retaining good employees does not happen by chance, and it is a mistake to assume that someone else is taking care of personnel issues. As a physician in practice, whether you are in solo practice or in a group with hundreds of physicians, you can and should play a key role in staff management.

Physicians in a two- or three-physician practice with an office manager have different responsibilities, of course, than those in a larger practice with a chief executive officer and several department directors. But common principles apply. This article addresses the basics of personnel management necessary for a productive workplace and happy employees.

The Physician's Role: Leadership and Governance

"It's extremely important for physicians—leaders in the practice—to set the general parameters of the human resources department, such as issues of fairness and adequate compensation," says New Hampshire oncologist Denis B. Hammond, MD. "Physicians need to make sure that nothing in the practice is perceived as a hostile work environment, that people feel valued, and that there is an effort to enhance their skill set—both knowledge and interpersonal skills." Hammond began practicing with one other oncologist 30 years ago, and his group has now grown to include 10 oncologists practicing at five sites.

Hammond makes clear that although the physicians set the tone, the implementation is done by administrative staff: "The values need to be enunciated by the physicians, but how that happens on the front line has to be in the hands of the practice managers."

Consultant Kenneth T. Hertz, CMPE, also stresses this distinction. "There's a difference between governance and management," he says. "Physicians provide governance—the vision, values, mission, and general strategic direction of the practice—and the administrator manages the day-to-day operations." Hertz is a practice management consultant with the Medical Group Management Association (MGMA).

In addition to establishing values of fairness and consistency, the physician owners are responsible for ensuring that appropriate procedures are in place to attract and retain high-quality staff. During the final stages of hiring top management staff, physicians should be involved in the interviewing process.

In hiring the practice's top administrator, Hertz advises, "You've got to find someone who has the same values as the

practice. In addition to the essential skill set, look for someone who has a personal mission that is in sync with that of the practice, and whose personality and style fit within the practice." To learn the skills and experience your administrator should have, Hertz suggests referring to *Body of Knowledge for Medical Practice Management* (see Additional Resources), an MGMA publication that describes competencies required in eight domains, from business operations and financial management to patient care systems and organizational governance. "Within this framework, you can drill down to very tactical levels that can help you create interview questions," Hertz notes.

The practice's compliance with regulations—from privacy and security rules related to the Health Insurance Portability and Accountability Act to sexual harassment laws and restrictions related to the Clinical Laboratory Improvement Amendments—is also your responsibility as a physician owner. Set the pace by conveying to staff that you respect these laws. If you trivialize or make disparaging remarks about these regulations, this attitude will permeate the staff and put your practice at unnecessary risk (Table 1).

Finally, physicians should not air their disagreements with one another or with the practice manager in front of other employees. Although this problem is easily preventable, physician leaders report that too many physicians are unaware of their own rude behavior in front of staff. Expressing such disagreements publicly rather than privately can erode esprit quickly.

Ensure Fairness and Consistency

Fairness and consistency are hallmarks of effective personnel management, and with good reason. Nothing undermines staff morale as much as the feeling of being unfairly treated, and any number of situations can engender this feeling: working one's heart out but not being acknowledged for it; getting paid less than a coworker who does the same job; or noticing that the boss—or worse yet, a physician—plays favorites.

Physician favoritism is common, according to Hertz. "Physicians have to be careful not to get in the middle and protect employees who may not be doing a good job or are being disruptive, just because the employee has worked with the physician for 20 years. This is never good, and it's even worse when the employee actually rubs it in the face of other employees. The physician essentially undermines the effectiveness of the administrator. It's very counterproductive—employees see it, and it creates serious morale problems. I've seen it cause people to leave." Hertz advises physicians to empower the manager to "speak truth to power." If the

Table 1. Employment Laws You Should Know

Law	Purpose
Fair Labor Standards Act (www.wagehour.dol.gov)	Establishes the minimum wage and governs overtime pay and recordkeeping. All employee positions must be designated either “exempt” or “nonexempt” for overtime pay.
Title VII of the Civil Rights Act (www.eeoc.gov)	Prohibits employers with 15 or more employees from discriminating because of race, religion, sex, age, or national origin.
Sexual Harassment (part of Title VII) (www.eeoc.gov/types/sexual_harassment.html)	Gives the employer responsibility for the conduct of others—both employees and nonemployees, including patients and vendors. Experts advise establishing policies with a complaint process and sanctions.
Pregnancy Discrimination Act (amendment to Title VII) (www.eeoc.gov/types/pregnancy.html)	Requires equal treatment for pregnant workers regarding health insurance and fringe benefits. Applies to terms of hiring and employment for employers with 15 or more employees.
Age Discrimination in Employment Act (www.eeoc.gov/types/age.html)	Protects both employees and job applicants age 40 and older from discrimination by employers with 20 or more employees. A job application should not ask for dates of military service or school graduation, because these can be considered proxies for inquires about age.
Family and Medical Leave Act (www.wagehour.dol.gov)	Requires employers with at least 50 employees to allow eligible employees to take job-protected, unpaid leave for up to 12 weeks in a 12-month period for birth or adoption, or to care for a family member with a serious health condition. Requires employers to continue health benefits coverage during the leave.
Americans with Disabilities Act (www.ada.gov)	Prohibits employers with 15 or more employees from discriminating against someone qualified for a job but limited by a physical or mental disability. “Reasonable accommodation” must be considered, but an employer is not required to make an accommodation if it would be excessively costly or disruptive to the practice.

administrator tells you there is a problem among the staff, do not ignore it.

Hertz acknowledges that addressing a performance problem with someone with whom you have a longstanding relationship is hard. Dealing with it depends on the situation. All three parties might talk together, or the physician or the manager might talk privately with the employee. But the key is that the physician must empower the manager by acknowledging to the employee that the manager is in charge. “The doctor must not dismiss it and tell the manager ‘I don’t believe it’ or ‘just work around it,’” Hertz says.

Clarify Expectations

Although fairness and consistency are intangible concepts, their essential building blocks are practical—accurate job descriptions, a clear reporting structure, and regular evaluations.

Each position in the practice should have a job description that establishes the basic expectations regarding the position, describes core duties, and helps both your practice and the employee clarify the responsibilities of the job and the qualifications necessary to do it. In addition, security rules related to the Health Insurance Portability and Accountability Act require that job descriptions outline employees’ necessary levels of access to patient health information and be routinely reviewed for accuracy and appropriateness. The requirements

of each job, as outlined in the job description, should be linked to an annual performance review.

Job descriptions should be updated regularly to ensure they still match what employees are actually doing. The goal is to make sure the employees know what is expected, and are appropriately compensated for this. “Create an environment where people know what their job is,” advises Patricia Falconer, MBA, president of Health Options, a practice management consulting firm in California specializing in oncology practice. She points out that giving employees the message that their jobs are basically to “do as much as you can” does not create a rewarding environment, and can lead to job dissatisfaction and turnover.

In addition to a job description for each job title, determine a salary range. Find out the salaries for comparable positions in your area, and try to at least match these levels. Then compare the salary ranges for different positions within the practice to be sure they are matched appropriately with the different levels of responsibility.

Retain Good Employees With More Than Just Wages

Retention of good employees is especially important because of the costs, both tangible and intangible, of replacement. Changes in staff disrupt the flow of work, change the

How to Retain Good Workers

- Be clear about performance expectations
- Treat them fairly
- Thank them for a job well done
- Provide timely, thoughtful feedback
- Show respect
- Help them develop professionally
- Recognize accomplishments
- Provide a competitive compensation package
- Offer praise in public and criticism in private
- Make the office a fun place to be

established lines of communication, and place a burden on the employees who have to fill in.

“Turnover is very expensive, especially in oncology practice, because it’s so difficult to find people with oncology experience,” Falconer points out. “When you lose someone, you’re not going to be able to replace them with someone with anywhere near the experience of the one you lost.”

According to the MGMA, the cost of replacing an employee is 50% to 150% of the annual salary for that position (the higher percentages apply to replacing managers); thus, it can cost your practice from \$25,000 to \$75,000 to replace an employee with a yearly salary of \$50,000. The costs of recruiting, hiring, training; the use of temporary workers; and the productivity lost during the new employee’s first 6 months all contribute to this expense.

Falconer stresses that it is not just a competitive hourly wage that helps retain employees, but rather the whole compensation package. “By having a comprehensive benefits package, you keep them from being recruited away,” she says. Falconer considers including health care insurance to be an absolute minimum requirement.

Retirement benefits are another component of compensation that can be especially important in rewarding employee longevity. Falconer suggests structuring a 401K program with an employer contribution component so employees know that the longer they stay, the more rewarded they will be.

A flexible schedule is another extremely helpful tool for recruitment and retention, and one that sometimes gives medical practices an advantage over other businesses, because of the ability to control patient scheduling. Such a schedule might give employees the option of working longer hours on 4 days and having 1 day off a week. A plus of flexible scheduling is that employees can plan their appointments and other errands for their day off work, thus reducing the frequency of unplanned absences.

A good benefits package and a flexible schedule contribute to job satisfaction and thereby to increased productivity as well as longevity. “So many physicians that I’ve worked with see just the expense side of providing comprehensive benefits,” Falconer notes. “They need to understand how costly it is not to provide them.”

Reward Good Performance

Link compensation to good performance. The most common forms of performance rewards are merit-based compensation systems that correlate annual increases to performance evaluations, and bonuses for accomplishments or the attainment of certain goals. Creative rewards such as paid days off, gift cards for massages, preferred parking spots, or movie passes can also be used to celebrate achievements.

“I’m a big believer in productivity rewards—I like to tie performance reviews to raises for employees,” Falconer says. For example, for nonphysician practitioners, she suggests correlating bonuses to productivity, such as the number of patient visits, just as physician income is often linked to productivity.

Hammond reports that his practice, which has more than 100 employees, recently implemented a performance-based pay system. “We wanted to develop a concrete way of rewarding people who put in extra effort,” he says.

The change was initiated after a staff satisfaction survey revealed that employees felt the pay system was not fair. People were paid the same no matter how well or poorly they were performing in their jobs. With the help of a human resources consultant, the practice made a number of changes. “We made sure everybody’s job description reflected what they actually did, to make sure the job description and pay scale were aligned at the outset,” Hammond says. In addition, the consultant used staff surveys to gather information and educational sessions to pave the way for the merit-based pay system.

Hammond’s practice implemented the new evaluation system just a few months ago. “Although it’s not a full 360-degree review, the new employee evaluation system seeks feedback from a variety of customers that an individual might interact with,” he says. Using this input, the supervisor assigns one of three grades: exceeds expectations, meets expectations, or needs improvement. In the practice’s launch of the evaluation, the results are being correlated with bonuses rather than an increase in the employees’ pay rates. Hammond explains that this one-time approach is being used to gain experience with the system, and avoid getting locked in to advancing the salary of someone who does not deserve it, or vice versa. In the future, the evaluation system will be used annually for merit-based pay raises.

Hammond acknowledges that it has been a struggle to initiate the new system and the supervisory discipline that goes along

with it. He says, “For me, the feedback and the evaluation process and communication are much more important than the money,” but notes that correlating compensation with performance is “sort of an industry standard.”

Tell Them How They Are Doing

A formal evaluation system is an essential component of effective staff management, but immediate feedback, both positive and negative, is also critical. Employees deserve frequent feedback—praise for work well done, coaching about new responsibilities, and constructive criticism if they are not meeting expectations. For example, if nothing is said about their errors or chronic lateness, an employee will likely think poor performance has gone unnoticed, and the behavior will not change. More importantly, if some other problem is behind it—for example, a lack of training or family trouble—it will not be discovered and addressed. If you wait until the annual review rolls around to give feedback, you will have a much bigger problem, and the employee will feel overwhelmed by negative comments.

Employ these principles in day-to-day supervision:

- Do not speak hastily. Especially when offering criticism, take time to think your comments through, and avoid off-the-cuff reactions.
- Give employees regular opportunities to comment on the practice operations, and be open to their perspectives. Ask what you can do to help them do their jobs more effectively. If an employee asks for something you cannot give, explain why.
- Be specific. A generality, such as “you’re doing a great job,” has its place, but pointing to a specific action for praise is even better. The same applies to criticism.
- Be wary of acting on hearsay. It is unfair and usually unproductive to tell someone “others have told me. . .” or “your coworkers are concerned. . .” Take time to find out what happened, and ask for the employee’s side of things with a statement like “help me understand how this happened.”
- Focus on the behavior, not the person.
- Do not avoid confrontation, even though it may be uncomfortable. If someone is disruptive, habitually late, or performing poorly, deal with it. Ignoring it demoralizes the good employees.

Develop a Team Culture

The best workplaces have a team culture in which everyone works toward a common goal and feels empowered to do so. One of the ways Hammond’s group has promoted a team culture is by involving all staff in writing mission and values statements. During the last 10 years, the entire staff has participated in three retreats. “The first time around, we had people write down what they saw as important for themselves and for the practice,” Hammond says. Those statements were then used to create a mission statement for the practice. In

subsequent retreats, the employees were asked if the statement was still appropriate, how it could be changed, and if the practice was living up to it.

“It’s a team-building exercise,” Hammond says. “The messages people hear most strongly are the things they say themselves. So it’s much more important if they say their mission is ‘doing the best for my patient’ than if I say it to them.” Tying this exercise back to personnel management, Hammond points out that developing these statements “is the overarching HR [human resources] function—as you write a mission statement and a value statement, it guides what you do day to day and minute to minute.”

Confirming this approach, consultant Hertz says, “The process of developing core values is critical to get everybody involved, because you have to have buy-in.” He states that building a team culture is all about “communication, communication, and—did I mention?—communication.”

Hertz comments that new physicians, as well as the administrative staff, need to develop a sense of the culture of the practice. “They need to spend time listening and looking and learning.” Hertz suggests that asking for help is an effective way for physicians to build strong relationships, and one from which they should not shy away. For example, they should ask someone in the billing department for help with evaluation and management coding and documentation.

A culture of teamwork should permeate the entire practice, but smaller teams can also be formed to accomplish specific goals. Some teams will be ongoing, such as the practice’s management team that provides strategic direction, whereas others might be assembled for specific projects, such as decreasing patient waiting times or developing a community education program.

Important elements for building an effective team are establishing trust and shared accountability. Team members need to trust the other team members, feel ownership in the outcome toward which the team is working, and have a sense of responsibility to the team. Every individual on the team must be empowered to contribute. Physicians often try to have all the answers; your instinct and training have geared you to solve problems. But the person doing a particular job—perhaps making appointments or processing laboratory orders—is the best person to offer new ideas and fix related problems.

Make sure these key attributes of effective teams are in place:

- All team members know the goal.
- Team members have ways to communicate directly (no manager or other intermediary is required).
- Each member’s role on the team is understood.
- Members’ individual skills and contributions are valued by others.

- Members have resources available to accomplish their tasks.
- Mechanisms are in place to measure results.
- Results are communicated.

Consultant Falconer stresses that the practice's leadership team should include individuals representing key functional areas. "Well-run practices have a team management approach that includes leaders representing physicians, nursing, reimbursement, and support staff, such as the front office," she advises. "Ideally, this team meets once a month, reviews the previous month's performance and the performance year to date, and discusses items that need a group decision. You can't operate in any one of these functional areas without affecting the other."

Encourage Professional Development

Make sure your employees have opportunities to stay current in their job functions. For example, individuals with supervisory responsibilities will benefit from training in management skills, and the billing staff needs regular updates on coding and Medicare regulations. "The practice needs to invest in its employees," Hertz says. "That's not altruistic; that is enlightened self-interest. If practices invest in the staff to strengthen their skill set and their knowledge base, and to improve their abilities to do their jobs and develop as people, they'll have a better organization."

Hammond agrees that practices should support professional development courses for the administrative staff, and adds that physicians can also benefit from management training. "Supervisory skills are one of the most challenging parts of

Additional Resources

American Bar Association: American Bar Association Guide to Workplace Law: Everything Every Employee and Employer Needs to Know About the Law & Hiring, Firing, Discrimination, Disability, Parental Leave, & Other Workplace Issues. Chicago, IL, American Bar Association, 2006

American College of Medical Practice Executives: Body of Knowledge for Medical Practice Management. Englewood, CO, Medical Group Management Association, 2008

Stanley KB: Personnel Management in the Medical Practice. Chicago, IL, American Medical Association, 2002

Professional Association of Health Care Office Management: Personnel Management Manual. Glenview, IL, Professional Association of Health Care Office Management

running a practice, and something that requires some cultivation," he says. "Rather than just trying to rely on intuition, anyone who can avail themselves of some kind of training is way ahead of the game."

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