



THE GROWTH PLAYBOOK:

From Physician
Practice to
Physician Platform



**FOUR WAYS
TO SCALE YOUR BUSINESS**



**BY ROY BEJARANO, DANIEL D'ORAZIO,
BOH HATTER, AND JASON SCHIFMAN**

PHYSICIAN PRACTICES AND GROUPS, particularly those seeking to maintain their independence, face a complex and turbulent environment. The bar they must meet to sustain their organizations continues to rise. For practices and groups seeking to grow and improve their margins, the bar is even higher.

INCREASING COMPETITION, lower reimbursement, new reimbursement models, staffing challenges, and new regulatory requirements are just a few of the challenges these organizations face. Further, while physicians are extremely intelligent and skilled clinically, they may lack the breadth and depth of business expertise required to help their organizations navigate the shifting tides. Even when physicians do have the necessary business acumen, many would rather spend their time focusing on patients rather than management and strategy.

► The increasing consolidation of physician practices and groups is raising alarm bells across the industry. While nearly half of physicians are now employed, employed physicians report higher rates of burnout and cynicism and lower rates of patient empathy.

As a result, many physician practices and groups are being consumed by larger healthcare systems. The American Medical Association's annual Physician Practice Benchmark Survey, released

in May 2019, found that **nearly half of physicians in 2018 were employed**. It also found that overall, the number of employed physicians increased 6 percent between 2012 and 2018.

Yet many of the physicians we work with tell us that maintaining autonomy is still very important, and many others express dissatisfaction after being acquired by larger hospital systems. As one physician stated in response to a **recent survey by The Physicians Foundation**, "I am no longer a professional, I am an employee and treated with less respect and consideration than previously."

Another survey of 300 physicians by Geneia found that physicians in corporate or hospital-owned organizations are **more prone to burnout**. In fact, employed physicians reported lower rates of patient empathy than independent doctors.

The good news is there are ways physician practices and groups can maintain their autonomy—and grow and thrive while doing so. The key is transitioning from a physician practice or group to a physician platform. A physician platform is a practice or group that operates at peak performance in every area—from revenue-cycle management to marketing to payer contracting. At the same time, these organizations continually expand their patient base, their geographic footprint, and their revenue.

It's not easy for practices or groups to transition to this healthier state, and it requires a carefully crafted strategy and excellent use of resources. Here are our top recommendations, based on our

successful work with numerous physician organizations.

STRATEGY #1:
RECOGNIZE THAT SCALING IS CRUCIAL TO SUCCESS

IN OUR EXPERIENCE, physician practice and group leaders often home in on one major challenge when attempting to improve performance. For example, they

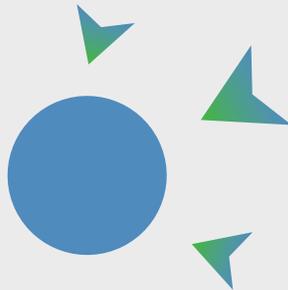
► To thrive and grow, practice and group leaders must view their organizations as complex ecosystems.

focus on a problem related to cash flow, payer contracting, marketing, human resources, data analytics, IT, or staffing.

While each of these elements of practice operations is important, in order to thrive and grow, practice and group leaders must view their organizations as complex ecosystems. Every aspect of operations and management impacts every other area of the practice, so each element must operate at peak performance.

PRESSURE POINTS

Many challenges in the market make financial viability and independence more difficult than ever.



Declining reimbursements



Growing role of patient consumerism



Increasing difficulty competing



Increasing administrative and regulatory burden



The desire to remain independent



Low morale and high burnout



Rapidly consolidating healthcare market



Lack of appetite, aptitude, and time to adjust

We recommend all leaders take a hard look at their organizations overall, and determine how they can improve in every area. They can get started by:

- Using baseline audits to identify current performance gaps versus best practices
- Defining roadmaps to bridge between current and target performance
- Regularly monitoring and measuring results versus target expectations

It's a lot to take on, but it's only half the battle. Physician and practice group leaders must also consider how they can begin to scale and grow once they have completed the above exercises. This part of the process might include:

- Enhancing public relations and marketing initiatives, better communicating to potential patients and referrers what differentiates their organization from competitors, and incorporating social media and SEO-optimization strategies
- Developing and managing ancillary service lines and site-of-service programs
- Exploring strategic partnerships with hospitals, self-insured

employers, IPAs, and clinically integrated networks

- Regularly re-evaluating strategic opportunities and risks

STRATEGY #2:

FIND THE RIGHT RESOURCES

CREATING A FULL-SCALE PHYSICIAN PLATFORM requires a broad range of expertise. As noted, physician practice and group leaders often lack the necessary time and business knowledge to tackle the process on their own. In addition, we've found that even the best internal management teams at physician organizations tend to be deeply entrenched in the status quo. They often lack the experience or time to effectively embrace the future-facing outlook that is required to drive scale and growth.

For this reason, we recommend that all physician organizations cultivate an active board. A strong board, which should include physician leaders, can help shepherd positive changes, while a strong management team can carry out the heavy lifting. The board can help define objectives and priorities and ensure progress at an operational level

► Finding the right consultant is crucial to improving performance and scaling an organization. For tips on how to find the right fit for your organization, read **“What Should The Right Relationship With Your Consultants Look and Feel Like?”**

and a growth level. The board must have clearly agreed upon objectives, and these objectives must be well documented and transparent.

We also recommend working with an external advisor who can help address strategic challenges and ensure the organization takes advantage of emerging market opportunities. Just as it's impossible for any large company CEO to scale a company completely on his or her own (no one CEO can be an expert in every area), we have never come across a physician or board that is

capable of scaling a physician organization completely independently.

Physician organizations should look for advisors who have a proven track record of helping similar organizations scale, and who have highly developed “big picture” industry knowledge, management experience, and business acumen. Physician organizations should also look for advisors who work closely with a broad team of other experts who are skilled in key areas, such as marketing or revenue cycle management. The best advisors serve as conductors, leading the charge with the physicians and the board, while working closely with other experts to ensure the organization experiences the best possible outcomes.

STRATEGY #3: MOVE AT THE RIGHT PACE

WHEN IT COMES TO SCALING AND GROWTH, tackling new initiatives at the right time, in the right order, and for the right reasons is of upmost importance. All too often, we see physician leaders march into meetings and demand instant votes on complex initiatives. These initiatives often lead to serious problems months later, when they yield new and unanticipated problems.

Take, for example, a gynecology

DON'T RUSH

Physician organizations should never rush into changes. Too often physician leaders tell us, “We were a great business until we acquired too much,” or, “We were a great business until we acquired that one business that derailed all of our other ambitions.”

practice that is trying to position itself as a full women’s health platform. Within a month of embarking on a growth plan, this practice begins offering every service possible under the women’s health umbrella—from cardiology, to physical therapy, to mental therapy, to imaging, and so on. The practice brings in a wide range of specialties and ancillary services, but it hasn’t really considered whether there’s a market need for those services. Ultimately, the practice finds that demand is much less than anticipated.

We’ve also seen too many organizations move for the wrong reasons, such as making decisions based on

speculation or fear about how upcoming changes could affect their bottom line. One of the most common mistakes related to this occurs when physician

► It’s great to be forward-thinking, but not when it comes at the expense of current needs.

organizations make significant changes to prepare for value-based payment, only to overlook current needs and opportunities related to fee-for-service care.

It’s great to be enthusiastic and forward-thinking, but not when it comes at the expense of a well-grounded strategy that prioritizes both current and future needs. This is another reason cultivating a strong board and utilizing a strong advisor is crucial—both can help physician practice and group leaders avoid these common missteps.

STRATEGY #4: PRIORITIZE MARKETING

GONE ARE THE DAYS when physician practices and group leaders can sit back and wait for new patients to come knocking on their doors. Increasing competition from larger systems with more marketing resources and strong referral networks means independent organizations must step up their marketing strategies. Independent organizations are in a battle for mindshare and awareness. If they lose, they are not able to grow.

We recommend organizations get started by initiating a marketing study to understand how patients in their target area view their organization. This market study should evaluate the level

CULTIVATING A STRONG BOARD

Observing and critiquing board performance after every meeting is an important discipline for physician organizations hoping to make positive changes. Key questions to consider include:

How did we manage our time this meeting?

Did we get through our agenda?

Did we create additional value in the organization?

NO TIME LIKE THE PRESENT

Physician practices and groups seeking to maintain their independence must begin to seriously evaluate their options. Operating the same way as they always have is a losing proposition. The competition is just too

fierce, and the challenges are too high. Succeeding and growing require a multi-faceted approach that incorporates the expertise of multiple individuals, both inside and outside the practice.

of awareness patients have about the organization and the kind of reputation it has in the community. They also need to conduct a competitor messaging analysis to determine how their organization can differentiate itself in the market.

➤ Marketing is no longer a nice-to-have initiative for physician organizations. It's a crucial building block to success for any practice or group.

Other key marketing initiatives include:

- Auditing their website and modifying it, as necessary, to attract new patients—such as by ensuring the website is easy to navigate and that it makes physicians appear personable and relatable.
- Investing in professional video services and creating video interviews with physicians so that prospective patients and referrers can get to know the physicians. In addition,

they should create patient video testimonials to further their credibility and attract new patients.

- Creating an SEO optimization and social media plan to attract prospective patients who are searching relevant key procedures and specialties.
- Conducting annual patient satisfaction surveys and monitoring patient review websites.
- Exploring strategies to gain more referrals.
- Looking for opportunities to position physicians as expert sources for the media and enhancing their presence in the community.

These are just a few of many marketing initiatives physician practices and organizations need to take on, but they will serve as a good foundation for any practice moving forward.

As the importance of marketing grows for physician organizations, finding the right marketing partner is key. When evaluating marketing partners, keep in mind that marketing is not a one-size-fits all approach. Healthcare marketing comes with its own unique challenges and needs, so look for a partner with proven abilities in the healthcare space. ■



Scale Physician Group is a leading healthcare management services organization headquartered in New York City. The firm is focused on helping physician platforms cultivate a strong foundation for their business, create scalable operations, and ultimately grow. Scale supports a large community of diverse physician groups of all sizes and is dedicated to helping them maintain their independence while growing their businesses.

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Contact them at:
bhatter@sage-growth.com