Creating a Successful Medical Group: The Top 10 Keys to Success

BY MARY J. WITT, M.S.W.

A successful medical group does not happen by itself. Success takes leadership, planning, and hard work. In working with both successful and unsuccessful medical groups for over 25 years, it has become clear that there are specific critical factors that drive medical group performance. Interviews with effective physician and administrative leaders reinforce the import of these 10 keys to success as medical groups go through the process of medical group development and growth. Moreover, they apply whether independent physicians are consolidating into larger medical groups or hospitals are employing physicians.

1. **Shared vision.** The platform for success starts with a shared vision that drives all medical group decision making and activity. The vision provides the touchstone for the group and serves as the unifying factor in bringing together disparate individuals with different goals and needs. It clarifies the common interests and sets the stage for the direction of the medical group. In an integrated system, the medical group’s vision should link with the system’s vision and provide a common philosophy that drives a successful partnership.

2. **Effective governance structure.** An effective governance structure that facilitates physician engagement in the medical group’s success is crucial. Successful governance provides the framework for joint decision making and can facilitate the collaboration necessary to make integration work. It also must provide leadership to guide the organization through difficult decisions and choices that may not be universally popular. Governance provides a structure for individual physicians to make their voices heard through their physician representatives and facilitates buy-in to medical group decisions, but it also requires physician representatives to put aside their individual biases and communicate the interests of the group overall.

3. **Defined strategic direction.** Defining strategic direction and creating the strategies provide the road map for success and drive the focus and actions of the medical group. In integrated systems, this activity is undertaken together to ensure that all parts of the system are working in concert and reinforcing the successful activities of the others. It creates a framework against which resources can be allocated and choices can be made when selecting among multiple opportunities.
4. **Clearly defined performance targets.** Successful medical groups define success through objective measures. They clearly define performance targets that are routinely monitored, and take action quickly to address any negative variance. The use of metrics informs all decision making and guides operations. Performance targets focus on both clinical and financial targets. They may include targets related to such metrics as patient satisfaction, quality as measured by Health Effectiveness and Data Information Set (HEDIS) performance, meeting budget, and physician productivity.

5. **Constant and consistent communication.** Communication should happen consistently and often among the system CEO and CMO, medical group leadership, physicians, and staff. While formal communication methods such as meetings and newsletters are important, the channels of informal communication should not be ignored. Physician leaders and management are visible and approachable. Decisions and actions are explained and transparent. Opportunities for physicians to get together in social or informal settings are created to ensure familiarity and to support group culture development.

6. **Aligned compensation model.** The compensation model is aligned with the medical group and system’s vision and strategic directions, as well as financial realities. It reinforces and supports performance targets. Compensation is predicated on the drivers for success, which in today’s world include quality and value, not simply productivity.

7. **Leadership.** A successful medical group needs the right leadership, those with vision and those interested in operational and clinical performance. It looks for leaders who understand collaboration and teamwork, can create a vision, communicate effectively, and make tough decisions when necessary. To find potential physician leaders, medical groups look within the medical group for those physicians who are respected by their colleagues, can see the big picture and not just their individual world, demonstrate sound decision-making skills, and are willing to look beyond their own biases. While some leaders “magically” surface demonstrating leadership skills on medical group committees or taking on a specific project, medical groups need to recognize that leaders are not necessarily born and have to be developed, so the group must invest in the education and training of its current and future leaders to develop the skills and knowledge necessary to lead.

8. **Understanding the “business.”** Effective medical groups are actively engaged in the business side of medicine. They employ experts who understand medical group economics and operations; there is a focus on operational efficiency and effectiveness. They recognize that physicians play a key role in driving both revenue and expenses; consequently, physicians cannot be removed from the business of the medical group. Integrated systems are sensitive to the differences between medical group economic drivers and those of the hospital and manage accordingly.

9. **Commitment to excellence.** A commitment to excellence drives everything that the successful medical group does, from its physician and staff hiring decisions to its care model design. Leaders continually challenge physicians and staff to do better and engage in continuous quality improvement. The group is rigorously disciplined about all of its activities. Accountability exists at every level of the organization.

10. **Patient-Centric.** The medical practice is patient-centric and designed to drive patient satisfaction, quality, and efficient resource utilization. Patient access is easy and convenient. Care is comprehensive and coordinated. Care teams are used to maximize the effectiveness of the physician.

Effective medical groups create a culture that drives success and establish the vision, governance, and infrastructure to drive achievement and a commitment to excellence. They select the right leaders and hire the right physicians and staff. They understand the business of medicine and are disciplined about measuring results.

*Mary J. Witt, M.S.W., is a vice president with The Camden Group and has over 25 years of healthcare experience.*