

How Should You Position Your Practice by 2015?

Strategy and discipline will help you to succeed.

BY BRUCE MALLER

From a marketing standpoint, *positioning* is a process that helps to create an image in the minds of a target audience for an organization and/or its product or brand. The term also refers to a process whereby a business develops or refines its strategic plan to align or sync with changes in the internal or external environment.

As you look ahead to 2015 and the balance of this decade, a number of factors will strongly encourage you to reassess your market position. They include

- the implementation of health care reform legislation enacted last year
- the continued economic challenges and resulting impact on consumers' discretionary spending
- pending changes in the Medicare fee schedule
- the continued rollout of governmental compliance initiatives
- the introduction of femtosecond laser technology for cataract surgery
- demographic changes and their impact on the prevalence of eye disease in an aging population

What steps should you take between now and 2015 to ensure that your practice is positioned not only to survive but also thrive during the remainder of this decade? The answer lies in your committing to a disciplined process that will examine all aspects of your practice within the context of the aforementioned environmental changes.

EXAMINE YOUR PRACTICE

Step No. 1. Assess the External Market

Review demographic trends in your market or service area. Evaluate your current and projected payer mix. Look at your market share for key service lines such as

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cataract and refractive surgery. Also assess competitive influences in the market.

Step No. 2. Complete an Internal Practice Assessment

In addition to asking your patients to complete a satisfaction survey, evaluate the functionality of your managerial team, including reporting structure, training plans, and communication. Conduct financial and production analyses and compare the results to historical data and industry norms. Assess your practice's strengths, weaknesses, opportunities, and threats (widely known as a SWOT analysis). Review the vision for your practice (where it is heading), its mission (why it exists), and its core values (how you chose for it to function). Finally, look at your practice's current business model, including its scope of services (sources of revenue), revenue allocation by service line, referral patterns, provider mix, and geographic coverage.

Step No. 3. Ask Key Stakeholders to Review Your Practice Assessment

The goal of this exercise is to achieve consensus among the stakeholders on what they would like the practice to “look like” by 2015 and beyond. This process may require a third-party facilitator that is able to bring structure and direction to the process.

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The agreed-upon vision should then be translated into a series of what are termed *strategic imperatives*. Here is an example: by 2015, the practice will improve operating efficiency by optimizing providers’ productivity and streamlining the practice’s operations. It is generally recommended that the stakeholders identify no more than five strategic imperatives.

Each imperative normally has a series of measurable goals. Each goal will then have a series of objectives or tactics that must be completed in order to achieve the goal. For example, a measurable goal related to the aforementioned imperative might read, increase the revenue rate per encounter for partners from an average of \$150 to \$175 by 12/31/2013. Tactics that might relate to this goal could include the following:

- Assess the payer mix for each partner and identify areas of opportunity to negotiate higher payment rates with the top five commercial payers
- Identify areas of opportunity to shift primary eye care patients to the employed optometrist
- Increase the conversion of cataract surgery patients to premium IOLs

These plans are normally embedded in an action plan that also includes responsible parties and time lines for execution.

TAKE THE OPPORTUNITY

Given what is known about the next few years in ophthalmology, I suspect that virtually every strategic plan created for US ophthalmic practices will include several, if not all, of the following opportunities.

Focus on Improving Efficiency

Goals will address both the revenue and expense cycles. Improve your practice’s productivity and efficiency through better management of the staff and facilities. Focus on improving the profitability of sources of passive income such as optical and audiology services. Eliminate inessential services and overhead items. Carefully examine each line item of expense. There may not be many “big wins” when it comes to reducing expenses, but with proper incentives and better data analysis, you will find ways to improve your practice’s efficiency.

Optimize the Value of Ambulatory Surgical Centers

During the next several years, professional fees will be under increasing downward pressure from Medicare and commercial payers. Profit margins from providing clinical and surgical services will thus be squeezed.

Although nearly 80% of eye surgery is performed in ambulatory surgical centers, many surgeons have not optimized the value of this opportunity. The strategic plan should include goals that focus on securing an increasing ownership share in an ambulatory surgical center while also enhancing your surgical volume and efficiency. Taking these steps will help you to minimize the negative impact of declining professional fees.

Continue to Diversify by Adding Aesthetic and Other Elective Procedures

As your awareness of the value of the patient continues to increase, you will identify more effective ways to cross-sell or promote other products and services. You and your staff will then need to get better at communicating and “selling” patients on these offerings. Formal training in communication skills will become essential if you want to take full advantage of these opportunities.

Invest in Training and Development for Managers and Staff

Better-trained managers and staff can improve your patients’ experiences and provide a sustainable, competitive advantage. I would expect formal training programs to become commonplace in practices across the country. Managers and administrators will need to upgrade their skills in order to deliver greater value to internal stakeholders.

CONCLUSION

History shows that, where there is challenge, there is always opportunity. I have learned that ophthalmologists are resilient and resourceful individuals. Despite the challenging environment, a disciplined, strategic process will provide you with the clarity and focus to ensure that your practice is well positioned by 2015. ■

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