



WHITE PAPER

## Successful Medical Group Succession Planning

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Succession planning is one of the most important decisions a physician owner will face —when and how to retire from a practice. Yet many physicians neglect to plan their exit. All too often, they think they can wait to sell the business when they're ready to retire without realizing they need to have their practice well positioned and ready to hand off ahead of time. Preparation can be the difference between success and failure.

There are many tried and true steps physician partners can take to facilitate the smooth transition of ownership. While succession planning has some science behind it, it is also an art. There are indeed any number of variables which must be taken into consideration in specific situations. Perhaps one of the biggest is the physician owner's personality, which could play a significant and unexpected role in determining how the future plays out for the practice.

### **The Desire for Clones**

In working with numerous practices over the years, I have encountered many physicians who believe their successors must be clones of them, since their way of operating has brought the business to where it is today. This mentality is shortsighted. The most important thing is to align values and use unique styles of the individuals to achieve these values. Too many physician owners get frustrated if their junior partners don't emulate them. What the owners really should be doing is taking the time to talk with them, hear their perspective, and even learn something from them. Physicians who are stuck in an unworkable model may be getting their practices stuck as well.

### **Personality and Style**

Physicians who start private practice are usually very strong people who took a lot of risks to achieve success. It is not realistic to expect the next generation of ownership to fit their exact mold. A better strategy is to determine the roles and responsibilities that give their probable successors the best opportunity to showcase their skills and then let them flourish using their own style.

It can come as a big surprise to some physician owners that their incoming partner's style, even if different from theirs, is a big hit with patients and staff members. For instance, it may represent a welcome change to move from an emotional, passionate, frenetic physician to one who is calm, thoughtful and never panics. What should never be lost, however, are the aspects of style that have made the practice successful . . . non-negotiable things like responsiveness and patient care.

## **Taking the Time to Plan Ahead**

Succession planning can be contentious or it can be orderly. The difference depends on all participants in the process being willing to put the practice first and work toward the common goal of long-term sustainability. Smart physician owners will take time to uncover what other partners bring to the table, even if it looks different from the status quo. When values are aligned and owners back down from the belief that their way is the only way, the transition will be smoother and the future quite bright. Succession planning gives you time to train up your successor, show them the ropes, make sure that they really understand your business.

Remember too, that transparency is crucial both internally and externally. Proactive communication about leadership changes alleviates the normal fears associated with change and uncertainty. Plan for this. Poor management of this process shakes organizational credibility and effectiveness. The bottom line is that transitioning from a practice takes time and preparation. There are a variety of issues that must be considered, which is why it requires education and adequate planning to ensure the handing over of your practice is seamlessly executed.

## ABOUT ABISA

ABISA offers advisory services to help clients formulate strategic direction and advance healthcare business initiatives. As a trusted source for strategic healthcare initiatives, ABISA enables physicians to concentrate more of their time on patient care. For more information about our services, visit [www.abisallc.com](http://www.abisallc.com).



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