

Business Strategies for Small Medical Practices

By Dr Tham Tat Yean

This article highlights several strategic principles that small private medical practices can utilise to make their businesses successful. Perhaps these may be applied to larger practice entities too. The definition of "small" medical practices varies but I would suggest that any practice or practice group that has less than ten full-time doctors be classified as such. There will certainly be exceptions to this definition if we take into consideration other criteria like gross income, specialty practices, number of non-physician employees, and so on.

Despite the apparent "consolidation" that has been evolving in the private family practice segment of the healthcare industry, many general practice groups are still considered small. In addition, there is still a big number of single practitioner family practice clinics. All these entities face tremendous business challenges in terms of competition, medico-legal issues, increasing business costs and narrowing margins from managed care schemes. It is conceivable that some private specialist practices may face such challenges too. The consequence of failure to combat these challenges result in doctor (and patient) dissatisfaction, high employee turnover, negligence and business liability suits. That is not to say bigger medical groups and institutions are immune from these. However, small medical practices are likely to be vulnerable because of limited resources.

What can be done to make a medical practice more successful?

CORPORATE GOVERNANCE

Medical practices need to be managed well, as in all business entities. There is no hard and fast rule as to what is the best management policy to adopt. Small practices may be managed by the owners collectively while larger practices may have a more formal management structure.

There should be sufficient time devoted to management. The owners must share a common set of values and goals. They must be prepared to meet regularly to make timely decisions and review data. Goals and decisions should be properly communicated to the staff too. For larger practices, a physician leader may be appointed to manage the group. This allows the managing physician to make decisions without having to consult all the doctors as that can be very time-consuming and frustrating. It also allows the other doctors to focus on clinical practice. However, the limits of the managing physician's authority have to be clearly defined to avoid any future disputes. In addition, well-managed practices often hire administrators or other management staff to assist the physicians.

DEVELOP, IMPLEMENT AND MONITOR A STRATEGIC PLAN

As in all businesses, this step is key to providing a framework for the practice to develop. Different practices may use differing strategic plans. Some may rely on an umbrella plan like setting overall growth or revenue targets; others may prefer a series of interim goals to be achieved in various areas. It is important for the practice owners to be clear about the strategic plan and be prepared to share with the staff. Such a plan need not necessarily be a complex one – a simple and realistic plan may be adequate in some practices.

Once the strategic plan is implemented, it should be monitored regularly to ensure focus and that milestones are achieved. There may be situations where a review of the strategic plan is necessary because of changing business conditions. In such instances, the practice needs to be decisive and be prepared to change the plan to meet a new challenge. Focus, decisiveness and versatility are important ingredients in this aspect.

DEVELOP HUMAN RESOURCES

The core business of medical practices is provision of healthcare services. To achieve excellence in this area, it is essential to develop and train clinic staff to the highest potential possible. Employee doctors, clinic nurses and assistants – these are frontline staff who can make a significant difference to your service delivery to the patients.

Even small practices should allocate an annual budget for continuing training and development of doctors and staff. The money invested in this area is well worth it. In an era where patients and their relatives are getting increasingly educated about their medical conditions, clinic personnel must be sufficiently equipped with knowledge and skills to meet rising expectations and reduce medical errors.

ADMINISTRATIVE AND OPERATIONAL PROCESSES

It is important to have well-defined and practical processes in place. Not only do these make your doctors and staff more efficient and effective, they also play a role in risk management and ensuring compliance with current business and health legislations.

Practices should avoid variation due to different styles of doing things by different doctors. This may cause confusion among staff and patients. In fact, it may end up adding more expenses to the clinic. Develop policies, procedures or protocols that standardise how things are done in the clinic. Be open-minded to feedback from staff and patients if certain processes can be further improved.

About the author:

Dr Tham Tat Yean (MBBS, MBA, GDFM, GDFPDerm, GDOM) is a Family Physician and Director in his group practice. Dr Tham has been serving on the SMA Council since 2000, and was the Honorary Secretary for two years.

Examples of processes that management can look into improving include:

- a. Billing procedures – tracking and administering managed care claims, invoicing patients (or their companies).
- b. Dispensing – improving quality and reducing errors in dispensing.
- c. Inventory management – developing a system to track procurement, avoid overstocking, and reduce likelihood of expired stocks.
- d. Referrals and investigations – keeping track of patient referrals, radiological and laboratory investigations.

It is important to write down clear and consistent procedures so that doctors and staff can refer to them and do proper implementation. It is easier to train new staff in this fashion too. The end result is improved clinical care, reduced errors and a better bottomline in the long run.

INVEST IN INFRASTRUCTURE AND EQUIPMENT

Clinic infrastructure – furniture, examination couches, wall paints, airconditioners, and so on, do get old and worn out

with time. This may leave a bad impression on patients. Clinic staff may also not feel comfortable working in a rundown environment. All these may cause physical or psychological discomfort. Always budget a reasonable amount to improve this aspect. Make your patients and staff feel comfortable.

Replace (or repair) faulty medical equipment like the nebuliser, electrocardiograph and ophthalmoscope whenever the need arises. Be prepared to purchase new equipment if it helps in developing newer or better services to the patients. For example, a family doctor with an ultrasound equipment can perform basic ultrasonography for his patients without referring them to the hospital.

Each practice will need to assess the need and determine the available resources for investments in these areas.

CONCLUSION

The success of a medical practice is not dependent on competent doctors alone. That is certainly fundamental and important, but there are other strategies that can contribute significantly to the success of a practice. ■