

**Editor's note:** *Leif Beck and I wrote the following article over two years ago. While more timely topics bumped it from the pages of this newsletter, the subject of physician leadership has taken on renewed importance as physician/hospital collaboration has accelerated. In the two years since we penned this article, there have been profound shifts in "the business of physician practice."*

*As we predicted in this newsletter in November 2005, hospital acquisitions of physician practices have accelerated at a feverish pace. But, for those of us who remember a similar frenzy that ended in disaster 10 years ago, this time around there are major differences.*

*Gone are the big buyouts and long-term salary guarantees. Gone are the straight up employer-employee models. This time around the organizational structures and governance are collaborative and include broader health policy objectives.*

*These new structures require seasoned physician leaders and, at least in our work, elevate that sometimes elusive physician leader to an even higher level of importance because the constituents that must be managed find their way into the hospital board room and executive suite as well.*

## Eleven Traits of Effective Physician Leaders

By Randy Bauman and Leif Beck

Over the decades of our experience, we've worked with physician leaders in a variety of practice settings – small- and mid-sized practices, very large groups, hospital-based and academic groups. During this time, we've observed that the most successful leaders don't necessarily have an MBA (or any formal training, for that matter), and they never walk around spouting leadership theory from the latest business books. More often, they've learned by doing, by trial and error, and by using old-fashioned common sense.

They tend to have an interest in business beyond medicine, empathy for others, and a vision for the future. They're also curious, charismatic, and communicative. To expand on these observations, we would like to share eleven traits that seem to show up frequently in physicians who successfully lead practices.

(1) They have vision. Good leaders are open to change but resist the urge to latch onto the latest fads. They keep up with the times, but they don't run with every new idea they hear. They think strategically and long-term, but when it's time to make a move, they get into action. They go to the mat for what they believe in, but they're not so stubborn as to push their own agenda when no one is lining up behind them in support.

(2) They learn how to create consensus. Good leaders build on small successes and slowly earn the trust of their colleagues. They work hard to find common ground, compromise for the greater good, and communicate more than they "should," particularly when seeking agreement on a controversial issue. More is always better when gathering and disseminating information.

(3) They understand the business side of medicine at a macro level. Plenty of physicians – leaders and non-leaders alike – understand the basics of the business of medicine. They can read a P&L, analyze accounts receivable, decipher an insurance contract, and calculate their overhead. The truly great leaders look at the business of medicine from a much broader point of view.

They don't, for example, complain about the fact that reimbursement continues to decrease. Rather, they seek to understand the underlying reasons for this by factoring in the regulatory climate, demographics, societal trends, and the impact



## Delta News

**Randy Bauman's book "Time to Sell? A Guide to Selling a Physician Practice"** was published in October 2008 by Greenbranch Publishing – [www.greenbranch.com](http://www.greenbranch.com).

### Recent Audio Conferences:

*Is it Time to Sell?* November 6, 2008, available for purchase at [mpmnetwork.com](http://mpmnetwork.com)

*Disruptive Physicians and How to Deal with Them* – December 4, 2008. Available for download at [www.mpmnetwork.com](http://www.mpmnetwork.com)

Upcoming podcast on Randy Bauman's recent book, *Time to Sell?*, available for free download in early 2009 at [www.soundpractice.net](http://www.soundpractice.net)

## Recent Projects

Our business continues to evolve with the market, reflecting the reality of what we wrote about in this newsletter three years ago – hospitals are buying physician practices, again. Here are some of our recent activities:

- NC** Merger of general surgery practices.
- MI** Development and implementation of a physician acquisition strategy and structure for a not-for-profit hospital system.
- MT** Employed physician productivity and process improvement assessment.
- NV** Development of physician transition plan for GI group.
- SC** Valuation of multiple practices for acquisition by large not-for-profit hospital system.

of issues such as pharmacy and hospital costs. They develop this broader view by being curious, reading outside their field, and engaging themselves personally and professionally beyond healthcare circles.

(4) They address the difficult issues. Successful physician leaders don't back away from even the most sensitive or challenging problems in the practice. They confront the disruptive physician with firmness and compassion. They intervene objectively when interpersonal problems arise in the office. They are willing to step up and make tough decisions such as terminating a physician's contract, making budget cuts, or going back to the drawing board when it becomes obvious that a longstanding policy or procedure needs to be changed.

(5) They accept responsibility and share credit. This is straight out of "Management 101." Good leaders accept the blame when something goes wrong and generously share the credit when something goes right. If a colleague comes up with a great idea or is instrumental in moving a project along to completion, respected leaders make sure everyone knows who did the work. People need to feel appreciated for their efforts. Taking credit when it's not due is the surest way to wake up and find you have no one to lead.

(6) They admit their mistakes. The best leaders know when to set their egos aside and admit they've made a mistake. They learn from their missteps, go about repairing any damage, and move on. They also know to admit they don't know something, when they need help, and when to bring in outside experts for support.

(7) They understand the needs of those they serve. Physician leaders' number one job is to make practicing medicine easier for the people they lead, in part by showing them or helping them find ways to be more productive, more competent, and less stressed. If your leadership style serves to hinder the effectiveness or efficiency of the physicians in the group, soon you'll be a leader with few followers.

(8) They take risks. Successful leaders know that running a business sometimes involves stepping into unknown territory. Before making major decisions, they do their homework. They weigh the relative risks and benefits of, for example, making a major purchase for the practice, hiring another physician or mid-level practitioner, or partnering with the local hospital on a project. More often than not, they'll err on the side of taking a calculated but not casually considered risk.

(9) They manage time. Good leaders know the most valuable commodity of a physician is time. An effective physician leader manages with this in mind, always being on the lookout for ways to help those he leads make better use of their limited time. They develop an ability to manage meetings – allowing adequate debate without letting discussions drag on. They stick to agendas and schedules. They prioritize what is important and what needs to be accomplished now and what can be deferred for later.

(10) They avoid conflicts of interest. Ethical leaders avoid even the appearance of self-interest. They don't

hire their brother-in-law to manage the group's pension plan, they don't grant themselves perks (like a huge stipend) for serving in the leadership position, and they don't tweak the compensation formula to make it come out in their favor. You need only look as far as Washington, DC, to see the ramifications of putting one's self ahead of the group when you're the lead dog.

(11) They are always scanning the horizon for their replacement. Good leaders are always on the lookout for the right person to take the lead one day. They're open to teaching others the ropes: mentoring and grooming whoever is coming up behind him. In the corporate world, it's called succession planning. It can go on for years before the baton is actually passed. They groom a successor because no one should lead indefinitely.

Smart leaders periodically ask themselves: At what point will the group be best served by me stepping aside? On the other side of this point, groups make critical mistakes by regularly rotating leadership. Even though doctors graduate from medical school with essentially the same base of knowledge, they are not all created equal. Some won't be good leaders (or won't want to be) and shouldn't be forced into that role.

Having read these eleven traits of successful leaders, are you still interested in leadership? If so, why? Do you loathe the current administration in your practice or think you could do it better? Would leading be for an ego boost or to garner respect? Are you unfulfilled as a clinician, thinking the grass must be greener elsewhere on the organizational chart? Would you take on a leadership position simply because no one else was willing? If you possess leadership traits and think you might want to step into the role, make sure you understand your own motives before making the move.

Want to become a leader? It's probably possible. I've seen it done by seemingly unlikely candidates. A few leaders are born, but most of them are made.

Don't think you must absolutely seek or have a business degree. Instead, get involved with group projects that will expose you to the practical aspects of management. Let your desires be known and ask your current leaders to mentor you. Watch, take notes, put in the time, and ask a lot of questions. Some course work in business and management certainly won't hurt, but hands-on learning will serve you far better than sitting in a classroom two nights a week for the next five years. That's because the traits of leadership are vastly more personal – and developed – than what can be learned in class.

## QUESTIONS, ISSUES OR COMMENTS?

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