The business of general practice

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Introduction

I believe that it is a myth that a GP can aspire to practise high quality health delivery and yet have poor business systems and practices. The changed social/political/medico-legal environment over the past few years has demanded that we have good business systems. There are four obvious reasons to have good business systems operating:

1. You owe it to your patients. Good systems facilitate their entry into the medical system, co-ordinate their movements between the teams of reception, nursing and medical and alert patients about necessary screening and other recalls. Good systems also monitor and respond to the management of patients by other providers. It is not enough to be competent only in the consultation.
2. You owe it to your staff to provide a good working environment where there is unity of purpose, good collaboration and an environment in which staff are fulfilled and their talents maximised.
3. Adequate systems provide accurate data for other health providers and funders. There is a certain ethical obligation to provide this.
4. You owe it to yourself with respect to income and to allow adequate time for family and relaxation.

I will briefly discuss the issues of leadership, strategy, computers and financials. A good reference book is *'Medical Practice Management'*.[1]

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Leadership

It is well known that many professional practices, whether legal, architectural or others, are poorly led. Medical practices are no exception. Leadership is not the same as management, although good leadership always implies good management. The GP is usually in the leadership role because he or she owns the practice. Other reasons include tradition and that the GP is usually the clinical leader. Ownership and power do not necessarily imply a good ability to lead. Jim Collins writes about five levels of leadership.[2] I suspect that most GPs would pass level one and two but a much smaller number would pass levels three and beyond. The hierarchical models used in the past are not appropriate in today's world. There are new concepts around, such as transformational leadership, servant-leadership and emotionally intelligent institutions.[3] There are pathways available to learn these concepts and skills. I believe that entities such as organised GP networks or the RNZCGP should facilitate this. What is important though, is that in group practices, those with the required skills should be recognised and paid accordingly.

Strategising

The reasons to strategise are manyfold. The concept involves three big questions:

1. Where are we now? What is our situation?
2. Where do we want to go? What market position do we want to stake out? What patient needs and groups do we want to serve? What outcomes do we want to achieve?
3. How will we get there?

The process that achieves this is the strategic management process. This is quite an involved process but out of this will come documentation, ideas and plans for your business' future. It is too involved to describe in detail in this article and so I will only comment on the main points and tools. However, there are a few important points to be made first. All employees should be involved and

all must be reassured that their opinions are valued. It is important that all have a sense of ownership – especially with respect to the vision, mission, goals and values. This has implications not only with respect to direction but also, for example, as a reference for performance reviews. The document should be a 'live' document. It should not sit gathering dust on the shelf. It is important that the vision, mission, goals and values are all congruent and in alignment. However, things change and so the process must be iterative; i.e. any impact on one part of the process may lead to a change in focus to another part. This is fine as long as the whole team is informed. The main tools for this process are either the SWOT (*strengths, weaknesses, opportunities and threats*) analysis or the tetrad '4S' (*set your sights, scanning, synthesise and start*).

1. Setting your sights

This involves the formulation of your vision, mission, values and goals. Remember that they all should be in alignment. It would be incongruent, for example, to have a value of aspiring to offer excellence in health care, if one did not do any CME.

2. Scanning

This section is huge and space precludes going into detail on the examination of the external environment as well as your own internal environment. There are specific tools that can assist you to do this task. It is very hard work, but vital. At the end of it all will come marketing strategies and ideas on how to achieve a sustained competitive advantage.

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3. Synthesise

List all of your core competencies that give you a competitive advantage. What are your weaknesses? With the strengths and core competencies that you have, can you exploit any opportunities? The PHO era is an opportunity to do things differently. SIA funding can provide other income streams such as for outreach and school clinics. If an opportunity is present how can you exploit it? What can you do to avert threats?

This list will suggest a number of action plans. Remember that the actions must be congruent with your vision, values etc.

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4. Start implementing

At the end of the day it is up to the leaders and owners as to what strategies you will pursue.

The above process can be very taxing and if outside help is employed, very expensive. Nevertheless, it will lead to a better sense of direction and empowers all members of the GP team.

Computer systems

I suspect that our medical centre has made all the mistakes we could have with respect to the purchase and running of computers, except for the major calamity of losing all of our information through fire or flood or other disaster. In 1995 we changed from a simple accounting/appointments/age-sex register system and became fully computerised with respect to medical notes, referrals and inward clinical information. It was like groping in the dark, the blind leading the blind. None of us were computer savvy and we all put too much faith in the vendor. The system was adequate for a few years but, after failing us a few times, we switched systems once again. Changing systems is very expensive with respect to both the financial cost and the continuity/interpretation of data (my problem lists contain problems that are only numbers). However, we now have a more robust system that can cope with a large number of users, as well as incorporate the numerous updates that occur. We also have a practice manager who is very comfortable with computers. There are still problems, such as the server 'seizing up', but this has usually been due to human error when someone has left their application software open whilst the back-up tape has been running!

So what are the lessons we have learned? Ask the hard questions: why, what, how and who. Plan. Will it be congruent with your strategic planning and goals? The computer is simply a tool to achieve your goals and not a goal in itself. However, in the planning be clear on what it is you want it to achieve.

The obvious reasons *why* are:

- Profit improvement/cost reductions
- Service improvement
- Statutory or operational requirements.

The *what* it will do is:

- Improve data storage and retrieval
- Enable statutory or regulatory compliance
- Improve time management (e.g. consultation allocation)
- Implement financial systems (e.g. billings and invoicing, practice accounting and debtors and creditors records). It is also able to generate income by producing clinical information for other entities. For example, in Pinnacle's quality plan, GPs achieve reasonable payment for the provision of clinical information. P.O.T.S. (Pinnacle Online Technological System) is a system whereby your GP management network can extract data

without you having to do anything and you get paid for it!
- Enhance communication, e-mail, voice-mail and Internet searching. Our application system helps us to communicate clinical information internally very quickly but, in addition, we have our own intranet.

The *how* includes:
- How well will the hardware and software work?
- How well can the different systems be integrated or exchange information?
- How easy will it be to find and fix system problems?
- How easy will it be to maintain the systems?
- How much training will staff need?

The *who* refers to the person who will be responsible for implementing and managing the system. Most practices should have someone who is competent with computers; it will save a lot of down-time. It will help to avoid the situation of the software people blaming the hardware vendors and vice versa. Most important of all is to find a friendly, competent, computer consultant who is good at communication. Latch on to this person, contract with them, become their friend and even marry them but never let them out of your sight! I anticipate that eventually the larger Organised GP (OGP) networks will become more influential in enhancing the quality of the application systems on the market as well as contributing to their maintenance.

For most GPs, computers have become a major pillar of their business. Losing the computer through fire or other disaster would be devastating. The theft of patient information and the publication of this could ruin your business and career. Therefore there is some basic maintenance that should be ensured:
- Have a good backup policy. Make sure that the data is stored off-site and, if using tapes, replace them every 12 to 24 months.
- Have a good up-to-date anti-virus programme for checking files and incoming and outgoing e-mails.
- Have a good uninterrupted power source.
- Have an adequate firewall. Firewalls block certain types of in-coming and outgoing information; they help to reduce intrusion and content filtering. Most firewalls can also provide for secure remote connections (VPN).
- Have policies on e-mail and Internet usage. Staff must never do anything that would bring your business into disrepute. Have a policy on password usage and the confidentiality of passwords. Naturally there should be a policy on the ownership and confidentiality of your data.
- Have safety devices built into your system: e.g. have mirroring of the hard drives so that if one breaks-down the other will take over. We have a system that, if there is any hint of a hard-drive failure, the computer will automatically e-mail our computer consultant.
- Schedule weekly updates of relevant Microsoft Windows Updates – especially on your server. This is essential for security and reduces the chances of infection from viruses and worms. Before installing any major Service Pack consult your computer professional as these can conflict with other applications.

Whatever you do don't skimp; it is more than your business is worth if the nightmares referred to above become reality.

Performance reviews with reference to your vision and values and trying to build on an individual's strengths in order to lessen their weaknesses are necessary

Financial systems

Unlike a government service you can only go broke once! As already alluded to, changes in the social/legal/political/medical environment have brought increased liability and accountability. It is no longer enough to work hard; you must also work smart. You will need electronic systems and electronic banking as well as other basic systems operating. However, like any other business the old formula still holds; gross revenue (maximised) less costs (minimised) equals profits. Revenue is maximised by directing all available resources to productive or billable applications and by billing all billable applications. Your strategising will have directed you towards appropriate avenues.

There are two streams of revenue:
- Direct patient payment. You need a good credit policy. As far as possible get accounts paid on the same day. Invoice immediately. The longer you leave this then the less likely it is that you will get payment. Remember that debts represent an investment and therefore the management of that investment is a major contributing factor in maximising profit for distribution.
- Indirect payment. The fee for service system has largely been replaced by the capitation system. Hence income is more dependent on the number of patients registered and enrolled and, of course, whether you are in a low access practice or not. Unfortunately, through off-sets, you lose money for patient behaviour that is completely out of your control. Perhaps patients should be charged for the cost of enrolment with all the added costs of maintaining registers, setting up screening programmes etc. However, the new climate brings other revenue streams through the rural retention scheme, quality plans, such as Pinnacle's, and new ways of practising that may attract SIA funding, e.g. outreach clinics.

Review your billing policy. Factors that will influence your charges will be specialist skills, the competition from the market place, the patient's ability to pay and your practice running costs. Make sure your billing

system is good otherwise it will cost you in more ways than one.

Practice costs can be divided in two; fixed and variable. Fixed costs include wages and salaries, premises, outgoings (rates and insurances), equipment, information systems, fittings and furnishings and vehicles. Variable costs are mainly consumables such as syringes and other disposable equipment. Therefore one should think very carefully before hiring more staff or getting a new partner with the added necessity of building an extra room. The old adage is true: act in haste repent in leisure. Cutting down on staff numbers can be an expensive exercise!

Planning in the form of a budget is a good exercise. It focuses the mind and anticipates future expenses such as computer updates. Remember that the medical price index rises faster than the CPI. A good payroll software programme can save many hours of administration.

At the end of each month you need to be able to gauge your financial strength. Making a profit for the month is not necessarily the best indicator of this. A balance sheet or a statement of your financial position will assess whether you are solvent or not (surplus of assets over liabilities). The ability to meet your debts as they fall due (how much cash is available) is reflected in the cash flow statement and assesses your liquidity. The profit and loss statement reflects the excess of income over costs, a reflection of profitability. The cash flow statement is considered the most important.

Other systems

There are many other practices that are important in running one's business. OSH is a large subject on its own but it has to be attended to. I have covered marketing indirectly in the section on strategising. Personnel issues are now more complicated than when I entered general practice 27 years ago. As mentioned in the first section on leadership, the hierarchical transactional approach should be mutating to the 'flatter' empowered team approach. How you get there may take one to two years of hard work. Performance reviews with reference to your vision and values and trying to build on an individual's strengths in order to lessen their weaknesses are necessary. They have to be done and if done correctly can lead to your desired outcome. However some people are just born difficult! As Jim Collins wisely states, *'get the right people on the bus in the first place – and in the right seats'*![2]

References

1. Alston A, Currie H, Godlovitch G, Johnson S, Powell A, Strang P. Medical practice management. Wellington: Brookers; 2002.
2. Collins J. Good to great. New York: HarperCollins; 2001.
3. Goleman D, Boyatzis RE, McKee A. The new leaders. UK: Time Warner; 2002.