Strategy Assessment for the Medical Professional

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Abstract

Keywords

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While medical professionals are superbly trained in treating patients, they are not often trained in quality improvement principles. In this article, the authors present a framework for strategy assessment commonly used in the business sector to identify areas for improvement and measure the improvement of interventions. This framework can be adapted to the medical field and used to improve the delivery of health care at a systems level.

Structure: “Remember that old beliefs do not lead you to new cheese.” ~ Who Moved My Cheese

A clear strategy identifies a goal and determines the steps needed to reach the goal. It considers how the business will grow and compete in a particular market. To compete, the strategy must first determine the way a business will differentiate itself from its competitors. The first step to executing a strategy, however, is to design the proper structure for the business.¹ The structure serves as the basic framework and is centered around determining the key roles and their placement in the hierarchy, where power and decision-making capability are allocated, and the direction in which command flows. With regard to the medical professional who desires to enter the competitive world of private practice, the structure of their practice is paramount to their success in an already-established free market.

To begin establishing the basic structure, we must identify the key components in a successful practice. First is the physician (or physicians in the case of a group). A medical practice is different than most businesses because the physician serves as both the leader who holds the power and the one who directly delivers the service. For this reason, the supporting staff is crucial to growing the practice behind the

scenes. In the case of a group practice, the physicians all hold equal influence at the top, but still must appoint or assume the “greater among equals” who considers all opinions but makes the final decisions. This is to prevent fragmentation at the top and maintain functional order. Depending on the size of the group, it may even be wise to implement a separate tier of staffed physicians with increased managerial roles in charge of receiving information from specific departments. The purpose of this is to ease the burden on the lead physician and to provide more in-depth attention to each of the separate issues. The next tier of structure should include the office manager, marketing manager, and accountant. The office manager is responsible for day-to-day operations. This includes administrative duties, developing effective scheduling systems for patients, and overseeing office staff. Next is the marketing manager whose primary responsibility is to develop strategies to properly advertise the services of the practice. This can be in the form of Facebook advertisements, billboard rentals, and commercial campaigns. Finally, the accountant is solely responsible for reporting the financial growth, documenting the costs, and for making projections. Another potential role is a human resource (HR) manager; however, an office manager who has HR management experience and/or education can satisfy

this role in a small practice. This decision is at the discretion of the hiring physician.

The final tier at the base of the pyramid is the staff each managerial arm is provided with. This is particularly important to the office manager and includes nurses, receptionists, and custodians. In smaller practices, the marketing manager and accountant could be stand-alone roles, but staff can be provided as the practice is scaled. The final department not yet discussed is information technologies (ITs), which does not occupy a particular place in the hierarchy, but has a vital role in maintaining functionality. The office manager will likely be the first line of communication, but IT should be readily available to any member of the staff who calls in need of assistance. Although these considerations in regards to the structure are important, structure alone is limited because it does not address the flow of communication and how these independent entities should interact. This is where the physician needs to examine the organizational process.

Process

The organizational process is defined as how we mend the separate units of the structure together to optimize the functionality and progress toward the common goal. Jay Galbraith's STAR Model further defines process in the form of vertical and horizontal process.² Vertical process generally refers to the allocation of resources and budgeting decisions for a given department. Horizontal process refers to the interaction between departments to optimize workflow, ease of patient navigation, and patient satisfaction.

Vertical process is vital because it keeps the lead physician informed regarding both what is working well and the issues impeding growth. This can be in the form of mandatory staff meetings where the managers from each department convene to provide updates and express needs for their respective department. The reverse, in the form of resource allocation and budgeting, is complex and will be discussed later.

Horizontal process maintains functionality without the need to distract the physician from delivering quality health care. An example of horizontal process would be communication between the marketing manager and the accountant. The marketing manager is encouraged to read reports provided by the accountant as this is a direct indicator of how the marketing scheme is working. It is also useful in gaining insight on patient acquisition and to identify a need for change. The accountant is thus incentivized as revenue increases lead to a potential increase in wages and bonuses.

Resource Allocation: "Strategy is simply resource allocation. When you strip away all the noise, that's what it comes down to. Strategy means making clear-cut choices about how to compete. You cannot be everything to everybody, no matter what the size of your business or how deep its pockets." ~ Jack Welch

What Jack Welch is referring to is the key to growing in a competitive free market like private medicine. He suggests that instead of allocating limited resources evenly to try to

compete in every area of a previously established market, it is wise to identify a niche and allocate resources to dominate that particular sector.¹ An example in the context of plastic surgery would be cosmetic surgery. According to the idea proposed by Welch, a homogenous group of plastic surgeons practicing under the same discipline such as cosmetic surgery might be better served than a more heterogeneous group trying to appoint a couple surgeons to compete in each market space. The idea is that a consumer desiring a cosmetic procedure would be more inclined to choose a group specializing as a cosmetic surgery practice rather than a more heterogeneous "one-stop shop."

Unfortunately, there is very little strategic management research regarding resource allocation. A search of the major management journals yielded less than 50 articles that explicitly examine resource allocation activity in firms. However, the importance of this idea cannot be overstated as it is considered the essence of strategy. An ineffective allocation of resources whether it be human, capital, or tools, can create a bottleneck and impede the productivity and success of the practice.

A business is essentially a machine. In a business utopia where every member of the staff does their job and are provided with the tools to execute, a business with proper structure, process, and resource allocation should run without much need for intervention. If one gear of the machine is misplaced or not given the maintenance in the form of tools to maintain functionality, the entire machine is impeded from performing intended tasks and productivity suffers. The results of underinvestment have been an obvious topic of scrutiny, but what about the issue of overinvestment? This idea is especially important in the realm of staffing and HR allocation.³ There are many sociological and psychological theories that may hold great importance in regard to this topic, but only two will be discussed here. The first is the sociopsychological phenomenon of social loafing, which describes the natural human tendency to put forth less effort when working on a task with other people. The next is diffusion of responsibility, which describes another human tendency to defer responsibility to another person when working in groups. With these phenomena in mind, it is suggested to risk an underinvestment of HRs, billing, and managerial positions and adjust if needed. Providing each member of the staff with autonomy and a clear responsibility will not only maximize overall functionality but also will provide the staff with guidance regarding their role. Capital investment is a much more complex issue in regards to measuring the outcome with a given investment. This is where key performance indicators (KPIs) become especially important in determining the allocation of finances within the practice.⁴

Tools: "If you give people tools, and they use their natural abilities and their curiosity, they will develop things in ways that will surprise you very much beyond what you might have expected." ~ Bill Gates

Review and Measure: "What gets measured, gets managed." ~ Peter Drucker

A KPI is a form of progress management used by virtually all successful businesses. The purpose of implementing KPIs is to analyze overall performance using objectively measurable outcomes. In the case of hospitals, examples of KPIs are hospital-acquired infections per unit of time, the average length of stay, and readmission within a 30-day window. Examining these outcomes is critical for a successful business plan as they provide a guide to either maintain status quo or identify a need for change.

In addition to KPIs at a business-wide scale, it is important to have measurable outcomes for the individual so that the expectations for a specific role are clear.⁵ These help guide behavior that benefits the business as a whole and helps foster positive morale when rewards and incentives are received for hard work. These outcomes can be as general as responding to emails within 24 hours, which encourage active communication, to department-specific outcomes like patient acquisition for the marketing manager. These outcomes serve both as a compass for success as a business and as a way for the individual to know they are meeting expectations. Finally, it is important to make sure the chosen KPIs for any level work together toward the common goal. For example, if a staff surgeon who serves as first-line communication between the accountant and lead surgeon is solely evaluated based on the number of cases, there is little incentive for the staff surgeon to communicate the concerns promptly because it temporarily impedes the individual performance indicator. This is just one example of how an improperly paired structure and performance evaluation can impede the desired team-based dynamic within the practice.

Leadership: "A leader leads by example, not by force."
~Sun Tzu

The choice to enter medicine is often seen as a "calling," chosen by individuals who seek to heal. However, physicians often find themselves in leadership roles through circumstance, as opposed to choice. Why then, should physicians choose to lead, as opposed to doing what they chose to do—practice medicine?

Physicians should choose leadership roles because as physicians our fundamental commitment is patient care. This commitment also puts physicians squarely in a position to affect matters not only related to direct health care but also on all aspects of delivering health care.⁶ It can be seen as a professional responsibility to ensure that this core value is represented in all important issues regarding the future of health care.

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