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June 30, 2017

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### The Medical Group Governance Matrix™

We all hear, and most of us say, that the pace of change in healthcare is quickening.

That means that the pace of required decision-making is increasing, too. Unless, that is, you want to take the “default” route. That’s the one in which you let someone else make the decisions that impact you; you’re just along for the ride.

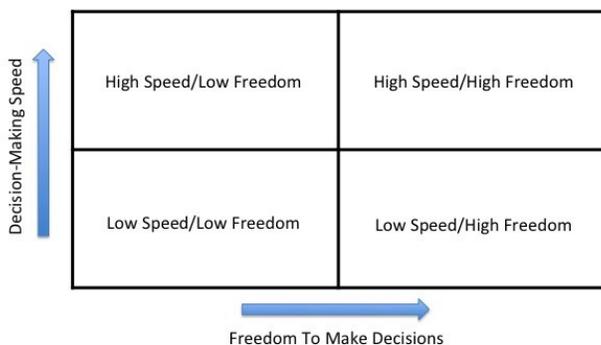
Of course, playing a bit part in scripting your own future isn’t the smart route to stardom.

But despite your own best intentions, perhaps it’s your medical group’s governance structure that’s holding you back. Is the problem systemic?

### The Medical Group Governance Matrix™

Here’s a simple four-quadrant diagnostic tool to help you find out. I call it **The Medical Group Governance Matrix™**.

### THE MEDICAL GROUP GOVERNANCE MATRIX™



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#### Low Speed/Low Freedom (lower left quadrant)

This, unfortunately, is the domain of far too many medical groups.

Usually, they have one of three governance structures:

1. A very large management committee/board;
2. A fully participatory governance structure; or
3. Even though they have a formal, more streamlined system, the reality is that they fall back on a consensus system for actual decision-making.

These groups take far too long to make decisions. And, the decisions they make are watered-down, either by the need to obtain formal buy-in (in variants 1 and 2) or to obtain consensus. Neither quick nor bold action is welcome.

These groups take longer to make a decision than it takes to turn a cruise ship. Consider the group that told me that all of their shareholders had to meet to approve a decision to consider, not even to commit to, expanding its business to other sites. When would they meet? Not until after summer, when everyone was back in town from their vacations!

No single leader or small group of leaders is granted freedom to fail because no such individual or individuals are allowed to make decisions.

#### High Speed/Low Freedom (upper left quadrant)

These groups have either a small management committee/board or a solo leader.

Conceptually, the leaders could make and implement quick decisions. However, their decisions are continually second-guessed. This can take the form of criticism or even active resistance. The leaders are blamed for their “poor decision-making” and quickly catch on that it’s not in their interests to stick their heads out. Maintaining the status quo receives the highest kudos.

I once represented a significant size group with a small board of directors and a president empowered to act. However, the culture of the group was such that the president’s decisions, notably in connection with the strategy relating to the renewal of the group’s exclusive contract with a large hospital, were “double checked” by a significant number of the rank-and-file members.

That resulted in a back channel from within the group to hospital administration. The results were not pretty.

#### Low Speed/High Freedom (lower right quadrant)

**IS AN ASC OR OTHER OUTPATIENT CENTER RIGHT FOR YOU?**

IN COORDINATION WITH OUR STRATEGIC PARTNER, HDA ENTERPRISES, ONE OF THE MOST EXPERIENCED AND SUCCESSFUL DEVELOPERS AND MANAGERS OF PHYSICIAN-OWNED OUTPATIENT FACILITIES, WE'RE OFFERING A LIMITED NUMBER OF INITIAL ANALYSES.

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#### NEW BOOK OFFER



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Success. Even more success. It's what you want. Welcome to the club, which appears to be getting more exclusive every day, not due to evolution but to self-selection. Of course, sometimes we get stuck, or at least delayed, by the problem that pop up, blocking the way. But for many, the problem that they don't know what the problem is. I've been working with medical group leaders with the aim of increasing the group's profits and managing their risk of loss for over 30 years. Does that mean that I have all of the answers? No. But what I do have is a point of view, a way of thinking about your success. So go ahead and start reading now. No one going to do it for you. Which, by the way, is thinking tool number one.

The Impending Death of Hospitals is available for purchase in hard copy or in Kindle format on Amazon or you can download a complimentary PDF version here.

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#### The Impending Death of Hospitals



#### COMPLIMENTARY BOOK DOWNLOAD

Having fallen for the fallacy that there's profit in market share, hospitals have gorged on acquisitions and on

These groups have large management committees/boards, sometimes consisting of dozens of members.

They might even also have a corporate-type structure with officers; however, they are restricted from taking action except as authorized by the board.

From the perspective of the group as a whole, those "leaders" are completely free to lead, even to fail, as long as they are in office. If they don't perform over the long term, then they'll be voted out of office.

From a freedom to lead perspective (which is really what freedom to fail is), these groups are champions. However, their oversized boards prevent quick decisions. Consider the example of a group with a large management committee, 14 members, in addition to a "managing partner." In that group's structure, the managing partner could take action only after it was approved by the board. In essence, he sat as a tie breaker for the group's management committee's decisions.

The management committee itself struggled with decision-making. They delegated fact-finding to sub-committees. Meetings lasted hours because everyone wanted to put in his or her 2-cents' worth even if they had nothing to say.

Their likelihood of bright success was tarnished by the participatory and overly cautious nature of their decision-making process.

#### *High Speed/High Freedom (upper right quadrant)*

These groups have either very small management committees/boards or a fully empowered "strong leader."

The best way to describe this in everyday language is to say that even if the legal structure of the group is a partnership, the governance structure is fully corporate. The leadership is either institutionalized via the governing documents or is elected on a periodic basis. The group doesn't have the right to overturn management decisions and the culture of the group is not to interfere with the leadership's decisions and to fully support their implementation.

Of course, if the structure includes periodic elections and if the group loses faith in a leader, then he or she is voted out of office.

These groups are very nimble. They can quickly respond to actions set in motion by third parties, they can quickly take action in regard to cues in the market, and they can quickly develop and implement internal, market-making decisions.

#### **The Takeaway For You**

The object is to move your medical group's governance structure into the upper right quadrant if your group wants to be able to best position itself in today's market.

Of course, some groups view that goal as having less value than others, such as maintaining its club-like structure. As long as that's a conscious decision, made with an understanding of the trade-off, then it's perfectly valid. That is, as long as you don't expect both more-or-less complete personal autonomy and a serious competitive position for the group.

Where on the matrix is your group? Is that where you want it to be? Is that where it should be?

If not, what are you going to do about it?

### **Wisdom. Applied. 102 - Medical Group and Healthcare Facility: Comfort Zone Or Continued Existence, Your Choice**

Most of us seek comfort. We want the usual.

We tend to hang on too long. Like to that sweater or college T shirt. You know, the one with the frayed edges.

But beyond the harmless totems of the past, the problem is that we often make huge efforts to protect what's become usual in our greater lives, what's become comfortable, what's become "the way things work."



#### **All Things Personal**

This month, I'm awarding a "Sammie" (the official prize for Stupid Ass Management) to Knife, a restaurant in Dallas.

The reason cuts right to the heart of customer (you can read that as "patient") satisfaction.

Walking into the restaurant, we were greeted warmly.

Before dinner, I ordered a single malt scotch and asked the waiter if they had a large ice cube (they don't melt as fast). He said they did. We were off to a great start.

Dinner was delicious: one of the best steaks I've ever eaten. Every other element of the meal was equally fantastic, from the service to the salads to the ambience of the room.

The check came. Pricy but well worth it. I added a healthy tip and signed the charge slip.

And then I saw it.

The check included, beneath the price of my drink, a \$2.00 surcharge for an "artisanal" ice cube. Yes, they charged me \$2.00 for frozen water. I was pissed. In fact, over a week later, I still am.

employment and alignment of physicians. Many physician have been willing participants through practice sales and the belief that there's safety in hospital employment. But it becoming evident that physician employment leads to loss and that integrated care delivers neither better care nor lower costs. And now, technology is about to moot many of the reasons for a hospital's existence. How can your practice survive and even thrive in the post-hospital world?

The Impending Death of Hospitals is available for purchase in hard copy or in Kindle format on Amazon or you can download a complimentary PDF version here.

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#### **Hospital-Based Medical Group Mergers, Acquisitions & Alternatives**



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Some days, it seems as if everyone, from anesthesia groups to vascular surgery practices, is talking about selling their practice to a larger group, to private equity investors, or to hospital.

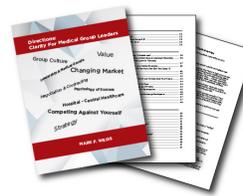
The reality is that some practices can be sold, some can never be sold, and some have nothing to sell.

The reality also is that there are a number of strategic alternatives to a practice sale.

A perfect storm of factors is accelerating the market for hospital-based medical group mergers and acquisitions.

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#### **Directions: Clarity For Medical Group Leaders**



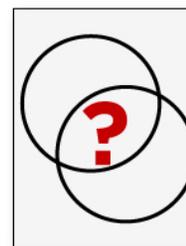
#### **COMPLIMENTARY BOOK DOWNLOAD**

The healthcare market is changing rapidly, bringing new sets of problems.

How can you find a solution, how can you engage in the development of strategy, and how can you to plan your group's future without tools to help clarify your thinking?

Directions is a collection of thoughts as thinking tools, each intended to instruct, inform, and even more so, cause you to give pause to instruct and inform yourself.

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#### **MFW Knowledge Products**

If you're an independent learner or need a refresher on a current topic, click [here](#) to find out about our growing list of Knowledge Products.

#### **Recent Interviews and Published Articles**

Mark's article [Why Your Compliance Efforts May Be Worthless](#) was published in the Spring 2017 volume of [Communique](#). Read or download [here](#).

Mark was quoted in the article [ASC Regulatory Areas T Developers Need To Pay Attention To](#) published on Nov 2016 in The Ambulatory M&A Advisor. Read or download [here](#).

In terms of absolute dollars, the \$2.00 wasn't even 1% of what I paid.

In terms of customer satisfaction, that less than 1% spoiled the taste of an otherwise excellent meal, of an otherwise excellent experience.

How can the owner or manager of Knife, or its supposed "celebrity" chef (well, in my mind he's now famous for something!), be so &\$^## stupid?

The \$2.00 ice cube is an analogy for the equally stupid things that many do in their businesses to melt away an otherwise good or even great customer or patient experience: The \$25 carry on bag. The expensive office visit that would drive high patient satisfaction followed by an \$8 parking charge, no cash accepted. The rude receptionist. The failure to return calls. The torn seat in the waiting room.

The \$2.00 ice cube is the reason why my firm doesn't charge for equally stupid things like photocopies or phone charges or even FedEx.

Search for \$2.00 ice cubes in your business. Melt them away.

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## Recently Published Blog Posts

Thursday, June 29

[It's All Related](#)

Wednesday, June 28

[Why The Hospital's Idea of Physician Leader Means Follower](#)

Tuesday, June 27

[Home Team Advantage And Contract Negotiation](#)

Monday, June 26

[But Everyone's Doing It - Not A Great Defense To Compliance Violations](#)

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## Whenever you're ready, here are 4 ways I can help you and your business:

### 1. Download a copy of *The Success Prescription* Book.

My book *The Success Prescription* provides you with a framework for thinking about your success. You can buy it on [Amazon](#) or, for free, download a copy of the e-book [here](#).

### 2. Be a guest on "Wisdom. Applied. Podcast."

Although most of my podcasts involve me addressing an important point for your success, I'm always looking for guests who'd like to be interviewed about their personal and professional achievements and the lessons learned. [Email](#) me if you're interested in participating.

### 3. Book me to speak to your group or organization.

I've spoken at dozens of medical group events, healthcare organization events, large corporate events, university-sponsored events, and private, invitation-only events on topics such as The Impending Death of Hospitals, the strategic use of OIG Advisory Opinions, medical group governance, and succeeding at negotiations. For more information about a custom presentation for you, [email](#) my Santa Barbara office staff.

### 4. If You're Not Yet a Client, Engage Me to Represent You.

If You're Not Yet a Client, Engage Me to Represent You. If you're not yet a client, and you're interested in increasing your profit and managing your risk of loss, [email](#) me directly. I'll contact you to set up a call or meeting.

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Mark's article **OIG Advisory Opinion Secrets and Strategies** was published in the Summer 2016 volume of [Communique](#). Read or download [here](#).

Finders keepers, losers weepers. Except in connection with overpayments from Medicare, then it's a violation of the federal False Claims Act leading to significant liability—th is, unless you repay the overpaid sum within 60 days. Re **CMS Resets the Clock for Return Of Medicare Overpayments** published on [AnesthesiologyNews.com](#) i May 2016. Read or download [here](#).

Mark's article **A New Strategy To Profit From Interventional Radiology**, co-authored with Cecilia Kronawitter, was published on [AuntMinne.com](#) on May 2: 2016. Read or download [here](#).

Three of Mark's blog posts were republished as a column entitled **Practice Challenges** in the Spring 2016 issue of Pennsylvania Society of Anesthesiologists Newsletter, th [Sentinel](#). Read or download [here](#).

Mark's article **Is There An Interventional Radiology AS (rASC) In Your Future?** was published in the April/May 2016 volume of [Radiology Business Journal](#). Read or download [here](#).

Mark's article **Impending Death of Hospitals: Will Your Anesthesia Practice Survive?** was published in the win 2016 volume of [Communique](#). Read or download [here](#).

