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Is Your Group's Governance Structure Holding You Back?

By Mark F. Weiss, JD

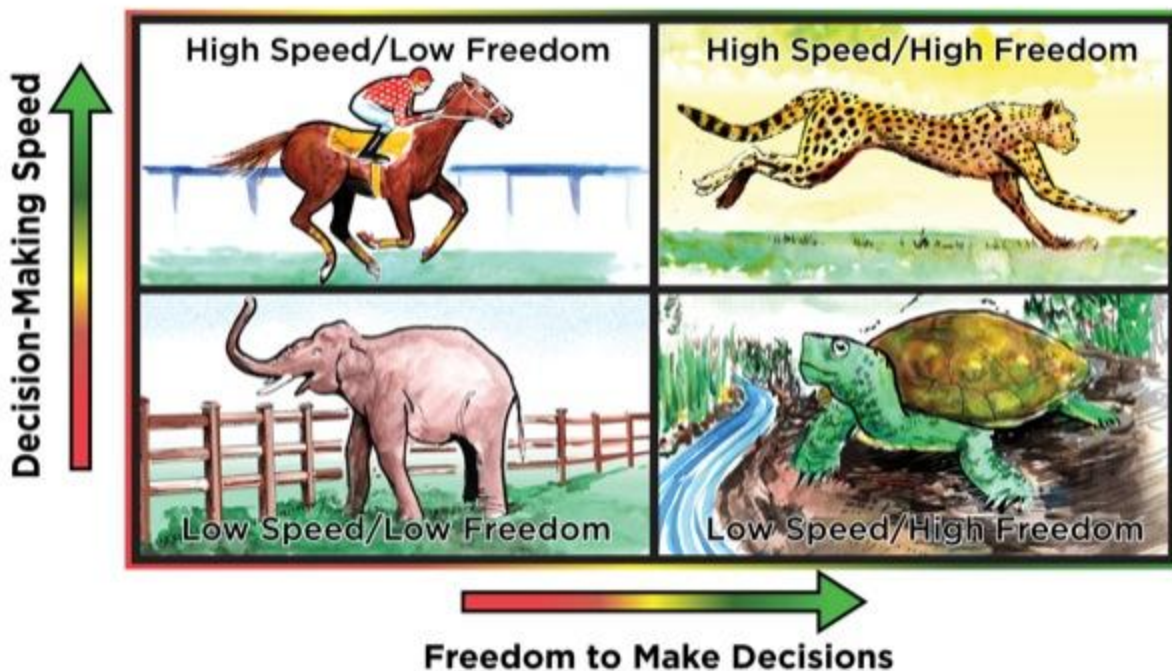
We all hear, and most of us say, that the pace of change in health care is quickening.

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 affect 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.

Despite your own best intentions, perhaps it’s your anesthesia group’s governance structure that’s holding you back. In fact, it’s very likely that the problem is 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 (Figure 1).



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Figure 1. The Medical Group Governance Matrix



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Figure 2. Zoo Elephant: Low Speed/Low Freedom

I use a zoo elephant for the quadrant's avatar because although they are large, intelligent and powerful, and should be able to act decisively, they're trapped within their surroundings. They just don't have any room to run, to exhibit what could be their speed.

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

Zoo elephant groups have one of three governance structures:

- a very large management committee or board of directors, for example, a body of 10 or more members;
- a fully participatory governance structure in which each and every member of the group votes on, and in some cases can veto, any group decision or proposed action; or
- even though they have a formal, more streamlined governance system, the reality is that they fall back on a consensus system for actual decision making. Consensus waters down decisions as a result of compromise.

These groups take far too long to make decisions, and the decisions they make are diluted, either by the need to obtain formal buy-in or consensus. Neither quick nor bold action is welcome.

Consider the group that told me all of its 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.



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Figure 3. Racehorse: High Speed/Low Freedom

I use a racehorse for the quadrant's avatar because although they are very fast, their ability to use that speed is constrained within the race track's barriers. There's no real freedom.

Racehorse groups have either a small management committee or board, or a solo leader.

Conceptually, the leaders of a racehorse group *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 personal best interests to stick their heads out. Maintaining the status quo receives the highest kudos.

I once represented a significantly sized 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 second-guessed by a significant number of the rank-and-file members.

Afraid that the group's official strategy, as set by the board and implemented by the president, wouldn't be successful, several of the group's members exposed the group's strategy to the hospital administration. The results were not pretty, neither for the group nor for the mini Benedict Arnolds.





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Figure 4. Turtle: Low Speed/High Freedom

Let's walk through the quadrants. Where does your group fall?

I use a turtle as the avatar for this quadrant, the quadrant representing low speed of decision making combined with high freedom to make decisions. That's because they're free to roam—they just don't move very quickly.

Whether or not they're actual corporations, turtle anesthesia groups tend to have a corporate-type structure. However, in practice, the authority of the officers is largely micromanaged by the management committee or board of directors, which itself tends to be oversized. The officers are generally prohibited from taking *any* significant action, except as specifically authorized by the management committee or board.

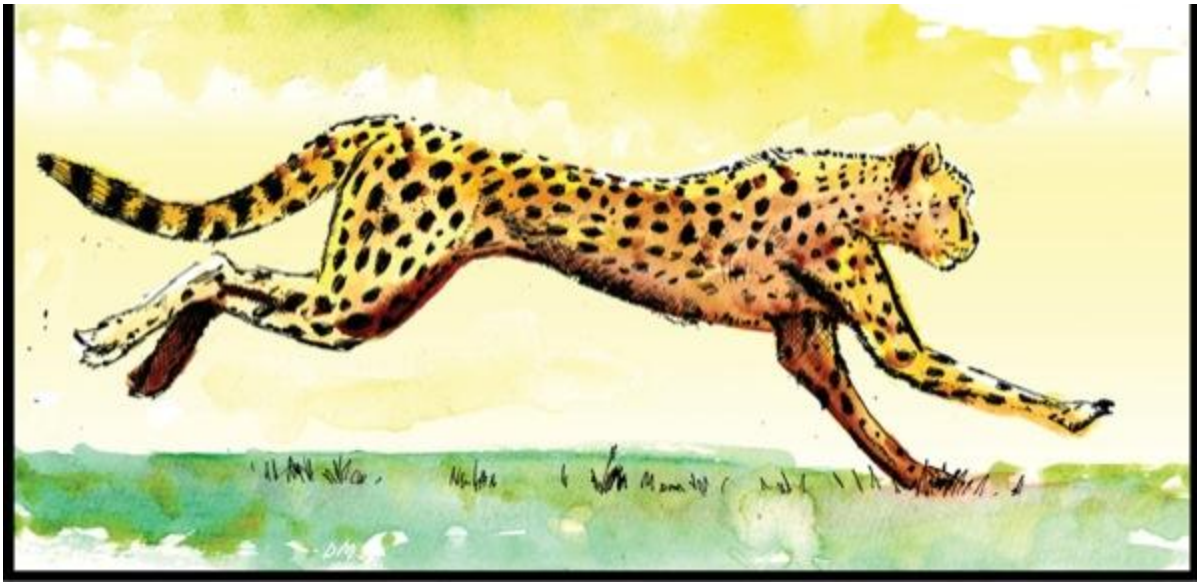
From a freedom to lead perspective measured by the reservation of actual authority at the management committee/board level, turtle groups are champions. However, their often large boards and the lack of effective delegation of power to the officers prevent quick decision making.

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's been approved by the board. In essence, he sat as a tiebreaker for the group's management committee's decisions.

The management committee itself struggled with decision making. They delegated fact-finding to subcommittees. Meetings lasted hours because everyone wanted to put in his or her two cents, 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.





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Figure 5. Cheetah: High Speed/High Freedom

I use a cheetah as the avatar for this quadrant, representing high speed of decision making combined with high freedom to make decisions.

Cheetah groups have either very small management committees/boards or a fully empowered "strong leader." A cheetah group's leaders are fully empowered to make decisions, and they make decisions quickly.

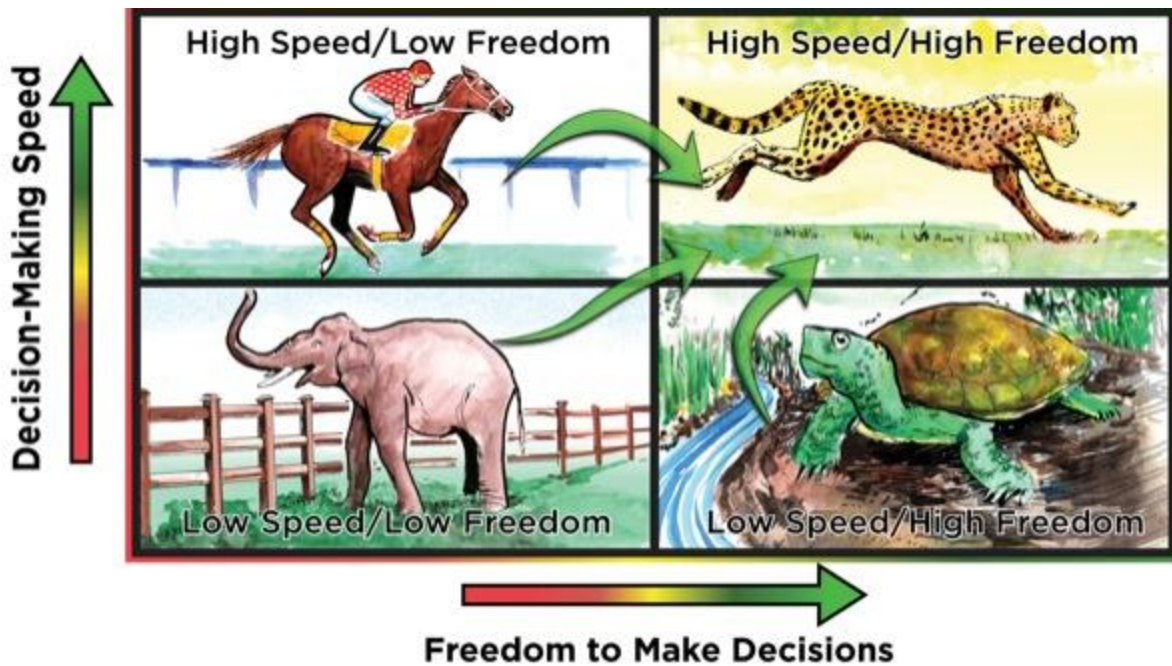
The best way to describe this in everyday language is to say that even if the legal structure of the group is a partnership, the governance structure is fully corporate: The leadership is either institutionalized via the governing documents or elected on a periodic basis. The group doesn't have the right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

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 proactive, market-making decisions.

The Initial Takeaway

If your group isn't already a cheetah, the object is to move your medical group's governance structure into the cheetah quadrant (Figure 6), that is, if your group wants to be able to best position itself in today's and tomorrow's market.



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Figure 6. The Medical Group Governance Matrix

If your group is already a cheetah, it still takes vigilance to remain one.

That said, some groups view that goal—becoming and remaining a cheetah—as having less value than other factors, such as their desire to maintain their clublike 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?

Let’s turn to a thinking concept to help you get there.

How Not Letting Go Leads to Medical Group Governance Messes

I have a good friend who says, in the context of a physical skill, that prehistoric humans initially developed the strong, instinctual dominant-hand grip to be able to grab onto tree limbs and quickly climb in order to escape predators, such as saber-toothed cats. (I like my friend too much to tell him that saber-toothed cats could climb trees.)

The ensuing millennia have honed this instinct, so much so that we instinctively grab tightly with our dominant hand even when the specific application calls for a much lighter touch.

So, too, goes the viselike grip that causes many medical group members to hang onto their personal control, even when it actually cuts against their modern-day success.

They are so unable to let go of their instinctual need to *personally* control almost all aspects of their financial affairs that they dash the ability of their medical group to function as a true business. The result is a club. (A club of a different sort would have helped with saber-toothed cats. A physicians *club* does not equal a physicians *business*.)

In order for a medical group to succeed, governance power must shift within the matrix from the lower evolved quadrants: from racehorse, zoo elephant and turtle toward the upper right, toward cheetah.

To do so, each member must let go of the individual control instinctually believed required to save him or her from the metaphorical saber-toothed cat.

The reality is that one's future isn't protected by completely individual control. In fact, in the business context, it's almost always hampered in the organizational setting of a medical group of more than a handful of members.

When the modern saber-toothed cat, the reality of business, is charging at you, there's absolutely no time for a vote. There's absolutely no time for "consensus-getting." There's absolutely no time for "any member may veto."

Deep down inside, we all have fears, some irrational for sure, but many completely rational. But prehistoric humans survived by forming groups. That's what saved them from predators, saber-toothed and otherwise.

The required shift begins inside the mind. It then moves on to your medical group's governance documents. And finally, because those governance provisions are useless if they're not followed, it moves from concept to practice.

For your medical group to succeed, get a grip on reality and loosen your personal grip on your group.

Show how evolved you've become.

This article is based on the book, "The Medical Group Governance Matrix™." Pain Medicine News readers may download a complimentary copy of the book at advisorylawgroup.com/?mggman.html (<http://advisorylawgroup.com/mggman.html>).

Mark F. Weiss is an attorney who specializes in business and legal issues affecting physicians and physician groups, and served as clinical assistant professor of anesthesiology at USC Keck School of Medicine. The Mark F. Weiss Law Firm has offices in Dallas, Los Angeles and Santa Barbara, Calif. and represents clients across the country. His email is markweiss@advisorylawgroup.com (<mailto:markweiss@advisorylawgroup.com>).

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