



WHITE PAPER

The Importance of Succession Planning

Leadership transitions are risky times for medical practices. When the departing lead physician has had a strong run, there is worry about his successor's ability to maintain the momentum. When he has performed poorly, there's anxiety about whether and how fast his successor will be able correct course. Physician owners are responsible for ensuring that the practice continually has high-quality operations and employees. One of the most important pieces to meet this responsibility is to conduct successful succession planning. Having a strategic plan that clearly conveys the practice's mission and current strategic priorities is essential. The plan should include specific actions that detail who is going to do what and by when in order to address each priority. Succession planning isn't something you can do once and forget. It is also advisable to have at least annual discussions with key employees regarding succession planning, including how to manage effectively during a transition.

Be Realistic

When talking to others about succession, realism must be your foundation. Having a clear leader is key. This is no time for wishful thinking, hoping that an uninterested or incapable physician will suddenly become full of passion and business skills. Objectively evaluate (ideally with the help of knowledgeable outsiders) physician candidates for their experience and potential. After this tough decision, take the systematic steps to pass the reins of leadership. This may take some time, but remember, the best successions are those that end with a clean and certain break. In other words, after you give up the reins, get off the wagon. Again, seek outside help. Even if you would never use an outside adviser for any other decision, consider the value that a qualified consultant can bring to this important event. Don't ignore succession planning. By obtaining help from a professional, you'll be working to reap the rewards of succession in a different and smarter way.

Succession Planning Tactics

A smooth succession requires, first and foremost, the ability to be honest with yourself about your goals and desires for both your practice and your life after leaving the practice. Once you have a clear and honest vision established, it's time to implement a detailed plan that will help succession go as smoothly as possible. Here are four succession planning tactics to consider:

Increasing Lines of Communication. Communication is at the center of any medical practice succession plan. Always be open and *always* be painfully honest. Lack of communication can cause rifts among valued employees and can cause resentment to grow. Establishing increased lines of communication among all stakeholders and drafting conflict resolution parameters, can help nip issues in the bud and lead to a smooth succession.

Developing a Governance Structure. Lack of information and direction can sabotage a practice from the inside. In the period leading up to your succession, there will likely be confusion and fear about the future of the practice. Long-term employees who have been instrumental to the success of your practice for many years will wonder where they fit after your departure and some will hold strong beliefs about the future direction of the practice. Creating a governance structure as part of your physician partnership pathways is a must. Doing this years before your departure will eliminate confusion and clarify the practice's structure going forward.

Creating a Mission Statement. Much lip service is paid to having a mission statement for a business, however, as you plan to hand over the reins of the practice a mission statement can help lay a framework. Even if you have chosen a clear successor, others may want to have their opinions heard and often, visions will clash. The best way to rectify business disagreements is to have a mission statement that clearly lays out the goals of the practice. This mission statement can be used as a guide to steer all decisions towards achieving the shared goals, rather than satisfying personal desires.

Establishing Monthly Meetings. True, open and honest communication isn't an event, it's a fundamental practice to successful physician partnerships. Information changes; feelings change; unforeseen events happen. That's why it's a good idea to establish a standing monthly meeting among physician partners. This will allow you to address concerns, communication initiatives and deal with issues as they arise. It will also give everyone a scheduled, open forum in which to speak their minds. When establishing a succession plan for your practice, communication should be at the center of your strategy. The more openly and honestly you communicate your intentions, the easier your transfer of power will be and the more successful your practice – and your legacy – will be going forward.

Succession planning is serious business. You can't just sit in a meeting for two hours, and then close the book and go back to your clinic hours. Poor management of this process shakes organizational credibility and effectiveness. Physician owners who fulfill their responsibilities and are accountable stewards take a proactive approach to succession planning. Preparation can be the difference between success and failure.

ABOUT ABISA

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