DOES YOUR OFFICE BASED LAB (OBL) NEED A CHIEF STRATEGY OFFICER?

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Outpatient care, particularly an Office-Based Lab (OBL), is rapidly growing as physicians seek autonomy outside of the hospital. Valued at $8.5 billion in 2019, before the pandemic, the U.S. OBL market is expected to reach $14.5 billion by 2027.

Running a successful practice is not like the Kevin Costner movie, Field of Dreams … you can build out a beautiful facility, in a great location, with the best equipment, but it does not mean that your waiting room will be full of patients. It does not mean that previous referral relationships will continue.

The benefits of having an OBL have become obvious to many physicians: 1) increased compensation; 2) autonomy and control over their clinical schedule; and 3) improved patient satisfaction. However, **while many OBLs have indeed become very successful, there are many others that have failed or are struggling to stay afloat.** There are many reasons why OBLs fail. Some of the reasons have to do with physicians not fully understanding the intricacies of running an OBL.

There is no way to eliminate all of the risks of starting a new OBL, but formulating a strategic business plan will help you understand, anticipate, and avoid problems. Take the time to determine what procedures you will want to perform in your OBL and **identify what marketing and business development strategies need to be implemented to drive patient volume into your OBL.**

Patients are busy & want to access healthcare closer to home. To predict revenue, you need to know the type and mix of procedures, the expected volume of procedures, the payor mix, and average reimbursements per procedure. It is important to think ahead and plan how you will run the OBL.

What Is a Chief Strategy Officer?

The role of Chief Strategy Officer (CSO) is relatively new in medicine as it relates to private practice. It has been growing increasingly popular over the years as hospitals and health systems, large and small, continue to realize the value of having a member of the management team who is primarily planning for the business future and looking for ways to make a profit, while maintaining sustainable operations. Part of a CSO's job is to develop and manage a framework for the entire practice.

A CSO is a business executive that reports to the managing physician and has primary responsibility for **strategy formulation and management, including developing the corporate vision and strategy, overseeing strategic planning, and leading strategic initiatives, including acquisitions, partnerships, physician recruitment, new locations, etc.** While the managing physician is still ultimately responsible for strategic direction and follow-through, increasingly, practices are creating the position of CSO, a person who guides strategic planning and is responsible for executing, communicating, and sustaining that strategy.

A CSO will need to possess first-hand knowledge of how your practice functions today, to address the weaknesses of your current structure that may be an impediment to sustained growth. The pace of strategic change is increasing, CSOs who are agile in both planning and implementation, are increasingly valuable. Given the changing dynamics, it's critical to be looking at the future with a strategic vision, so having someone who can focus on planning for that uncertain future is becoming more critical.

Not all OBLs have a CSO and not all need one, although those that want to survive independently, regardless of size, probably should. As healthcare undergoes seismic shifts in its business model, many physicians have realized they need help on the executive team to adapt to change. Increasingly, that help is coming in the form of leaders who can focus exclusively on something that in many practices has been the physician's exclusive responsibility - long-term strategy.

OBLs are beginning to value the importance of this role. They are now operating in a competitive marketplace with slimmer margins than before. They are taking a much more aggressive and progressive view of what clinical services they provide and what clinical services they might need to add. You can't be everything to everyone; the market is changing so fast that physicians need advisors whose job is to focus on the future.

Patients have more options & control over selecting a physician than ever before. It is crucial to have a defined strategy to add new patients to your practice. To succeed in a competitive environment, you must take the time to develop a strategic business plan to gain consumer and referral physician confidence. **Marketing is all about letting patients & referral physicians know about your qualifications and persuading them that you are the best choice in a crowded marketplace.**

For effective marketing, you must deliver this message on an ongoing basis. Communicate a caring and compassionate branding message that strongly differentiates your practice from everyone else.

A CSO needs to understand the whole spectrum of your medical practice. They must process information from disparate pieces and understand how to evaluate, using strong analytical skills, whether the practice has the right pieces in place for effective clinical and administrative integration. They need to understand finance, technology, and day-to-day practice operations. Further, a CSO needs to understand your payor relationships and how to position your practice into a competitive advantage with payors.

Defining the CSO Role

As part of defining which outcomes the CSO should focus on, the managing physician and CSO would benefit from differentiating between strategic planning, which typically has a two- or three-year timeline and revolves around generating ideas, and strategic implementation. CSOs typically are responsible for both, but a given CSO may need to focus on one more than the other depending on what role the managing physician plays (more visionary or operational) and what specific challenges the practice is facing. For example, a practice seeking to grow through M&A may need a more visionary CSO to develop those relationships.

Reporting Lines & Relationships

A trust-based relationship between the managing physician and CSO is critical. CSOs need to intimately understand what the CEO sees as the purpose and goals of the practice so they can further develop its vision and recognize what ideas won't mesh with it. CSOs also need to have the managing physician's trust and confidence so that they can push back and challenge the CEO if or when necessary. CSOs need to be able to keep patient's and referring physician's needs "front and center" while prioritizing the selection and execution of strategic growth initiatives, from concept to completion. The CSO should be a part of conversations with physician leadership and other advisors as they debate strategic options. A CSO also benefits from forming high-trust relationships with the practice's accountant, attorney, and banker. Building strong relationships with the practice's clinical and administrative teams will also help push plans forward and make progress.

Desired 4 Qualities of a CSO

1 Clear Vision

One of the essential qualities for a CSO is the ability to visualize the result the practice is looking for. The CSO needs to be able to envision and put into place the practice's future while making sure that all other people involved in the practice are adequately motivated and focused on achieving the same result. This is an essential skill because it allows the CSO to delegate responsibilities and tasks that may prove too difficult or otherwise unnecessary for him or her to accomplish alone. To have a clear vision of the practice goals, **CSOs should also understand how the business processes work. This is important because they should know how to optimize day-to-day operations to increase revenue and decrease expenses.**

2 Ability to Delegate and Manage People

Another essential quality of a CSO is the ability to delegate to and manage employees. **The CSO's job will often place a great deal of emphasis on how much time is spent working on other tasks while keeping an eye on the strategic plan.** However, CSOs can't do everything all at once. They need to delegate some of the tasks within the practice to produce results and run other departments efficiently.

3 Creativity

A critical quality of a CSO is being able to think creatively. This doesn't mean that the CSO must generate every new idea, but it does mean that they should come up with ideas for new ways to approach the practice's strategic mission and goals. A CSO should understand the importance of planning. **A CSO should be creative because they know how to plan for their goals and find creative ways to achieve them by using minimum resources without compromising other areas of the practice.** They should also have innovative thinking and be open to suggestions from other individuals within and outside of the practice.

4 Strong Communication Skills

The fourth quality is the ability to communicate effectively with others in the practice. The CSOs should effectively **work with other departments to ensure that everyone is working toward the same goal. Excellent written and oral communication skills are critical in conveying messages to other individuals within and outside of the practice.** When a CSO is not able to effectively communicate with others, problems will not be solved, and solutions will not be implemented. Effective communication is necessary if the practice expects to run as efficiently as possible.

Desired Skills and Qualifications of a CSO

As a member of the senior management team, the CSO role usually comes with a list of prerequisites.

Bachelor's degree with a preference for an advanced degree

It's common for a CSO to hold a master's degree in business administration (MBA).

Strong project management skills

A CSO oversee various practice initiatives and must be able to lead teams toward achieving strategic priorities.

Financial management abilities

While not an accountant, a CSO must still be able to budget for key initiatives and project the long-term return on investment. This is notably crucial in startups where cash flow can be tight.

Quality control skills

An effective CSO cannot simply dictate a strategic vision and leave all implementation and quality control to other employees. The CSO must be on the ground, inspecting the results of an initiative, and tying those results to relevant metrics to determine the success or failure of an effort.

Why MDmanagement?

> **"Our success is measured by the success of the practices we support."**

MDmanagement is a Management Services Organization (MSO) that supports Endovascular and Interventional practices nationwide. We partner with physicians who are respected in their communities, who are enthusiastic about improving the way Endovascular and Interventional care is delivered, and who want to participate in building significant enterprise value over the long term.

We offer an extensive range of solutions for Endovascular & Interventional practices, while providing more flexibility, value, and support than a traditional Management Services Organization.

MDmanagement helps physicians focus on their core skills - delivering high quality care to their patients. The daily hassles of running a business, managing personnel, RCM, tracking inventory, marketing, personnel management & navigating regulatory issues will no longer be the sole responsibility of the physician. We understand the complexities and difficulties of running a successful Endovascular or Interventional practice.

When your partner with MDmanagement, we take care of managing the lifeline of your business so that you can focus on the health and well-being of your patients.

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We're Different
We Don't Purchase Practices
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