Strategic Positioning of Your Medical Practice
Know How, Know When, And Know the Way
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I recently had the pleasure of driving through some beautiful farmland in the
Midwest on my way to a client engagement. After 30 years of serving as an advisor and
consultant to hospitals, health systems and medical practices in the area of strategy and
business development, one relishes the beauty of this great country amidst the travails
of travel headaches that is part of daily routine for many consultants like myself. What
many may not know is that I am originally from South Dakota, born in the Black Hills
of South Dakota, in fact. I grew up and schooled on the East Coast, but enjoyed many
summer visits back to the Dakota farmland and the trips with my grandfather viewing
the various cultivated fields. He was an original homesteader in South Dakota and
never failed to talk about the wonder of nature and the intricacies of farming to the
willing learner and grandson. One came away with a great respect and understanding
of how strategic a farmer had to be to meet the demands and complexities of agriculture
and Mother Nature.

On my recent drives through the rich farmlands of the Midwest amidst the
harvesting of crops and bailing of hay, I couldn’t help but draw an analogy between the
hard work of bailing hay and the vagaries of growing and positioning one’s medical
practice given the monumental challenges of our current complex and evolving
healthcare environment – an environment not unlike that experienced by those who
reap their living from the land. Bear with me as I share my thoughts and develop the
analogy.

Time It Right – The timing and frequency of hay cutting depend upon the plant species
and the climate, although most regions can sustain between three and four cuttings a year. Hay
must be cut at the perfect moisture content, harvest too early and wet, it’s difficult to cure; cut it
too late and dry and the seed heads are hard to chew and digest.

So too with your medical practice. Strategy is a key piece of your success and
financial equation. All practices are different, even within the same specialty, as are the
communities in which they exist. All too frequently medical practitioners do not take
the time to plan effectively for the issues they need to deal with on a strategic basis. This leads to “herd phenomena” and knee jerking into relationships or poorly thought out alliances. Additionally, many practices make decisions on the fly, or in the hallway, or between hospital to office transit. All too frequently they rely on advice from those who approach the strategic positioning of medical practices from a theoretical vantage point. A lawyer and an accountant are certainly needed advisers for all businesses, but are they your best strategic advisors? Do they understand medicine and how clinical care is being and will be impacted by your current environment and the resulting business decisions? How conversant does one need to be with healthcare as well as business models, potential partnerships and how your alignment strategy and clinical practice portfolio may be impacted by your decisions . . . and why should you undertake a particular strategy or offer a particular service? It’s more than just a deal. Therefore, the first step should be to take time to undertake a formal strategic planning session for your medical business and have it led by knowledgeable advisors – advisors who understand the big picture. One could make the case that in addition to the business they also need to understand the science and practice of medicine, because by the way, that is your business.

**Know Your Animals’ Nutritional Needs** – There appears to be a significant amount of myth and prejudice about feeding alfalfa vs. grass hay to horses. Horses are said to prefer alfalfa because it is flavorful and tender, but it can frequently be too rich, predisposing them to enteroliths and digestive problems. Most horses do well on a 50/50 mixture of grass and medium quality alfalfa hay. Other varieties of hay include Timothy, Orchard Grass, Rye Grass, Oats and Fescue. Only high performance animals require high quality alfalfa hay.

Do you know the characters and characteristics of the people in your practice and the data required for intelligent discussion as you ponder your future? You and your colleagues will need to make informed decisions. This means there will need to be a requisite amount of data analysis about your practice, as well as your marketplace. This needs to be fed to you and your colleagues in a digestible manner to serve as a platform for intelligent decision making. That decision platform needs to be knowledgeable of the special needs and requirements of your particular practice as well as the professional needs of the individuals practicing therein. Therefore, practice and market data, and data obtained from discussions with each of your colleagues, becomes a requisite step for engagement in successful dialogue and planning.

**Be Wary of Weeds** – Weed control is a top priority, as poisonous weeds can irritate a horse’s stomach, while other varieties are unpalatable and lack nutritive value. One needs also to pay attention to proper irrigation and fertilization as these make a significant difference. Grass requires more nitrogen in the soil, while alfalfa, a legume, also needs phosphorous. The goal is to maximize your yield as well as the quality.
The leadership of a medical practice needs to make sure that your approach to the issues are not tainted or swayed by a vocal few or disgruntled members of the practice. People are at different points in their careers and have different expectations based on their position within their professional career. The issue of positioning your practice, be it expansion, alignment or sale, should not be hijacked by a small cadre of individuals who have personal agendas or may not be viewing issues from the vantage point of the entire practice. Likewise, difficult management issues, or difficult behaviors to deal with, should not taint or persuade in one direction or another without proper vetting of issues. Remember also that managing difficult issues is separate from strategic planning. The management issues, irrespective of the positioning of your practice, may still remain and have to be dealt with whether you sell your practice or enter into a particular strategic alliance. In fact, some of these management issues may actually be exacerbated in various structures.

Decide Between Sale or Storage – It should be noted that bales range from about 40 pounds per square, up to one ton round bales. Prices obviously fluctuate according to the region: a 60 pound bale in Montrose, Colorado may run for about $8 a pound, while 110 pound alfalfa bale in Santa Ynez, California may be $14. It should also be noted that sometimes you have to stack bales under shelters or secure tarps to protect them from the elements. Properly cured hay is stable and can last up to several years if it’s stored correctly.

The issue of selling your practice, undertaking strategic alignments or partnerships has to be done following a thorough vetting of issues, understanding of environmental challenges and discussion of strategic options. The spectrum of alliances, networking and partnering options is significant and should, again, be facilitated by individuals knowledgeable of the business as well as the practice and science of medicine. One should not take lightly the selling of your business – a business that may provide you degrees of independence and control over aspects of your professional career for many years despite turbulent business settings. Don’t misunderstand – there shouldn’t be a reticence to consider employment or other options. The heads up is to realize that going from independent practice to employment or other alignment structures comes with requisite accountabilities and responsibilities. You shouldn’t be naïve enough to think that you are making major changes in your business model and all things will stay the same. Sometimes individuals think that by moving into other relationships they can shelter themselves for a year or two from chaos or difficult situations. Rest assured, eventually one has to face reality and come to terms with accountabilities and the issues that lurk within the context of all medical practices. You shouldn’t look at a particular option as merely sheltering you from the storm.
**Process for Success** – During the process of baling a swather cuts the hay and a tedder fluffs and separates the forage. The cut and fluffed hay is then raked into piles, which is known as windrows, to cure. Properly cured hay usually is soft, meaning it’s not too prickly or fiberous and dry with a good odor and color. Baling is the final step, although the size and shape – round, rolled, rectangular, or squares – varies with the size of the baler and the region. Round bales are more densely packed and moisture resistant.

The outcomes and the strategic plan you and your colleagues select should be the final product of an organized approach to assure the continued success of your practice. The following steps need to be part and parcel of your vetting process.

- A formal strategic plan review
- Facilitation by knowledgeable, credible advisors
- Acquisition and analysis of appropriate market data to serve as a decision platform
- Thorough understanding and review of the assets of the business – the people – their professional and personal needs. Ideally each partner, and perhaps each physician and other caregivers, should be interviewed.
- Appropriate vetting of options impacted by trends occurring nationally and locally
- Formulation of an agreed upon approach and formation of a workplan
- Implementation – putting your plan into action

This entire process and the growing and maturing and nurturing of a practice is the role and responsibility of leadership. Just as bailing occurs at various times of the year – so too should you re-visit your plan periodically during the year to check progress against your initial directions. And, yes, you should report on the progress and “replant” and “reharvest” your thoughts and efforts in a formal way yearly.

**Harvesting** – According to the National Institute for Occupational Safety and Health (NIOSH), a total of 1,538 agricultural workers died from tractor overturns between 1992 and 2007. The biggest portion of tractor fatalities is either rolls to the side or flips on tractors. Roll bars and seatbelts have been added to many tractors and are 99% effective in reducing rollover deaths, while the roll bar alone prevents more than 70% according to researchers. As a consequence of the experience with roll bars and seatbelts usage, year-by-year deaths from tractor turnovers have fallen from 104 per year in 1992 to 62 per year in 2007. Additionally it should be noted that death rates of 100,000 agricultural workers were highest in the Midwest and Northeast from 1992-2007.

Likewise with medical practices as you explore your harvesting options, as practices explore the potential of expanding or adding new services strategic alliances or merger options, there are some partners and organizations who have been more successful than others. Also there are regions of the country that have different
experiences than others due to a host of issues, not the least of which are payor mix, corporate practice of medical laws, etc. Partnering and positioning a medical practice is a risky business. Not all will be successful and hence the importance of learning from the lessons of past experience. As the saying goes, some of the new rigs come with roll bars and seatbelts that the old rigs didn’t have. Even here the challenge is to make sure the roll bar and seatbelt are properly attached and positioned.

My final thought to convey is to practice safe harvesting and know there are multiple ways of engaging your art and profession.

“I inherited that calm from my father, who was a farmer. You sow, you wait for good or bad weather, you harvest, but working is something you always need to do.”

– Miguel Indurain

_A retired Spanish road racing cyclist who won the Tour de France from 1991 to 1995, the fourth to win five times and first to win five in a row._

Sources:
Miller, L.; “Know How;” American Cowboy, October/November 2010

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