Practical Negotiation for Medical Professionals

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Abstract

Despite incredible advances in medical innovation and education, many students finish medical school, and physicians finish residency, without sound business acumen regarding the financial realities of the modern profession. The curriculum in medical schools and residency programs too often neglects teaching the business of medicine. This overview addresses how physicians can utilize effective negotiation strategies to help develop a medical practice or add value to an existing practice or institution. The authors applied the six foundations of effective negotiating, detailed by Richard Shell in his *Bargaining for Advantage*, to the medical field to demonstrate the processes involved in effective negotiating. They then outlined a strategy for physicians to adopt when negotiating and showed how this strategy can be used to add value. The six foundations include: developing a personal bargaining style, setting realistic goals, determining authoritative standards, establishing relationships, exploring the other party's interests, and gaining leverage. As physicians complete training, the ability to solely focus on medical knowledge and clinical patient care disappears. It is crucial that physicians invest the time and energy into preparing for the business aspects of this profession in much the same way they prepare for the clinical care of patients. This overview seeks to define the basics of negotiation, characterize the application of negotiation principles toward clinical medicine, and lay the foundation for further discussion and investigation.

Keywords

- business of medicine
- negotiation
- bargaining

Despite incredible advances in medical innovation and education, many students finish medical school and physicians finish residency without sound business acumen regarding the financial realities of the modern profession. These formative years spent learning the practice and art of medicine are often the same period of time when other age-matched professionals are embarking in the work force and building their business experience through successes and failures. For most in the medical profession, tuitions are still being paid, and loans whittled down. The curriculum in medical schools and residency programs too often neglects teaching the business of medicine. While an exhaustive discussion regarding the financial economics of medicine would be beyond the capacity of one publication, a specific dive into negotiation can be widely utilized and generalized by physicians independent of any specific area of training. This overview addresses how physicians can utilize effective negotiation strategies to help develop a medical practice or add value to an existing practice or institution. This overview

seeks to define the basics of negotiation, characterize the application of negotiation principles toward clinical medicine, and lay the foundation for further discussion and investigation.

The Foundations

A negotiation is a process, not a singular event. It requires both parties to bring justifiable goals to the table but also demands flexibility in the bargaining process. The overall objective is to draft a win-win arrangement. Although often overlooked, developing a foundation in the core principles of negotiation is beneficial in numerous aspects of a physician's career. In Richard Shell's *Bargaining for Advantage*, he describes a strategy of information-based bargaining dependent on the necessary interplay of six foundations of effective negotiating (► **Fig. 1**).¹ This approach focuses on diligent preparation, careful listening, and attention to signals from all parties involved. It is an ideal strategy for physicians to

Fig. 1 The six foundations of effective negotiating as outlined by Richard Shell in his *Bargaining for Advantage*.

adopt when negotiating. A physician must approach negotiations with specific goals and a predetermined bargaining style. Included in those goals should be an ability to determine a ranking of importance, a degree of flexibility, and an idea of how the goals of multiple parties can be mutually beneficial. Subsequently, there should be an exchange of information. Each party should attempt to anticipate questions and gather all the necessary information from the other party. It is important to be creative and stay flexible with the ultimate goal of reaching a mutually advantageous agreement for all sides. The final step is closing the negotiation and developing a pro forma. The terms of the negotiation should be recorded in writing. Relying on a verbal agreement or promise is not sufficient. To ensure an agreement is appropriately drafted, it is usually necessary to hire someone familiar with contract writing and negotiation to review the details of any agreement or contract. In the following sections, the six foundations are outlined and applied to the medical field to better demonstrate the processes involved in effective negotiating.

The *first foundation* is the development of a personal bargaining style. Key toward this is determining one's threshold and attitude toward conflict.¹ It is important to balance a degree of assertiveness with a concern for the outcomes of all others involved. This is vital because the negotiations that physicians are typically involved in tend to necessitate desire for success in the future relationship between the parties involved. Rather than a one-time acquisition, most physicians negotiate with the expectation of success both in the current and in future negotiations. Therefore, a strategy geared toward problem-solving or compromise is advantageous. There must be a balance between a competitive and self-motivating attitude and one that fosters a long-term relationship.² This is typical for any medical professional deciding to join a practice. One's future success is predicated on the success of all current circumstances. Large immediate gains may leave a bad impression of one's ability to be a team player. Conversely, a willingness to acquiesce a little in the short term can lead to large benefits down the line as a good reputation and rapport is cultivated.

This foundation can also be analyzed in the context of the patient-physician relationship. Departing from a solely physician-centered model, medicine has progressed toward a

more patient-centered model. The goal is to treat a patient in a manner that is centered on the beliefs, values, and desires of the individual patient. This is a balance between patient preferences, practice guidelines, and physician experience. Physicians are increasingly refraining from a mechanistic treatment of pathology. Instead, treatment is a collaborative process using language that will empower the patient and foster a partnership. Within the confines of sound medical practice, treatment options are discussed with patients and a joint plan for how to proceed is made. It is a constant give and take but optimal outcomes result when both parties have an understanding of the options available, the concerns, and each other's perspectives (►Fig. 2).³⁻⁵

The *second foundation* is the setting of realistic goals. These goals should be optimistic and justifiable.¹ In the beginning stages of any contract negotiation, one must first determine which points are negotiable and then carefully prioritize these points. Equally important is establishing a list of nonnegotiable needs. Having this list of wants and needs in writing is important to make sure the negotiation proceeds in a manner in which the maximal attainment of the most important goals are met. If all parties are similarly prepared, it stands to reason that each must also be armed with a list of which aspects of a deal are flexible. Each must determine what and how much is worth giving up to obtain more of what is most important.² This foundation is particularly applicable to contract negotiations. A contract should be much more than a starting salary and explanation of benefits. Truly successful contracts take advantage of the

Fig. 2 The spectrum of personal bargaining styles and attitude toward conflict as described in the first foundation.

intangibles that will benefit all parties. When joining a group, regardless of size, the new employee should fit well within the existing culture in terms of productivity, support, and shared expectations. The ideal addition is one who brings qualities that will improve the overall group.^{2,6} There will be some aspects of any contract that will be nonnegotiable, both on the side of the employer and employee. However, many aspects of a contract may be tweaked through the bargaining process. These may include upfront incentives pay, partnership agreements, duties, and requirements. Time is often a key factor in contracts. Changing a start date, allowing for protected time to pursue endeavors that are not necessarily directed toward financial incentives, or providing ancillary benefits like funding for research, instruments, or machines are all examples of methods to potentially meet requests of multiple parties. A physician must set and prioritize goals to be prepared to achieve the best outcome.

The *third foundation* is the determination of the authoritative standards of the negotiation.¹ Here, planning is key. Each negotiator's goals are laid out, and the supporting data are exchanged. Each party seeks to demonstrate why he or she deserves what is requested. In preparation, it is essential to anticipate the arguments that the other side will make and how to counter them if presented. This leverage gained upfront can later be utilized in subsequent bargaining. Relating this toward medical clinical practice, one can easily access normative salaries for specific specialties across the country. While each specific physician and practice model is unique, a standardized norm is often used as a starting point. Qualifications, experience, demand, and patient population needs can all direct the negotiation toward the higher or lower end of the spectrum. This is a chance to distinguish one's self from the group and this applies both to the employer and the employee. An institution set up to guarantee patients for the physicians may be able to argue that a lower upfront salary is warranted because of all the work done by the institution to bring in patients. From the employee perspective, experience, training, unique technical skills, academic research, or other unique characteristics should be delineated if a salary is requested near the upper end of the norm. Huge gains for both sides can be obtained if one side's needs are met by another side's skills or opportunities.

The *fourth foundation* is the determination of reciprocity norms and focusing on relationships.¹ Building relationship networks among groups of ancillary staff affiliated with any field can create credibility and access to unique resources. Here, short-term concessions, gifts, or individual effort can lead to long-term relationships with the potential for maximization of overall benefits from all parties. Relating this to medical applications, this principle is perfectly demonstrated in the attending physician and resident model. Residents often are given graduated responsibilities, teaching, and eventually appropriate autonomy to improve as a repayment for assistance with patient care and repayment for similar mentoring that they likely received during their training. In an employer–employee relationship, physicians should be mindful to avoid reciprocity traps that could lead

to premature trust or even a feeling of guilt. Although the goal is to reach a mutual benefit for both parties, each party should be cognizant that they are embarking in the business of negotiation and not a personal friendship. As a general rule, the physician should always be trustworthy and treat the other party with respect.

The *fifth foundation* is the exploration of all other individual interests. Each party should seek to determine what each other party truly values. Identify the decision maker and study their goals.¹ In the same light of the discovery period in judicial proceedings, it is imperative to estimate what the other party values. The physician should brainstorm avenues in which serving the other party's interests can further his or her own interests. In this way, the negotiation can be looked at as a collaborative process to achieve overlapping goals.^{2,7} A hospital or private practice model may focus almost entirely on the financial economics generated by a prospective job candidate. An academic institution may heavily value ratings, academic publications, and notoriety in addition to economics. Understanding the framework in which one is embarking is key to figuring out how to best obtain individual values. If one party is able to serve another's goals while also achieving individual goals, inherent value is created and other individual goals can be subsequently pursued.

The *sixth foundation* of effective negotiation is the establishment of leverage.¹ In general, a physician should seek to gain positive leverage by possessing assets or forming connections that the other party needs. Applied to the medical profession, this can take the form of a large variety of factors. In addition to possessing unique technical skills, grants, or industry connections, added leverage can come from simple actions such as a willingness or capability to perform tasks that others no longer want to complete. Whether covering call schedules, accepting difficult patients with difficult problems, or working on days when others would like to make other plans, one can quickly become indispensable in any practice model. A unique expertise can lead to a referral pattern that includes more than simply a new method of treatment or practice. If this becomes an instrument to attract patients and other procedures, the initial employee can quickly become a vital economic driver and leverage can be gained. It is important to recognize that leverage is an important tool in negotiation but it should be balanced with cooperation and mutually beneficial trade-offs to achieve a high-quality outcome for both parties (► Fig. 3).⁶

Adding Value

When implementing these principles of negotiation, each party must demonstrate an understanding of what they bring to the table. For an individual, the specific attributes that can add value are limitless. In addition to an ability to generate income, relative value units, notoriety, or new patients, each physician should be able to clearly outline more subtle and unique attributes to help distinguish himself or herself. Clout can be built from academic and professional skills, a unique knowledge of a particular disease process and its treatment, technical prowess in an uncommon procedure,

Bargaining Checklist for an Academic Position

What is my bargaining style?

Determine your basic style preferences and your attitude toward conflict. Weigh your degree of assertiveness with your concern for others' outcomes.

- ☐ Compromiser
- ☐ Collaborator
- ☐ Competitor
- ☐ Conflict avoider
- ☐ Accommodator

What are my goals?

Know what aspects are open for negotiation. Set optimistic but justifiable goals. Be specific. Rank your negotiating points in order of importance.

- ☐ Base salary
- ☐ Monetary benefits (signing bonus, relocation stipend, loan forgiveness)
- ☐ Call schedule options
- ☐ Dedicated academic time (research, teaching, writing)
- ☐ Office/laboratory space

What are the standards and norms?

Determine the standards for the position and prepare supporting data. Anticipate the arguments the other side will raise and prepare counter-arguments.

- ☐ Salary data for specialty/region/hospital
- ☐ Benefits available/not currently offered but desired
- ☐ Call schedule requirements and options for supplementing income
- ☐ Academic requirements and incentives (research, teaching, writing, administrative)

How do I develop the necessary relationships?

Gain access and credibility via networking. Build a relationship with your future co-workers.

- ☐ Attend regional, national, and international conferences
- ☐ Develop a strong backing from previous institutions
- ☐ Enlist a mentor
- ☐ Become involved in administrative endeavors of hospital
- ☐ Reach out and visit physicians in your field through local organizations
- ☐ Become politically involved locally or nationally

What are the other party's interests?

Determine ways in which you can serve the other parties interests while working toward your goals.

- ☐ Determine the departmental, divisional, and sectional goals
- ☐ How important is notoriety to the hospital?
- ☐ Can a new program serving a unique patient population or disease be established? Would establishing multi-disciplinary teams be a useful contribution?
- ☐ Clarify what expectations the department will have for you
- ☐ Define and demonstrate what unique qualities you may provide

How can I gain leverage?

Show that you have a resource that the other party needs. Have multiple options available so you can achieve your goals whether you are hired or not.

- ☐ Demonstrate how you will add value (financial, offsetting workload, prestige)
- ☐ Emphasize unique talents or knowledge
- ☐ Apply for multiple opportunities and leverage when appropriate
- ☐ Have an alternative plan if the offer does not pan out

Fig. 3 Bargaining checklist for an academic position.

or access to a limited resource. It should be the onus of the physician to be able to show that bringing in these unique qualities can serve as a catalyst that may bring about economic advantages initially and lead to significant compounded growth over time as the benefits of the added value continue to build upon themselves. On the surface, the capability of publishing research in academic journals may seem of little value to a private practice plastic surgery group. The time taken to research, write, and publish may be viewed as time not spent in earning potential. On the contrary, an argument can be that prolific publication can distinguish a practice from others and produce in local, national, and international notoriety. This could in turn attract patients from areas that were previously out of the catchment area. With potential to attract patients from a significantly larger patient population, increased value can indeed be shown. As notoriety increases, exponential expansion is possible. The same arguments can be made for acquiring leadership roles in the community, administrative roles in hospitals, or volunteering.⁸

Equally important to detailing one's own value is understanding how the other sides view themselves. An ability to judge the value of others will help start negotiations and conversations on an appropriate foot. Overvaluing or undervaluing one's self or another can lead to an unfortunate start to a possible long-term working relationship. A physician in his or her first year of practice should be humble in realizing that they have not yet produced a known working successful model. But at the same time, he or she should not simply sit back and wait for a more senior individual or institution to dictate all of the terms of a negotiation. Within reason and with some means of objective projection, a physician at the very beginning of his or her practice still can have clout and potential to demonstrate significant short- and long-term added value. A true understanding of the other party's interests can actually lead to obtaining the best outcome for one's self.⁹

New Face of Negotiations in 21st Century

Technology has significantly and permanently changed the way in which information is communicated in medicine, and furthermore, how negotiation takes place and contracts are crafted. The literature examining the effects of electronically mediated negotiation (e-negotiation) compared with traditional face-to-face negotiation on outcomes is largely inconsistent. Evidence supporting face-to-face negotiations outlines a more equal distribution of resources, an improved flow of information, and better development of rapport when compared with electronic communication. This could be influenced by the lack of verbal cues in avenues such as email or text messaging, visual cues in phone conversation, or the lack of communication synchronicity. On the contrary, evidence supporting e-negotiation found several advantages including eliminating status differences and separating the negotiated issues from potential personality issues through anonymity. In addition, hostility is often avoided and suspicion decreased by eliminating nonverbal cues. Because of the differing results, studies have attempted to synthesize these findings based on

the environment of the negotiation or the orientation of the parties.^{10,11} Regardless of whether e-negotiation is thought to be beneficial or detrimental in achieving high-quality negotiation outcomes, technology is already impacting the negotiation process, and in the future, the impact will likely increase. The consequences of these deals are immense and often can dictate the entire trajectory of a career. Further analysis of individual types of negotiations may clearly show one type of negotiation is far superior to another. There can be vast differences in needs between parties (—Fig. 4). Two physicians attempting to form a small group practice in which their day-to-day workings are intimately intertwined have different needs in communication and negotiation compared with a young physician looking to be employed by a large, well-established hospital system. In the first situation, the two physicians are looking to build something together. They both need to be in tune with each other's goals, personalities, and working style. In such a small organization, small problems and miscommunications can develop into practice compromising results. The physician joining a major institution becomes a small part in a big machine. It is unlikely that he or she will be able to significantly change the workings of the institution as a whole. It is possible that the people that he or she will work closely with may not have any say about the hire. The interpersonal benefits of a face-to-face negotiation clearly have very different meanings. There is a role for different types of negotiations. Traveling is difficult, time consuming, expensive, and timely decisions sometimes are needed. Physicians should become familiar with the various forms of social media and electronic communication platforms so that e-negotiation can be used as an advantage to achieve higher quality outcomes.

Along these same lines, there is a general consensus that physicians could benefit from additional education on economics and business principles as they relate to the modern practice of medicine. The majority of physicians learn on the job through trial and error, through mentors, or through lectures and presentations usually sought out individually. Zarrabi et al conducted a systematic review on residency programs with business curricula. As of 2013, only 29 studies were identified which outlined business curricula as part of the standard graduate medical education. Only four of the articles addressed business education in surgical residency programs.¹² With the changing landscape of health care and

Fig. 4 A graph of the forms of communication that can be utilized during negotiations.

the increasing financial pressures, now is as vital a time as ever for physicians to dedicate themselves to providing more formal avenues of business education.

Conclusion

As physicians complete training, the ability to solely focus on medical knowledge and clinical patient care disappears. Regardless of how well-intentioned a physician may be, he or she still must deal with the financial burdens of daily life and the obstacles of today's health care system. While many refer to the medical profession as a calling, it is still a job in which each physician earns money to support themselves and their family. It is crucial that physicians invest the time and energy into preparing for the business aspects of this profession much the same way they prepare for the clinical care of patients. Part of this preparation must include negotiation, as negotiation is deeply intertwined in the process of practicing medicine. Learning the foundations of negotiation will allow physicians to apply the principles to many aspects of their job. Each patient encounter is a patient–doctor relationship with plenty of opportunity for communication and negotiation. Each job application and hire demands all parties contribute to achieve the greatest overall gain. Each unique skill, knowledge base, and network can be viewed as an opportunity to add value. Hopefully, this will serve as a guide to outline the foundations of negotiation and prompt future work, future collaborations, and recognition of this currently underrecognized void in many physicians' education.

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