

## FOCUS ON COLLABORATION

# Physician Relations: Synch With 'em or Sink Without 'em

Preston Gee

A few weeks ago, we surveyed a small group of leading hospital CEOs on the key characteristics that would position organizations for success in the future. Right at the top was the issue of physician relations. This will come as no surprise to anyone in a leadership role.

What is surprising, even disturbing, is that, despite its highly recognized relevance as a key—if not *the* key—strategy for success, hospital executives don't devote more thought, time, or resources to shoring up their rapport with the medical staff.

Of course, physician relations and medical staff strategy have always been important for any hospital or health system. However, in the current environment of increasing competition, declining funding, and heightened scrutiny of quality and value, what we might call physician synch—the synchronization of the medical staff with the initiatives of the executive team—is paramount.

### Strategic Synchronization

Strategic synchronization does not have just one meaning. There is a complete continuum of strategies, options, and opportunities for synchronizing with the medical staff and thus improving the overall efficacy of the healthcare delivery

system in the community. These range from something as relatively nonintrusive and low-risk as increased involvement and participation by key physicians at one end of the spectrum to a full joint venture enterprise with the medical staff at the other end.

Far too many hospital executives, however, still fail to realize that they are virtually powerless without the cooperation and support of the physicians on their medical staff. They fail to involve those physicians in planning efforts, strategy considerations, and community contributions. The result is disconnect and disenfranchisement on the part of many members of the medical staff. This schism is widened when entrepreneurial physicians peel away from the mother ship of the medical campus and develop imaging centers, ambulatory surgery centers, and other competing enterprises that erode the hospital's margin.

### A Tale of Two Cities

The value of a meaningful rapport and collaborative strategy is highlighted in the story of two community hospitals that, although somewhat similar in size and socioeconomic structure, have experienced polarized outcomes with the physicians on their respective medical staffs.

One hospital, located in the western United States, decided some time ago that it wanted to pursue a full partnership with every physician on its medical staff. Starting with the primary care practitioners, hospital executives approached the physicians in the area (and on staff) about a joint venture that would give the physicians a financial stake in the growth of a full-service hospital, while allowing the hospital a majority position.

Four years after the joint venture was launched, nearly all the volume, quality, and financial goals of the new venture have been realized, with 116 of the 130 total physicians on the medical staff participating. The organization has three times had offerings, and each time the offering has been oversubscribed. In the most recent interaction, the goal was to raise \$3 million, and the effort produced more than \$5 million in investment from the physicians.

The leadership team at the hospital attributes the phenomenal success of its model to three key factors:

- A desire by the physicians, especially the primary care physicians, to ensure the continuity of the charitable mission of the hospital, which was a primary goal of the enterprise

- A high degree of trust between physicians and senior executives
- Extensive and transparent communication concerning all operational issues and strategic considerations affecting the enterprise

On the other end of the collaborative divide is a hospital in the Midwest with a history of supporting its physicians in terms of recruitment and staff support. When one large multispecialty group approached the hospital about joint venturing on a combination ambulatory surgery/imaging center, hospital executives reasoned that such a venture would dilute the earning power and margin stability of the organization, so they refused.

The physicians decided to go it alone, and began developing their own competitive facility. Somewhat perturbed by the seeming lack of loyalty by long-term members of the medical staff, the hospital executives countered by offering employment contracts to key members of the multispecialty practice. In response, the group collectively sued the hospital and the departing physicians for breach of contract in local court, and eventually for restraint of trade in federal court.

Predictably, relations between the physicians and the hospital executives are hostile, if not untenable, as the two entities take their private battle to the courts for resolution. At stake is not only a great deal of revenue but, in the long run, perhaps the overall stability and infrastructure of medical care in the small community.

## Four Steps Forward

Obviously, every market is different; what works in one area will not necessarily work in another. But as the general market becomes more like retail in its transparency and focus on results, the need for hospital leaders and physicians to cooperate and collaborate will only intensify. If hospital administrators cling to the belief that they can compete on every front with their own medical staff—without at least involving them in the planning and perhaps even the financial aspects of the hospital—they are skating on thin ice. As the latter example above illustrates, and as has been empirically proved by recent research, competition between entrepreneurial physicians and hospitals results in a medical

arms race that produces neither improved quality nor market efficiency. It is a race in which all parties lose.

Following are four rudimentary but effective steps for improving physician synch and increasing the overall efficacy of the delivery model in the community.

**Step 1: Survey.** Survey the medical staff to assess the strength of the existing rapport with the hospital executive team. This is often best done with some assistance from outside the hospital confines, as the members of the medical staff are more likely to be open and forthright with outsiders. This survey should have quantitative metrics that can be reviewed and improved over time to evaluate if the organization is making any progress. Physicians should have some involvement in the development of the survey document and process.

**Step 2: Plan.** Once that pivotal preliminary step is completed, and based on the relative strength of the rapport, the executive team should lay out a plan for improving relations, includ-

ing increasing and improving communication. Nearly every hospital in the nation can enhance its communication effectiveness with its medical staff. As part of this step, a planning committee with several physicians should be deployed to implement the plan and achieve the stated goals.

**Step 3: Outline opportunities.** The third step is to outline specific opportunities for improving collaboration and increasing synchronization with the medical staff. This does not need to be an exhaustive list, but should feature a wide range of possibilities. Always a work in progress, the list should include specific individual and/or group assignments to explore each opportunity in depth as well as a timeline for evaluation and implementation.

**Step 4: Report, review, revise.** The final step is ongoing reporting, review, and revision of the identified strategies to shore up rapport and improve physician-hospital synchronization. This reporting and evaluation should be done at all levels of organization leadership, from the board to the middle man-

agement team. This will keep all responsible parties aware and attuned to the strategies being undertaken and the progress being made.

Fundamentally, as the survey panel of hospital executives pointed out, the hospitals and systems that will survive and even thrive in the future will be those that follow an old adage: It is better to align than to alienate. ■

---

Preston Gee is a senior managing director, Phase 2 Consulting, Austin, Texas (epgee@phase2consulting.com).