

Medical Group Advisor

FOR MANAGERS AND PHYSICIAN LEADERS OF
GROUP PRACTICES

ISSUE 19

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OUR NEW WEB SITE

Over the past several months we have put into place a web site that is packed with useful tools for medical group managers and group leaders. Our web site is located at:

www.lathamconsulting.com

The site includes a number of very useful features, to include:

- Special reports** on a variety of topics in the areas of mergers, governance, strategic planning, physician compensation and operational improvement.
- A **free on-line job posting service** - if your group or a group you know is looking for a manager, you or they can post the job for free on our web site.
- Free on-line viewing of jobs posted** - you can even sign up to receive automatic notification when a job is posted.
- An **on-line bookstore** where you can order books related to medical groups.
- Information on Latham Consulting Group's **services**.

Please visit our web site and make use of the useful and free tools it offers.



Medical Group Advisor is published semi-annually by Latham Consulting Group, a medical group management consulting firm specializing in merger facilitation, strategy & planning, governance, physician compensation and operational improvement. If you have questions about any of the topics in this issue, or would like to be added to our mailing list, please contact us at 3600 Castellaine Drive, Charlotte, North Carolina 28226, (704) 365-8889 or e-mail us at wlatham@lathamconsulting.com.

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“HE IS MOST POWERFUL WHO HAS POWER OVER HIMSELF”

- Seneca

What Seneca said of a man is also true of a medical group. Medical groups of all sizes are faced with an onslaught of challenges requiring rapid yet thoughtful decision-making. Advantageous situations often have a short window of opportunity that, once passed, will never present itself again. Threats must be acted upon immediately, lest they irreparably harm the practice.

Unfortunately, many medical groups are paralyzed by the lack of an effective governance structure and decision-making system. Issues are discussed *ad nauseam*... decisions on important issues are never made or are made too late... all physicians must be involved in all decisions (including which way the toilet paper should hang). Frequently only the unimportant issues get resolution and the group spends little (if any) time focusing on strategically important issues.

Much of the current thinking in healthcare trends indicates that the best healthcare world of the future is run by well-organized physician groups. The fly in the ointment is getting the physician group well-organized.

Why is decision-making and governance the Achilles heel of most medical groups?

- In general, physicians crave autonomy. They do not enjoy the possibility of subjugating their authority to another - either clinically or administratively.
- Because communication is always imperfect, physicians will often doubt the decisions made by others because they are unsure if all options/concerns have been considered.

Because of these factors, medical groups tend to fall into one of four patterns:

- All Must Agree:** In these groups, unanimity is required before any decision is made. Unfortunately, for most important issues it is difficult if not impossible for all physicians to agree. How can you identify this group? They never make decisions on important issues - they are on the road to extinction.
- The Benevolent Dictator:** In these groups, one physician calls all the shots. While these groups can be very successful over an extended period, they face two key risks: (1) the dictator might not be so benevolent and the other physicians may become dissatisfied and revolt; and (2) when the dictator leaves, there is often a leadership void that may last for years.
- All Must Have Their Say:** In these groups, everyone must be involved in every decision, and the members vote. This results in group business meetings lasting an eternity as every issue, no matter how minor, is hashed and re-hashed. These groups typically exhibit two other characteristics: (1) they re-visit decisions over and over again; and (2) in reality, they will not implement decisions when votes are close (making them more like **All Must Agree** groups than they'd care to admit). How can you identify this group? You can find them leaving their offices after their administrative meetings at 2 a.m.
- Unknown:** Some groups have no organized governance structure. They avoid all issues which might cause conflict or need decisions by the group.

RESPONSIBILITY... AND AUTHORITY

Unfortunately, many groups make no attempt to create an effective structure. These groups will find it tougher and tougher to thrive (or even survive) in the future.

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LATHAM CONSULTING GROUP

Latham Consulting Group is one of the nation's leading management consulting firms serving medical groups. Established in 1988, we have worked with medical groups of all sizes and specialties, providing them with a full range of consulting services to include:

MERGER FACILITATION

STRATEGIC PLANNING FACILITATION AND DEVELOPMENT

GOVERNANCE

INCOME DISTRIBUTION

OPERATIONAL IMPROVEMENT

LATHAM CONSULTING GROUP PRESENTATIONS

Is your MGMA state association or section looking for interesting and informative programs for upcoming conferences? If so, you should know that Latham Consulting Group has put together several new programs which your members might find of great interest:

Seizing Control of Your Future: Successful Strategic Planning for Medical Groups

Medical Group Mergers: Managing the Maelstrom

Getting Past Conflict to Resolution

Negotiation Skills for Group Leaders

Over the past several years we have provided services to medical groups in each of these areas. This work gives us both a unique and in-depth knowledge of the topics and the challenges facing medical group managers.

We also have considerable experience in making presentations at state, section and national MGMA meetings.

If we can be of help in the success of your next conference, please do not hesitate to contact us.

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Other groups make the mistake of giving their leadership the responsibility for positive outcomes for the group, but do not provide them the authority such that they can get things done. Authority in this context means "what the governing body can do without having to seek approval by the larger body." In many groups, the governing bodies have no authority to spend money, enter into negotiations, hire and fire non-partner personnel, or other key abilities that they critically need.

ESTABLISH GOVERNANCE STRUCTURE

The time for dilly-dallying on this issue is past. Physician groups must develop a governance structure that is able to produce needed decisions on a timely basis.

While there is not one model that works for every group, successful groups use governance systems that include the following attributes:

- Four bullet points describing governance attributes: 1. Group size and physician empowerment. 2. Reducing the number of physicians in decisions. 3. Delineating responsibility and authority. 4. Rules of the game and election process.

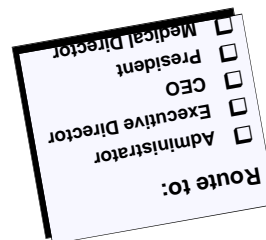
THE TIME TO GET STARTED IS NOW

Those groups who continue to have weak governance/management structures and who do not develop long-range plans will be remembered as having spent their time "re-arranging the deck chairs on the Titanic." Groups that want to be successful will ORGANIZE by creating an effective governance structure, and PLAN for the long run using strategic planning techniques.

Latham Consulting Group has helped many medical groups establish effective governance systems and develop long-range plans. If you would like to know more about governance and how to implement an effective system, please use the coupon below to order a free copy of our special report: Effective Governance - The Time is Now! You may also e-mail us at wlatham@lathamconsulting.com, fax to us at 704/365-8040 or call us at 704/365-8889 to order a copy. In addition, our web site (www.lathamconsulting.com) contains additional information on practice governance issues.

Form with contact information for Latham Consulting Group, a list of services (Merger Facilitation, Strategic Planning, Operational Improvement, Governance, Physician Compensation, etc.), and fields for Name, Title, Group, Address, City/State/ZIP, Specialty, Number of Physicians, and Staff Size. Includes a checkbox for a free report.

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