

Physician Team Case Study

THE CHALLENGE: LOW PHYSICIAN COMPENSATION

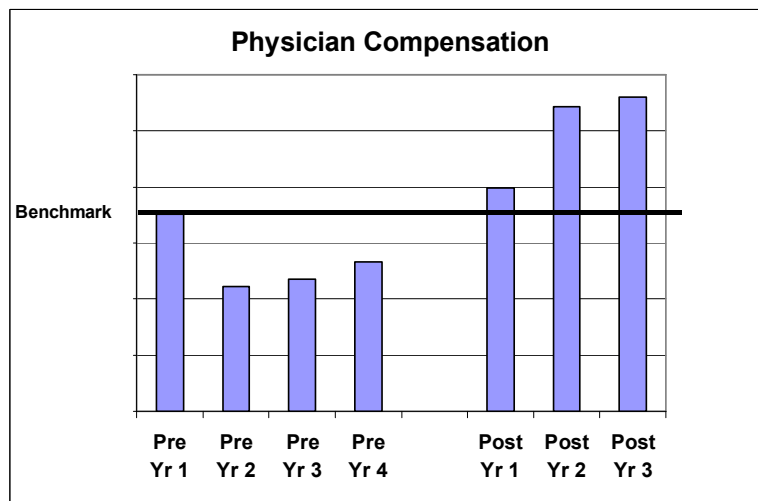
Physician compensation dropped to 75% of benchmark 2 years in a row for a 16-physician specialty group after significantly increasing their debt for ancillary services and outreach offices. Physician retention was threatened and recruitment was impossible, both necessary to utilize the new, larger capacity. Physician compensation needed to turn around within 90 days to keep the group from breaking up. Phase 2 Consulting was engaged.

THE SOLUTION: RESTRUCTURE OPERATING COSTS, INCOME DISTRIBUTION & GOVERNANCE

Staffing, that had grown unchecked, was reduced by 15. Underutilized offices were closed. Income distribution was changed to reward higher producers. Management was placed on 100% incentive-based on physician compensation and given a strict cost budget. An accelerated debt reduction plan was started. And governance was changed to physician leaders committed to economic improvement.

THE RESULTS: INCREASED PHYSICIAN COMPENSATION

Within 6 months, physician compensation increased 50%, new recruitment started, and debt reduced 20%. Within 2 years, the group had grown to 18 physicians each earning 60% above benchmark, and in the 3rd year the group was debt free. Recently, Phase 2 was rehired to assist the group with a 3-year strategic plan to build on to the operational success the group had achieved.



THE LESSON LEARNED: CONTROL GROWTH

Expand only as fast as your capacity to utilize the new services, and while you have your eyes on your growth, don't forget to mind the store.