

BUSINESS



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Your practice manager: controlling too much?

A capable practice manager can be key to running a successful business -- but shouldn't totally run the show.

By [Emily Berry](#), amednews staff. *Posted Feb. 15, 2010.*

You have a practice manager so you don't have to deal with paperwork, collections, insurance forms and staffing by yourself. You just want to practice medicine and hand off the rest to someone you trust.

That seemed to be working well -- until a crisis hit.

You discovered your manager has been writing checks to himself totaling thousands of dollars. Or maybe your manager sent a postcard from Hawaii saying she's decided to extend her vacation into a permanent stay. Or perhaps you've discovered that the rest of your staff would rather quit than continue to put up with the manager's attitude.

Practice management experts say physicians often give a practice manager total authority over everything, including hiring/firing and reconciling bank statements, without any

checks and balances built in. Physicians often don't realize this could be a problem -- until it is.

But, experts add, there are simple ways to structure the job, leaving the practice manager with the authority and free rein you designate, while building in protections in case something goes wrong.

The tendency to hand over control isn't universal, consultants say. Many doctors supervise managers and other staff, sometimes very closely. But the instinct to back away from business concerns in favor of caring for patients is common and understandable.

Doctors are similar to other "technical entrepreneurs" in this way, said Denise McClure, a former medical practice manager who now runs a consulting business in Nampa, Idaho, specializing in fraud detection.

These professionals "tend to focus on what they do best, which is providing a service," she said. "Doctors prefer to turn the business affairs over to someone else, and even if they don't do it intentionally, it ends up being that way because they're so busy."

So if it allows you to practice medicine in peace, why worry about an office manager who has absolutely everything under control?

Experts say there are a variety of consequences to that type of situation, and none of them are good. At worst, you've made your business vulnerable to embezzlement. At best, you become so out of touch with your business that if your manager is incapacitated, you're left without a clue about how anything gets done -- or even what needs doing.

The consequences can start to manifest with warning signs:

- Grumpy staff members who take a lot of sick days because they can't stand being bullied by the manager. This may be in contrast to the practice manager, who never takes any time off.
- A territorial manager who won't train anyone to do anything, preferring to say, "I'll just take care of it."
- You, the physician, feeling like your office doesn't belong to you.
- Declining profits, not necessarily from theft, but because the practice is being dominated by someone who isn't doing a good job.

Inefficiencies are tantamount to theft, says Wendy Lipton-Dibner, a consultant based in Connecticut who specializes in human resources and life coaching in the health care arena. "If a practice manager is not effectively motivating your team to be the best they can be, they are stealing from you," she said.

There also can be some very literal stealing going on. The warning signs can indicate that the office manager is hiding something, and that something could be the practice's money.

McClure said sometimes physicians, believe, "Well, if I couldn't figure out how to embezzle money, how would anyone else?" When she tells them exactly how easy it is, and how it typically happens, "they get really nervous."

People who study fraud say that, as a general rule, 10% of employees will never steal, 10% will always steal, and 80% will steal if given the opportunity. The best way to prevent embezzling is to remove any opportunity, she said.

An office manager who has complete dominion over the business -- signing checks, handling accounts payable and accounts receivable, paying vendors -- has lots of opportunity, and therein lies the problem.

What the practice manager job should look like

Ideally, you can set up the practice manager position, and your own protocols, in a way that prevents adverse consequences, criminal or otherwise.

That may mean retraining an existing manager on a new set of standards. But if you're starting from scratch, one way to avoid disaster is, of course, to find the right person for the job.

Consultants differed in how heavily they recommend relying on personality versus experience in medical practice management. Lipton-Dibner said that as a human resources consultant, one of her most successful hires was plucked from retail management and trained in the specifics of managing a medical practice.

George Chapman, a practice management consultant in Syracuse, N.Y., said that strategy wouldn't necessarily work if the practice is small and you need the new hire to jump in and win the respect of other staff right away. "For the typical practice of three or four doctors, personality is one thing, but you've got to know what you're doing, too," he said.

If you've already got someone you trust in place, it's not too late to put in safeguards to make sure that trust is deserved.

"You really have to put in place some good oversight and audit practices," McClure said. That means hiring an outside audit firm to look at your accounting practices, both to ensure that nothing looks problematic and to help set up firewalls so there's no opportunity for theft.

Oversight is not a sign of mistrust -- something you should make sure your manager knows. "Say, 'I think we're on the same track here, but I need you to prove that to me,'" McClure said. "There's an old Russian proverb Ronald Reagan famously quoted -- 'Trust, but verify.' "

Lipton-Dibner said it's reasonable to ask a practice manager to work hard on your behalf and to accept some oversight, but expectations should be clear, and preferably in writing.

If your manager can't adjust to having oversight, or resists your increasing involvement and interest in the business, it may be time to part ways.

No one, doctors included, likes firing people. There's the extra barrier of embarrassment, because firing someone means admitting an error in hiring, said Jeffrey Denning, a practice management consultant based in La Jolla, Calif.

Physicians reluctant to fire an employee will say, " 'Well, she's trying very hard,' " Denning said. "What I tell them is, 'That doesn't count -- do you want a surgeon who is trying hard working on your eye?' No, you want someone who knows what they are doing."

Physicians' hesitation to act can be compounded when the manager is a longtime employee and friend, said Kelly Ferree, executive administrator for Coastal Eye Associates, a large ophthalmology practice with multiple locations in suburban Houston. He manages the business as a whole, but each location also has its own administrative staff.

Ferree said he watched one doctor (who also hired Denning as a consultant) struggle with confronting deficiencies in an office manager who worked for him for 28 years in many capacities, including as a surgical assistant.

"This person handed him instruments, watched his kids grow up, was very visible in his life, involved in his life," Ferree said. "The doctor almost felt like creating checks and balances for her would be a statement of, 'I don't trust you.' "

How managers can succeed

It's important for physicians to operate somewhere in between micromanaging and being totally hands-off. Often when a manager isn't performing well, it's because the job has been made impossible by his or her bosses, Chapman said.

"Sometimes when I'm asked in to evaluate the manager, I end up evaluating the physicians instead," he said.

There are some simple ways to help a manager do a good job, he said.

First, make sure you have a business plan or annual budget. If a manager doesn't know your goals, he or she can't help you or your partners reach them.

Second, set regular, at least monthly, meetings during which you expect to see statements of income and expenses compared year-over-year. You also may want to see lists of unpaid accounts 90 days or older, and make time for regular discussions of efficiency efforts.

Third, McClure suggests personally doing random checks of your finances -- both to let everyone know you're looking at the books, and to educate yourself, so your manager doesn't feel you're trying to set a trap or play "gotcha." Ask for original receipts and canceled checks for vendor payments. Look at the payroll report for a random month.

Finally, experts were unanimous in recommending cross-training. At least one other person in your office -- maybe you -- should know how to do each part of the manager's job.

Maybe your receptionist can run payroll, your medical technician knows how to order supplies, and you can do income and expense reports. Your manager shouldn't be the only person who knows how to do any one task. McClure said she used to have every staffer at her practice keep written instructions at their desks for the key parts of their jobs.

"The physicians should create that mind-set with anybody they hire," she said. "It's not that you're not important; it's not that we want to be able to get rid of you, but if you hit a tree on the way home, are we going to be able to function?"

On the right track

Practice management experts say these signs show that things are working well at your practice -- and that the practice manager is accountable for the business but not acting as a despot:

- You, your staff and your patients are happy.
 - When your practice manager takes time off, it's not too difficult for other staff to cover the position. You know that if the manager left, or needed time away from the job, someone else on staff could step in.
 - You know how you did financially last month, how you're doing this month and how both compare to the same time last year -- or at least you could find out quickly.
 - You know which insurance companies your practice contracts with and are informed of every new or renewed contract.
 - Your practice manager wants you to ask more questions about the business.
 - If either income or expenses are changing dramatically, you know why, down to a specific degree.
 - Your manager regularly has ideas about how the office can work more efficiently to boost income or save money.
 - Asking a question about the practice's finances or billing gets you an answer, not an argument or an excuse.
 - If a staff member is hired or fired, you know exactly why and participate in that decision.
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Practice manager checklist

Experts recommend evaluating your practice manager at least once a year, and reviewing any specific problems or incidents as a team. Practice management consultant Jeffrey Denning recommends the annual review take place months ahead of any discussion of pay increases. Aspects of the job you should review include:

- Is your manager keeping you informed about the practice's finances, without your asking? At a minimum, you should receive monthly income and expense reports.
- If, without notice, you ask to see specific financial information, such as a list of accounts 90 days or more past due, is that information easy to get, and does it make sense?
- Are staff members who report to the practice manager satisfied? Are they cross-trained so they can fill in for the manager when necessary?
- Does an independent audit by an outside CPA give your finances a clean bill of health?

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