

Stop Guessing and Start Steering Your Practice

Create a plan and monitor your key benchmarks.

BY REM JACKSON

131

This article is written exclusively for PM and appears courtesy of the American Academy of Podiatric Practice Management. The AAPPM has a forty-plus year history of providing its member DPMs with practice management education and resources. Visit www.aappm.org for more information.

There are serious flaws in how we educate professionals in our country. We produce skilled clinicians with extraordinary skills to heal their patients and we fail to give them one course on how to be successful in business. Consequently, most of them only learn basic business practices “on the job.” It doesn’t make any sense. It’s similar to our K-12 schools, which are charged to prepare our future citizens, but do not teach them basic life skills: how to balance a checkbook, how to purchase a home, how money works, how to buy insurance, how to evaluate information and make your own decisions, entrepreneurship, and on and on. It makes no sense because these skills are good indicators for success.

So, doctors graduate, join a practice, and learn how to struggle from a struggling colleague who employs them. This works at first because low volume equals lower complexity and inefficient systems get the job done

cal practice. They need a system that supports and guides their practices.

The foundation of any good management system always begins with knowing your numbers. Here is a simple way to think about “How to

Know your key performance indicators (KPI) which are metrics and benchmarks for you to be able to discern if your practice is healthy or not.

in a reasonable period of time. As the volume increases, the office becomes more and more buried under the management burdens of the business. Operating a medical practice in the U.S. system is complex. In fact, it’s ridiculous. Because of the system, medical offices spend an inordinate amount of time in an effort just to be paid.

Michael Gerber, in his classic, *The E-Myth*, discussed the complexity that faces any small business and how the skills of, in our case, the doctors, are not enough to run and manage a profitable, enjoyable medi-

Steer your Practice” and not just hold onto the wheel and hope you don’t hit something or someone.

Know Your Numbers

Know your key performance indicators (KPI), which are metrics and benchmarks for you to be able to discern if your practice is healthy or not. These indicators are essential for anyone who wants to be able to manage their practice and have a personal life. Here is a short list of your vital KPIs. These numbers need to be reported to you by your staff

Continued on page 132

Stop Guessing (from page 131)

weekly so you can review your progress and take appropriate actions to correct problems.

- 1) New Patients Last year (LY)

tional average is \$95. Most healthy practices range from \$120-\$220. You raise your PVR through better management systems and protocols that allow you to practice more comprehensively, raise patient out-

Another valuable set of numbers that can give you early warnings of trouble are your accounts receivables (A/R).

- 2) New Patient Goal For This Year (TY)

- 3) New Patients This Year (TY)

You track all of these goals by month. That means you compare January's number last year to January's numbers this year. You can't compare January to October. They will be different and as you track this year over year, you will begin to discern a seasonality to your numbers.

- 4) Total Patients LY

- 5) Total Patient Goal for This Year (TY)

- 6) Total Patients TY

- 7) Total Billed LY

- 8) Total Billed Goal for This Year (TY)

- 9) Total Billed TY

- 10) Total Collected LY

- 11) Total Collected Goal for This Year (TY)

- 12) Total Collected TY

Per Visit Revenue

In addition to these key numbers, you must calculate your per-visit revenue or PVR. This is done by dividing total collections by total number of patient visits for a period of time. You should know your PVR for the past 12 months. Not month by month—just one number for the year. And you should know your last quarter. You can then compare your last quarter to your yearly number to see if there is a variance.

This single number (PVR) is one of your most powerful points of leverage in your practice. The na-

comes, and increase your profitability. Raising your PVR even \$5 can increase what you pay yourself by thousands of dollars. It's a beautiful thing. Managing your practice better makes your patients happier and healthier and it does the same thing for you.

You can also track your Per-Visit Charges (PVC). This is calculated by dividing total billing for a period of time by total patient visits. This is a key number to know because your PVR will be a % of what your PVC is. If you know your own % benchmark, you can monitor it. If there is a sudden change, you can immediately investigate the cause.

Accounts Receivables

Another valuable set of numbers that can give you early warnings of trouble are your accounts receivables (A/R). Every accounting program can produce these reports. They are reports of how much money you are owed. They are organized by time.

- 13) 0-30 days
- 14) 30-60 days
- 15) 60-90 days
- 16) 90-120 days
- 17) 120+ days

You should review your A/R no less frequently than twice a month. The 0-30 day number should be as big as it can be. This is your current business and you want it to be as big as possible. That's why you should be marketing your practice.

- 30-60 days should drop off to no more than 25% of your total A/R.
- 60-90 days should be less than 10%
- 90-120 days should approach 0
- 120+ days must be 0 because the likelihood you will collect it is near 0.

Profit and Loss Statements

Smart business owners look at their profit and loss statements, and

Once you understand these essential and foundational business tools, you will be able to rest easier at night

Often, it involves, in the case of precipitous drops, a problem with a payer or a biller. This % indicator is "the canary in the coal mine" because it is an early warning indicator of a problem that will affect your cash flow.

So, doctors often discover that something is wrong with their collections when they wonder why there is no money in the checkbook. By the time this happens, the problem is months old and real havoc ensues. This is a function of how complicated it is for doctors to get paid and it's a basic business principle they never learned from anyone.

their balance sheet every month too. It is not hard to learn to read these reports. Anyone can do it in 30 minutes. Once you understand these essential and foundational business tools, you will be able to rest easier at night. You will know you are informed about the health of your practice. And you can take actions to make it even healthier.

Learn how to understand and use these numbers to market and manage your practice more effectively. Do NOT collect these numbers yourself. CEOs don't compile reports; they read them and then review them with their teams and take actions.

Continued on page 134

Stop Guessing (from page 132)

Never do this yourself. Have your staff prepare, share, and help interpret these numbers with you.

Most people struggle with getting started because there is so much

your work, your family, your house, chores, everything. Just get it all out on paper or in a document. Spend a good amount of time on this.

The goal is to get it out of your head and into this “vault” where you can visit it anytime you wish, but

side. It’s important to keep it accessible for review so you can allow them to leave your mind and help you relax.

Step 5: You now have the list of your 1’s which is still too big to tackle. Repeat the exercise again. What are the big important and most essential tasks with by far the most gain if you accomplish them. Work hard now to be left with no more than 10 of these 1’s. Assign a 2 or a 3 to the other tasks.

Step 6: Remove the 2 and 3 list you just created from the 1 list and put it on top of the original 2-3 list for safe-keeping and brain exiting.

Step 7: Take another short break. About 7 minutes

Step 8: Review your list of the 1’s and rank them in order of most important to least 1 through 10.

Step 9: Choose number one and two (possibly number three) and move on to the next step which is to plan. Put numbers 4-10 on top of the pile you’ve created with the 2’s and 3’s from the previous exercises.

As you plan and execute on these top priorities, you will begin

Our modern lives are complex enough without the addition of the weight of endless tasks we don’t get done.

we believe we have to do that we don’t know where to start. None of us have unlimited time and energy and all of us have very large “to-do” lists. The lucky few understand they need to create their “should-do” list and focus only on that list.

Here is a tool called the Deceptively Simple Yet Extremely Powerful Tool (DSYEP) to get organized. It was created to help you overcome the endless things you think you should be doing but never have the time to do. If you hear yourself say, “I just don’t have enough time in my days to do the things I know I should be doing,” then this tool is for you. You DO have the time. You have the exact same amount of time as every other person you’ve ever met. A few have figured this out and it is a key to their continued success.

A Method to Set Priorities

Step One: Make an appointment with yourself to go to a safe place where you can avoid distractions and interruptions. This could be a library or coffee shop or park, or an office that you can access. Just be prepared to spend three hours of quality time to accomplish this goal. Bring your snacks and drinks. Turn off all connections to the outside world... all computers, phones, you name it, in airplane mode or off. No WIFI. Nothing.

Step Two: Make a list of everything you have to do. Everything. Hold nothing back, no task is too small to make this list. This includes everything you should be doing for

float around in your memory. When you keep it all in your head it is stressful. It contributes to that sense of unease and guilt for all you don’t get done in your life. These tasks just pop up (all the time) and remind you how ineffective you are and how guilty you are. It’s not good and it’s not healthy. Our modern lives are complex enough without the addition of the weight of endless tasks we don’t get done.

Step Three: Once you’ve got the definitive list, it could be 150-250 things, take a 10-minute break—no checking emails or anything. Just relax. Then review the list and assign each task a number—either 1, 2, or 3.

As you plan and execute on these top priorities, you will begin to accomplish them. You will, if you stay focused, accomplish more than you ever have.

- 1 Means, this is a big important task or project and if you could complete this, it would make a significant improvement in your practice.

- 2 Equals an important task, but not as important or urgent as 1.

- 3 Is a task but it’s even less important and shouldn’t be done before those of 1 and 2.

Step 4: Take the 2’s and the 3’s and remove them from this list and create a 2-3 list that you set aside. Don’t get rid of it, just put it to the

to accomplish them. You will, if you stay focused, accomplish more than you ever have. By the time one year passes, you will have accomplished at least the top 10 tasks. And here is the great secret, you will get 90% of the gain you need when you accomplish these 10 tasks. The other 140 or 240 won’t matter. You won’t get them done and if you review them, you will find out that many are irrelevant and obsolete now anyway. You just completed your “Should-

Continued on page 135

Stop Guessing (from page 134)

do” list and you won’t believe how good it feels.

Step 10: Plan

Brian Moran’s, *Twelve Week Year* is a work of genius. The simple premise is to execute in 12-week plans, not yearly plans. When the clock is almost out of time and we can see the scoreboard, we just get more done. It’s a simple premise to plan your project tasks out for the

Here are essential rules for the use of action plans:

1) You don’t maintain the action plans for the people who do the work. THEY are responsible to manage, update, and distribute action plans. When you do this work, your people are disempowered. They want and enjoy this level of responsibility. It helps them do good work.

2) No one can remove a task from an action plan without agreement by you and any affected team members. You should warn your people that the removal of tasks

never getting done. If you ever catch yourself asking, “What happened with that?” you aren’t using Action Plans because they eliminate that problem. There is nothing worse than meetings in which people agree to a course of action or a plan and someone says, “I’ll take care of that.” We all assume they will do it only to find out they forgot about it almost immediately until asked about it, and then the person says, “oh I forgot that, I’ll do it right away.” You should hate that. Action plans end that problem forever. They are one of the most valuable management tools in the history of human endeavor.

Manage the practice together, as a team, and end the frustration of things never getting done.

next 12 weeks and accomplish the weekly tasks. The beauty of this is that you know right away if you are serious about what this or not because you will be tracking your progress every week. If you don’t get things done that week, you either need to regroup and accomplish it in the next week, or accept that fact that you don’t care enough about your goals. Accomplishing these tasks will make you much happier and wealthier, and unlike the 95% of people we know who do the bare minimum to get by and then struggle and complain about it to anyone who will listen. It’s as simple as that.

Step 11: Execute

Execution is the key to progress. Here are several powerful execution tools:

1) Twelve Week Plans: discussed above, and outlined in *The Twelve Week Year* by Brian Moran

2) Action plans: Action Plans are powerful tools to help you manage both projects and the people responsible for these projects. Action plans are simple lists that

- Define the task
- Define who is responsible
- Define the date the task is to be accomplished.

from an action plan is a serious offense. Most of us can’t remember anything on the action plans that we and our teams work from. If someone removes an item, you wouldn’t know, and then at some point you would have to ask “whatever happened with that?” and no one ever knows the answer to that question. Always have a hard copy of last week’s action plan and when you remove a task, draw a line through it. Then compare last week’s plan to this week’s action plan to make sure nothing dropped off that did not have a line through it.

3) No one can come to a meeting, including you, and say, “I didn’t get a task done” that is due to be completed. It’s another offense that is very serious because it’s so important. Your rule must be “No Surprises.” The moment a team member, including you, realizes a task will not get done that person needs to inform the team. Tell your people “you can bring anything to me and what we will do is either move the deadline further out because it isn’t critical, or re-adjust our priorities and assets to get it accomplished and move other deadlines back for less critical tasks.”

This is called management. Manage the practice together, as a team, and end the frustration of things

Evaluate and Adjust

Everything comes back full circle to your numbers. Once you know your numbers, you prioritize your projects, and you plan and execute those plans, you are reported to on your key numbers so that you can evaluate your progress, identify your challenges, and focus your attention. The hardest thing to do is to just do this over and over forever. Human beings can become bored, routines can become stale, and we stop useful activities that help us so much because we lose focus. This happens to us in all facets of our lives and we must guard against just “phoning it in.”

Never stop reviewing your numbers. Find the joy in knowing what’s going on and always adjust and grow. Nothing stays the same and if you are vigilant, know your numbers, and act on that information. You can stop guessing and start steering your practice. **PM**



Rem Jackson is the President and CEO of Top Practices, LLC, and the leader of the Top Practices Master Mind Group. Top Practices is a company dedicated to helping podiatrists reach their professional and personal goals by building their “perfect practice”. He is a Fellow of the AAPP. He is also the recipient of the AAPP President’s Award for 2012. Rem was inducted into the Podiatry Management Podiatric Hall of Fame in 2019. Rem can be reached at rem@TopPractices.com. You can find out more about Top Practices at www.TopPractices.com.