



SWP 17/90 MANAGING A PARTNERSHIP FOR BUSINESS SUCCESS

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The 1990 Contract

In April 1990 GP's face the introduction of a controversial new contract which will require you to improve your business efficiency and tighten up administration of your practice. Many of you do not agree with it and question the motives of the Government. However, the Secretary of State, Kenneth Clarke, stated in his recent letter to all GP's that

"The aim is to improve the family doctor service with this new and fairer contract which will reward those who work hardest and provide the good quality services which we all want."

The business of general practice - for business is what it is - will undergo major changes. But are these changes a threat? Is it the thin edge of the wedge that will make medicine more like a production line - but a production line with frequent cash limits? Or is it really an opportunity to improve patient care AND earn more money?

The contract will introduce new Red Book rules and payment systems:

- 60% of fees will be determined by capitation fees with reductions in Basic Practice Allowance. So it will pay to have more patients on your books.
- Target payments for immunisations and cervical smears will be introduced based upon two levels of achievement. Payment will be in the ratio 3:1. The lower rate will be paid for achieving 70% coverage on childhood immunisations, and 50% coverage on cervical smears. The higher rate will be payable for achieving 90% coverage on childhood immunisations, and 80% on cervical smears. So not only will it pay to make the target, there is also a considerable incentive to reach the higher target.

The new contract will introduce other changes designed to allow patients to exert a greater influence over GP's.

- Changing doctors will be made easier.
- GP's will have to issue practice leaflets.
- FPC's will publish Local Directories of Family Doctors.
- FPC's will conduct consumer surveys to highlight how services can be improved.

These changes will make it easier, not only to attract more patients (if you want to) but also to lose them if they are dissatisfied with the service they get.

The Role of Marketing

So how can good management improve the service you offer your patients and increase your income? In particular how is it relevant to the 1990 Contract?

A cornerstone in any business management course is the subject of **MARKETING**. Contrary to many people's views marketing is not just about selling more. It is concerned with satisfying customer needs.

If the customer is happy with the goods or services they purchase then the business will sell more. John Egan, MD of Jaguar, summed it up:

"Marketing is about making money from satisfied customers - without satisfied customers there can be no future for any commercial organisation."

If you look at business in this way - satisfying customer needs - you do start to get a different perspective on the reasons customers buy products and how they might be made happier with the products they buy. Take as an example the reasons why people might purchase a mundane item like a drill. They actually don't buy it because they like it, they buy it because they want a hole in the wall perhaps to fix something to it. If there happens to be a more attractive method of making holes or fixing things to the wall the drill manufacturers would be in trouble.

So why do patients turn up at doctors surgeries? One is tempted to make the obvious reply - because they are ill and want to be cured. But in fact it is because they do not FEEL well and want to FEEL better. This starts to distinguish illness, from the patients' perceptions of that illness. And the cure, from the perceptions of that cure. I'm sure you'll realise that, not only do you have to cure the body, you also have to convince the mind that the body is, or will be, cured. You also have to try to get rid of the fear the patient feels because of the uncertainty regarding their illness. The result would then be a patient who FEELS better, or as the businessman would put it, a satisfied customer. So immediately we start to draw parallels between business and general practice.

This is why it is so important to be good at communicating with your patients. Effective patient communication helps you make them feel better. It can also improve the efficiency of your diagnosis. It is actually the front line for both marketing and business efficiency. And whilst I am certain you would all consider yourselves skilled communicators, it never does any harm to review and improve those skills - which is why we shall be spending some time on this topic later in the Conference.

Do you know, sales training courses often stress seven golden rules for effective face-to-face selling:

- Keep it simple - never use two words where one will do.
- Don't use jargon - it blocks communication.
- Avoid value words - it can cause prejudice.
- Avoid using negatives - stress the positive.
- Appeal to as many senses as possible - people communicate using all their senses.
- Provide a suitable environment - you wouldn't expect a funeral parlour to play pop music.
- Treat the customer as an equal.

I wonder how many of these sales tips actually translate into the surgery very easily.

This approach to satisfying your customers must go through the whole surgery. In good surgeries the nurses, receptionists all realise that they are in the business of curing the body and calming the mind. They realise that patients come in concerned and worried and they must be put at ease. They explain problems courteously, simply, without using jargon - even with the awkwardness of patients.

And the same approach applies to the practice environment. It can be made pleasant, restful and comfortable. It can offer things to do whilst patients wait for their appointment. It can have today's papers available rather than out of date copies of 'Womans Own'. It can even have toys available for the kids. How often do you sit in your waiting room and just look around it? Would you feel at ease waiting in it? Think about when you visit your accountant or your solicitor. How do their receptionists stack up against yours? How do their waiting areas compare to yours? It is worth remembering of course, that improvements to a surgery you own will probably increase the property's value. And many GP's are sitting on a property that will yield a nice capital gain when they retire.

One way that some GP's find about the level of service they offer is by holding patient meetings - talking to them directly, asking for constructive suggestions for how their practice might be improved. Of course you can even have a suggestions box. If you take these comments seriously your staff will soon get the message. This is another topic the Conference will address.

The new practice leaflets present you with an opportunity, not only to convey information about the practice, but also to convey this whole patient-centred approach. Yes, it is the first step towards advertising, but not all advertising has a dirty name. Again, we're talking about effective communication. The difference in this case is that you are doing it on paper. And the message is the same:

"You, the patient, are important, and we'll do all we can to help you".

But remember that you must mean what you say and back the message with reality. If you create expectations that you cannot fulfill, patient dissatisfaction will be intensified.

The Importance of Information

A patient-centred approach should help you attract and keep the patients you want - and that should give you the income you are seeking. But the new contract also places great store on achieving target rates of immunisations and cervical smears. Again, satisfied patients will help spread your message. But these new targets present quite a challenge. Those of you who turned to your FPC's for guidance may have found them struggling under the weight of the changes at a time when new general managers are being appointed and NHS white paper issues addressed.

This can be a real issue that may affect your income. The often reported discrepancies in data held by doctors and FPC's have discredited the concept of targets for some GP's. They foresee endless arguments over validation with FPC's. Nevertheless the responsibility for screening under the new contract rests firmly with you, the GP - with or without the help of your FPC.

Do you know how close you are to achieving these targets? In a recent study of 40 practices in the Torbay health district only one was found to be doing sufficient cervical smears to even get close to the new targets.

The key to achieving these targets is, of course, a good records system. You need to establish who needs which service. You will need to be able to target different patient groups and have a system for sending out call and recall letters. It is actually a bit like direct mail marketing. Just think of the junk mail you get every day and what you usually do with it. So it is crucial that your call or recall letters are effective. That means they should be personal letters, not circulars and they should be strongly worded, giving a firm appointment and clear indication of the risks of not undertaking the smear or immunisation. You may even need to follow up non respondents with telephone calls.

Probably the only way you will be able to do all this is with a computer - another topic covered in this conference. You might be encouraged to purchase one by the 50% subsidy on maintenance costs. It is also possible that there will be a capital subsidy next year. But there is an old adage about computing; garbage in means garbage out. In other words the computer is only as good as the information fed into it. You will have to continually invest time and effort in keeping your computer databases up to date. You also need to ensure that you have the right sort of data. Data that allows you to target the right group based upon appropriate criteria. What is more, because of the problem of validation, you would be well advised to run regular checks of your database against FPC records. Computers will also be the only way that you will be able to undertake many of the tasks required of you by the White Paper - but that's a mine field that I will not get into.

Managing the Finances

"Brown paper bag jobs" are legendary in the accounting profession. The bag contains invoices and cheque stubs brought in by a local small firm. Thankfully small firms are increasingly keeping more accounting records themselves - they have to simply to survive. Managing the finances of a general practice is just as important. Brown paper bags should become a thing of the past for GP's as well. Many larger practices now have their own book-keeper, often performing other administrative tasks as well. Most who do not have their own book-keeper make sure their accounting records are updated regularly. The need is for regular, timely information.

Accurate accounting information is important, particularly when it comes to splitting partnership profits. And whilst accuracy is important you also need proper systems. For example, how many of your accounts include partners' personal expenses and superannuation? It

is always wrong to treat superannuation as a practice expense. And whilst it is for the partners to decide whether they want to pool expenses, for example for cars, it is generally not a good idea because it can cause so much argument if one GP's expenses are out of line with the others.

Just as with any business, accounting information can be used to monitor the performance of a practice. That means that income and expenses have to be recorded in sufficient detail to allow them to be monitored. FPC income needs to be broken down into its component parts to ensure all fees and charges are being claimed and payment is being received. Similarly expenses should be broken down into key accounts and monitored - a good discipline if the provisions of the White Paper are implemented.

A company monitors its financial performance by comparing its actual results to the budgets it prepared at the beginning of the year. Plans and budgets are just as important for the general practice. Cash flow budgets allow you to plan your financing needs in advance. It is far better for you to alert your bank manager well in advance of any cash flow problems, rather than to wait for him to tell you that you're overdrawn. Budgets allow you to think through the "what if" situations well in advance. Should you refurbish the surgery? Should you change the car or purchase more computer equipment? Budgets help you think through the cash flow consequences of these actions. Planning ahead is one of the keys to business success, and the same principle applies to general practice.

The other thing that a company would do is to compare its actual performance to that of other companies in the same industry. You can also do this since national averages for many general practice income and expense items are readily available. Differences from averages are to be expected, but the discipline of making the comparison requires you to explain them, and it might disclose a problem for the practice or opportunities that you are missing.

Practice Managers

So GP's now seem to have to be experts in business as well as medicine. Of course many of the tasks I've talked about can be delegated to other staff. However, that means that these members of staff have to be managed. And it all takes time.

The solution adopted by one practice was to divide up the routine management tasks among the partners. One took on the responsibility for the reception area, another responsibility for patient records, the third for personnel matters. This works well, but the doctors think there is probably a limit to the size of practice that can operate in this way.

Is it any wonder, therefore, that larger practices are increasingly appointing Practice Managers? What might have started out as simply getting the receptionist to take on more responsibility for other aspects of administration, has led, in these practices, to the appointment of suitably qualified and remunerated managers. After all, you would not go to a doctor who was not qualified, so why let unqualified staff run your business? Practice Managers can deal with

all the business aspects of running the practice. They can organise the ancillary staff - give them the guidance and instruction to perform their task effectively. They can organise the information systems you will need to maximise your income under the new contract. They can organise the information systems you will need to maximise your income under the new contract. They can monitor the practice finances. They can manage your premises - probably the biggest asset you have. In other words a Practice Manager can free you to do what you do best and probably enjoy most - practising medicine.

This development is also taking place in other professions where the pressures of business are becoming increasingly felt. One solicitor commented in a recent article in the 'Financial Times':

"It is difficult to persuade professional people to be businessmen. They tend to let things go and wait for a crisis. It is almost as if they didn't want to dirty their hands."

The same article looked at the benefits which resulted, when an architects' practice appointed an office manager. The manager persuaded the insurance company to spread the hefty professional indemnity insurance premiums over one year. The interest saved by doing it that way paid for the office outing to Paris. The partners now devote more time to their professional work, more than paying for the manager's salary. Invoices are sent out on time and followed up promptly, thereby reducing the size of the overdraft. The partners' verdict?

"Why hadn't we thought of it before?"

Summary

Whether you appoint a Practise Manager or not - and smaller practices will probably never be able to afford to do so - one thing is certain. The new contract will force you to take a more business-like approach to running the practice. But I hope you agree that business is not a bad word. And running a practice in a businesslike way is not a bad idea - with or without the new contract. After all, successful businesses are built on satisfied customers. Successful general practices are built on satisfied patients. The differences are not as great as you might first have thought.