

EDITORIAL

Orthopaedic surgery as a business – getting it right

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'The patient is the enemy.'
'No good deed shall go unpunished.'
'The patient must pay – I am worth more.'
'The key is to find the best way to separate
the patient from their money.'

These are just some of the phrases overheard in the corridors of the hallowed hospital halls I tend to spend my time in. Yes, I am in full-time private practice in the capital city. It is disconcerting that these quotes are real. What is more alarming is that they reflect a long-held view that doctors are just in it for the money. Unfortunately, often this seems to be true. The average private hospital parking lot resembles the showroom of a large and expensive motor dealership. Conversation in operating theatres (and definitely tearrooms) revolve around how little the surgeon is going to get paid for procedure x, y or z and how unfair this might be. These conversations tend to be held in the presence of staff who earn the same amount per *month* as what Dr Surgeon is being paid for the single case. It is not for me to judge, but to merely observe that these actions strengthen the view that doctors are greedy, money-driven individuals. Often the justification lies in arguments like: 'Just look at what lawyers get paid'; 'Do you know how long I spent at university?' and my favourite: 'Just look at how hard I work'. Have you ever considered the hard work involved in operating a sledgehammer underground at 35 °C with 100% humidity for eight hours a day?

Anyway, now that the sermon is over, is it then really bad to be business-minded in orthopaedic surgery? The reality of the matter is that most orthopaedic surgeons find themselves in the private sector for a variety of reasons. Because of this, they are, out of necessity, businessmen/women. Interestingly no training programme that I am aware of incorporates any form of business training in the curriculum. Therefore, we have several small businesses (what the politicians call SMEs) that operate in a highly contested space in a tightly controlled environment. Unfortunately, most of the CEOs of these enterprises (i.e. the surgeons) have very little to no business training or aptitude. The only way they seem to survive is through trial and error and because they can buffer their businesses by working harder and harder. It is clear that whether the orthopaedic surgeon likes it or not, he/she needs to become a better business owner. This has very little to do with greed and has everything to do with survival.

What has become clear over a number of years in practice is that continuously optimising the practice is essential to success. There is no disputing the fact that we operate in increasingly volatile and changing environments, and adaptability is the key to survival. The practice structure needs to be considered. Is a solo practice, association or indeed a multi-partner practice the better choice?

The answer is an individual one. I have functioned in all of these structures and interestingly, the net profit gained from each has been similar at around 30 to 35% of turnover after expenses and taxes. What does change in the different structures is an increase in quality of life and structured free time as well as concepts like paid annual leave if you are part of a multi-partner practice. A second consideration is surrounding yourself with a good team, both within and around the practice. The face of the medical business is the receptionist. Interestingly, most of his/her job is done when the business owner is absent (e.g. in theatre), therefore it is very difficult to keep a close eye. They can, however, make or break the customer experience in your practice. Any good business runs on systems and it is imperative to have efficient systems for everything, from cleaning the offices to ensuring the operating list is booked timeously and accurately.

There is often lots of talk on the fee structure in terms of optimising practice income. The thinking is that there is a magic bullet amount that would be enough to make my practice thrive. This may range from 217% or 300% or even more. Unfortunately, this approach misses two equally important aspects in the financial viability of a practice, namely efficiency and expenses. It does not matter to what level you raise your fees, if your billing is inaccurate and late, your turnover will suffer. If you spend money on the wrong things or service too much debt, the cash flow will be impossible to manage. On the expense side, staff efficiency and tax efficiency are important so that you do not end up chasing your tail.

In any business, the generation of new business is key. In our terms, this means patients through the door (and eventually the operating room door). An active (but ethical) marketing strategy needs to be devised. Hosting road shows, CPD events and providing education all serve a fantastic role in marketing a practice efficiently and ethically. We are only scratching the surface in terms of online marketing, although the ethics of online and social media marketing still needs to be hashed out.

Measurement of systems and efficiency is critical in the success of a business. Financial tools like age analysis and different financial calculations are important, but so is measuring what we are really selling, and that is providing better outcomes for our patients. This is where clinical research in a practice becomes of paramount importance. It is a travesty that each private practice does not produce at least one published paper per year. We should be measuring what we do as a core business more often.

Business gurus and wealth creators have a mantra: 'To grow a business and generate wealth, add value to your clients/customers'. In other words, do something that very few other businesses in your field do. The business term for this is disruption. We need to become the disruptors in our environments. How do we do this?

We provide healthcare. Caring for patients is the single most important strategy in improving the bottom line of your practice. Not everyone does that, so ironically, really caring for patients can become a disruptive force for your practice. This will lead to benefits for the surgeon, their staff and most importantly, the patient. ■