

# Taking Your Radiology Practice to the Next Level

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The majority of radiology practices are governed haphazardly and act unpredictably, and if they are successful, it is in spite of what they do, not because of it. A few exceptional practices ensure their success with good governance, a proactive approach to problems, and a clear sense of direction provided by group-developed and group-approved mission statements and business plans. This paper describes what great practices do to differentiate themselves from the vast majority of radiology groups. The importance of appropriate structure, governance, strategic planning, decision making, marketing, and decisive action are covered. Readers should easily be able to implement into their practices the suggestions offered in this paper.

**Key Words:** Practice management, socioeconomics, governance

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## INTRODUCTION

Why is it that certain radiology practices seem to thrive in bad times as well as good? What do these practices do that enables them to cope successfully with problems that seem to mire other practices in uncertainty and indecision? How are these great radiology groups governed? How do these practices ensure that appropriate decisions are made and action taken in an efficient and efficacious manner? What role does marketing play in the appropriate growth in imaging, interventional, and therapeutic volume? If the money is good, and “things” seem to be working, should radiologists really care what their successful peers are doing?

These questions (and, of course, their answers) are basic to understanding that the economic environment of radiology is cyclical, yet only a few practices are prepared for whatever obstacles to success they might encounter. Market forces might not always be kind to radiologists (and the specialty of radiology), and strategic planning and group-supported decisive action can make a major difference not only in how radiology practices weather the bad times but how they thrive in the good times as well. Great groups anticipate both issues and good fortune. These groups proactively pursue opportunities, they deal with problems swiftly and decisively, and

their members take an active “ownership interest” in their practice.

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## EFFECTIVE GOVERNANCE STRUCTURE

The first differentiator of radiology practices is that great practices have effective governance structures based on group-developed mission statements and business plans. A mission statement is not one that would be placed on the wall of the office; rather, it is for the eyes of practice members only. It defines who the group is, what type of practice it engages in, and where its geographic sphere of influence is located [1]. Thus, a mission statement might include a commitment to subspecialty practice; it could include or exclude radiation oncology; it might mention certain expectations that the practice has of its members; and it always should define the boundaries of any intended practice presence or expansion.

A business plan lists specific goals (tasks to be accomplished) that fit with a group’s stated mission, it assigns specific individuals to perform these tasks, and it provides

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timeframes for the completion of the goals. Thus, the practice can periodically measure the progress made toward fulfilling its goals, and it can hold practice members accountable for failure to meet responsibilities assigned to them. A very important point is that because of the geographical boundaries included in its mission statement and the specificity of the goals in its business plan, a group can reject opportunities that are not suitable to its mission or are outside of its self-determined area of operation.

It should be apparent that a mission statement and a business plan provide focus; they give practice leaders a blueprint (including timelines) for action. In my experience, most groups fail through inaction. Decisions, if made at all, are frequently revisited, often overturned, and the end result is a paralysis of action. It is both the mission statement and the business plan that give direction and enable leaders to act on behalf of a practice [1,2]. The mission statement and the business plan are both living documents and should be reviewed at appropriate intervals (usually annually); thus, although direction is provided, the flexibility to accommodate change is still present.

## MEMBER INVOLVEMENT IN DECISION MAKING

The second differentiator of practices is that great practices involve its members in the decision-making of the practices. Action plans are developed, and mandates to the group leaders are established through the process of strategic planning. Strategic planning is important to radiology groups for a variety of reasons [3,4]. First, radiology practices are “pathologically addicted” to democracy. Without the guidance provided by the strategic planning process, groups rarely get priorities in order, and thus, they cannot arrive at decisions in a timely fashion. Next, in most practices, decision-making is often based on insufficient information or emotion. In that situation, the self-interest of articulate individuals can influence decision making and place the interests of one member over those of a practice. Finally, in the absence of strategic planning, decisions are often made without sufficient consideration of personnel needs or the financial implications for group members.

The strategic planning process usually is best achieved at a weekend retreat for practice members [5]. This enables group members to discuss projects and priorities in a manner that provides for constructive dialogue and the airing of significant issues and concerns. The process proceeds more smoothly and is far more effective if an outside facilitator or consultant is used to moderate the retreat. This prevents accusations of self-interest that may arise when it is perceived that practice members are

“pushing their own agendas.” However, it is imperative that the facilitator be knowledgeable about both radiology practices and the culture of radiology. If the consultant does not have this knowledge, then his or her perspective can be destructive to the process. A weekend retreat led by a knowledgeable facilitator enables every shareholder to provide constructive input and have any objections or concerns heard. Such a retreat makes it easier to reach agreement on the projects and priorities established for the practice, and it gives all participants a means of contributing to the process.

## THE BUSINESS OF A PRACTICE

The third differentiator of practices is that the great practices understand that they also are businesses that require expertise and involvement by practice members to ensure that opportunities will be brought to fruition successfully.

Radiology practices are moderately sized businesses with annual gross receipts that range from \$5 million to more than \$100 million. These practices need to be run like businesses [1,6]. It is important for radiologists to understand that there is nothing that says that good business and good medicine cannot coexist [1,6]. In fact, I believe that a compelling argument can be made for the proposition that if a group institutes good business practices, it will have more resources to practice better medicine.

The hallmark of a well-run business is its governance structure; a radiology practice is no different [1]. Groups should choose their leaders wisely and, when possible, not rotate them. Two leaders who should be elected with the intent for long tenure are the hospital chair and the group president. The chair usually sits on the medical-executive committee of the hospital. This committee is extremely important for radiologists to influence because it makes major decisions that affect all physicians. These decisions might include input on capital expenditures, review of the credentialing decisions that could affect diagnostic imaging, and the right to decide (or approve) turf allocations. Some members of the medical-executive committee are rotated because that is the condition of their appointment (eg, the medical and surgical subspecialty representatives usually rotate every 2-3 years). If the radiology chair remains a constant member of the medical-executive committee, the chair can exert power though tenure that is out of proportion to the single vote usually accorded that position.

Tenure for a practice’s president is also important for a variety of reasons. First, everyone in a group is not suited for a leadership position. Finding the appropriate leader and giving that individual an opportunity to grow into the position can pay big dividends for a practice. Second,

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