



The Ten Commandments of Successful Practice Management

Following these rules will add value to your practice.

BY WILLIAM J. LYNOTT

The upheaval in today's economy has given a rebirth to the basic dynamics of successful practice management. Easy to ignore in good times, the time-honored rules of profitable practice management are a critical component in the recipe for building net income in a podiatric practice when the going gets tough.

Here are Ten Commandments of Successful Practice Management that can help you and your practice to survive and prosper in this, and in any economy:

1. Never allow any of your money to lie idle.

Completing your service and collecting your bill is only half the job of professional money management. Once you've collected your money, it's important to manage it skillfully.

If you don't already have a money market account at your bank, open one and have it linked to your business checking account for tele-

that there is no longer any reasonable excuse for not taking advantage of it.

Keeping all of your money working for you all of the time is an im-

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phone or online transfers.

Deposit all daily receipts into the money market account where they will immediately start drawing interest. NEVER deposit receipts directly into your checking account. Keep a minimum balance in the checking account and transfer cash by phone or online, only as needed to cover checks to be written. The banks have made this procedure so easy to use

portant part of professional practice management.

2. Be aggressive collecting accounts receivable.

Never allow your accounts receivable to go untended. You've earned that money; you have a right to it; you need it.

Dunning late-paying patients may

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not be your favorite pastime, but close monitoring of your accounts receivable file and following through on late payments is as important to your financial success as your professionalism. If your patients learn that you are cavalier about money owed to you, you can be certain they will stretch your patience (and your cash flow) to the limit.

3. Don't be in a big hurry to pay your bills.

There is good reason why checks are slow to come in from people who owe you money. It's because hanging on to cash as long as possible keeps that money available to draw interest or to work in the business.

That's why it's important to set up a system to pay your bills the smart way. It's easy to do and it moves you up another rung on the ladder of professional cash management.

Never jeopardize your credit standing by paying bills late. Pay your bills just before they're due, not long before, not after. It is especially important to avoid late payment on credit card bills because of the op-

marketing program. There is no other way. Competitive prices alone will not do it; professional skills alone will not do it.

Marketing embraces all facets of your operation. To be an effective marketer, you must nurture and promote your business image, sell yourself as well as your practice, and

marketing program must center on ways to make sure that he or she never has reason to leave you for a competitor.

6. Keep leasing in mind.

Most financial advisors agree that leasing products like cars or vans for personal use is usually not financially

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concentrate on making your practice the best choice for knowledgeable patients and prospects.

5. Determine that you will never lose a patient to a competitor.

Numerous studies over the years have shown that, on average, it costs five times as much for a practice to find a new patient than to keep an old one. Focus on the significance of that statement; it is one of the most powerful concepts in the world of business.

advantageous. However, business is a different animal entirely.

The nature of business accounting is such that leasing can be the most sensible approach to many types of capital investment. It usually makes sense to lease if you will be able to use the cash in your practice or in your investments to earn a better return than the cost of leasing.

Talk to your tax advisor about this the next time you're considering any large capital purchase for the practice.

7. Go the extra mile.

Never forget that a complaint from a patient can easily be converted into a valuable asset. Some years ago, a major retail marketing study revealed that customers whose complaints were satisfactorily resolved became better customers of the company than they were before the incident that triggered the complaint.

Some of the most successful companies in the world were built on a foundation that revolves around the principle that customer complaints provide a valuable opportunity to build the business.

When L.L. Bean, founder of one of the world's most successful catalog order firms, was starting out, he suffered what could have been a disastrous setback. Shortly after he began shipping his first waterproof, hand-made boots, complaints that the boots leaked started coming in from customers. Determined to fulfill his promise of customer satisfaction,

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pressive penalties that most banks are now putting into place.

4. Adopt a marketing mentality.

If patient satisfaction is the mashed potatoes, marketing is the gravy. But keep in mind; marketing involves far more than an ad in the *Yellow Pages* or a fancy website. Marketing is a complex challenge, all the more so in a business operating in a specialized niche such as podiatry.

If you are to achieve optimum success in marketing your practice, you must be willing to spend time studying, reading, and analyzing your market and your competition.

Keeping your practice healthy and profitable requires an ongoing

With competitors standing ready and anxious to snatch away your patients and prospective patients, and your awareness of the cost of replacing a lost patient with a new one, it should be easy for you to understand the importance of never giving even one patient a reason to stray.

Once a patient looks to you for help for the first time, you've done the hard part. Now, your job is to instill the notion that coming to you will always be a rewarding experience.

You and your staff must never lose sight of the fact that developing a new patient is a costly and difficult job. Once a stranger becomes your patient, a major part of your overall

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Bean returned the full purchase price to every customer. Then, he set out to correct the flaw in the boot's design. That was the beginning of the customer loyalty that

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helped to make L.L. Bean what it is today.

Sometimes, satisfying a patient complaint calls for measures that you may feel unreasonable. When that happens, think of the cost in time and money as an investment in your future.

Once you've sold yourself and your staff on why you are the best choice for patients who require the utmost in dependability skill, you must focus your marketing efforts on ways to promote this image to both patients and prospects.

8. Set your practice apart.

America's most successful entrepreneurs, gigantic or

tiny, are those who have carefully developed an identity all their own. Your job is to evaluate your strengths and then combine them to form a unique identity, an identifiable image for you and your practice.

Perhaps you've been in practice longer than your nearest competitors; or maybe you have a reputation for wide-ranging and dependable skills. Whatever your marketable strengths, you should write them all down, study them, and then determine how to separate yourself from your competitors, how to motivate potential patients to seek you out, and how to establish reasons for why existing patients feel fortunate to have discovered you.

9. Guard your most precious business asset.

Even if you have only one or two employees, they form one of the bedrocks of your practice. While adequate wages are a fundamental requirement for employee satisfaction, money isn't the only motivation for most workers. Recognition for a job well done and respect for individual effort are important contributors to low employee turnover and high productivity.

It's a good idea to develop a personal relationship with the manager at the bank where you do business.

Non-financial rewards such as annual picnics or dinners, rewards for usable suggestions, and other incentives are valuable at any time; but they take on special importance when circumstances limit your ability to increase wages.

10. Develop a personal relationship with your banker.

Handling money is a banker's job, and most are very good at it. Even if your practice is relatively small, it's a good idea to develop a personal relationship with the manager at the bank where you do business. Discuss your financial picture honestly with the manager of your local branch. You'll get some good ideas and a favorable ear should you ever need a little financial help.

To some podiatrists and other professionals, a tight economy means going into hibernation. To others, it's a time to increase

patient loyalty, solidify market position, and attract new patients. Following the ten commandments of successful practice management will help you to turn any time into good times. **PM**



Bill Lynott is a management consultant, author and lecturer who writes on business and financial topics for a number of publications. His latest book, *Money: How to Make the Most of What You've Got* is available in bookstores.

You can reach Bill at lynott@verizon.net or through his website: www.blynott.com