



RACGP

*General practice
management toolkit*

Practice assessment

Module

2

General practice management toolkit: Practice assessment

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Introduction

In *General practice management toolkit: Professional career management* (Module 1), we looked at your career and the factors contributing to success. This module considers the different aspects of a medical practice and how you might approach assessing the practice you work in or one you are considering joining.

One of the important determinants of effective work performance is the practice environment (*Figure 1*). The practice setting will powerfully influence your job satisfaction: you will fulfil a significant portion of your career aspirations in this environment. The importance of the practice setting increases as you work more sessions there over a longer period of time. This environment is made up of numerous characteristics, but one of the most influential is the people you work with. While some elements are outside of your control, they still affect the opportunities to pursue your career.

Key factors for the success of the practice (or any business) are the strength of the industry and the position of the business within that industry. Many GPs confine their perspective to general practice, but the reality is that we are part of the healthcare 'industry'. This includes not only health professionals from many vocations, but also the complementary medicine sector, health foods, weight loss clinics and the pharmaceutical industry.

Good management will not compensate for a flawed business model or a weak industry position. Conversely, a poorly-managed practice will still struggle even if it is positioned in a strong industry.

This process to assess a practice draws on a strategic planning model and provides a systematic way to work through the complexity of a general practice. It may involve your current practice or a practice you are considering purchasing or joining.

There is often a gap between what an organisation could do and what is actually done. Consider whether your practice may have a similar gap between performance and potential. Strategic thinking may help close the gap.

Learning outcomes

After completing this module, you will be able to:

- understand the macro-environment for a general practice
- understand the micro-environment and factors determining competitiveness and industry profitability
- understand the strength, weaknesses, opportunities and threats to your practice
- identify elements that contribute to an exceptional practice
- understand how to develop your practice vision
- recognise the criteria for assessing a medical practice.

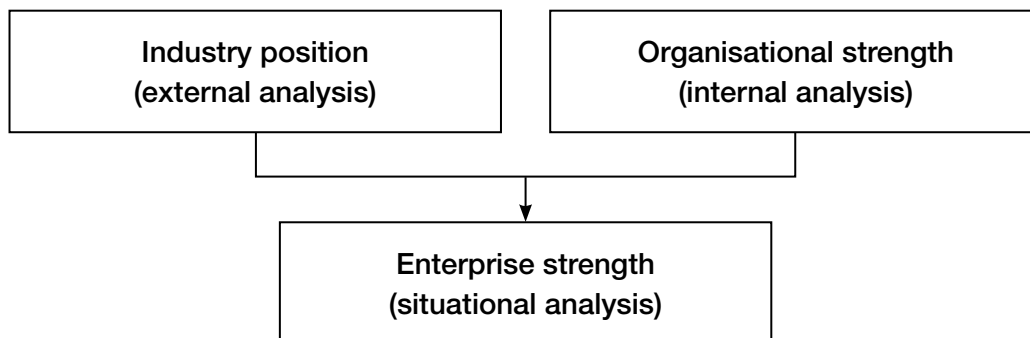


Figure 1. The practice environment

1. What is practice assessment?

Practice assessment is an evaluation of a practice's operational health – it identifies strengths, weaknesses and areas for improvement. It can take a comprehensive view or it can focus on one area (eg. patient processing, patient service, fees, doctor remuneration, or clinical staffing). Practice assessments can be done internally or via a consultant.

Common areas to examine as part of an assessment include:

- operational efficiency
- patient service
- technology
- fees
- remuneration
- overheads
- patient volumes
- staffing
- financial systems.

Practice assessments can be valuable and cost-effective tools to maximise the productivity, efficiency and financial management of a medical practice. They offer insight into techniques that can help improve the practice to benefit patients, doctors, staff members and practice owners.

The benefits of practice assessment include:

- improved patient service
- enhanced operational efficiency and effectiveness
- improved billing, collection, payroll and accounts payable processes
- reduced likelihood of theft
- identification of new sources of revenue
- enhanced staff management
- the implementation of effective and efficient processes
- benchmarking of various types of practice data against industry standards
- learning about problem-specific alternatives, solutions and resources.

1.1 Methods and tools used in practice assessment

There are various methods and tools that can be used to assess a practice. These include:

- **Observation** – descriptive, observational notes of practice function, including office operations, interactions with the healthcare system and community, and the processes used to accomplish the day-to-day work of the practice.
- **Key informant interviews** – interviews with GPs and other clinical staff, receptionists, patients and external healthcare providers and community partners. These are used to get a better understanding of practice culture (values, beliefs, norms and perceptions) and to clarify observations and emerging understandings.
- **In-depth interviews** – interviews based on open, direct and verbal questions used to elicit

narratives related to practice capacity for change. Interviews explore experiences and perceptions of practice participants, the community and healthcare system partners, related to the practice environment and context. Interviews provide deeper insights into the practice culture, including perspectives about the processes and organisation of care, and facilitate exploration of the history and development of the practice.

- **Document collection and review** – existing practice documents, such as policy and procedure manuals, practice information sheets, staff contracts, business plans, annual reports, orientation manuals, instruction sheets and protocols, indicate the priorities and degree of organisation in practice.
- **Graphic depiction** – a practice organisational chart depicting practice personnel and their roles, duties, relationships and interactions with other staff members and the healthcare system and community partners.
- **Rate** – practice environment checklist that identifies important practice processes and characteristics, such as physical location/environment, office operations, personal effectiveness and practice priorities.
- **Patient survey** – used to measure patient satisfaction.
- **Clinical audits** – use Nation Prescribing Service (NPS) audits or the RACGP clinical indicators to assess clinical performance.
- **Clinician and staff survey** – clinical and staff questionnaire measures practice function, culture, climate, capacity for change and job-related satisfaction.¹

1.2 What makes a successful practice?

A successful practice requires a combination of clinical and business excellence. Building high performance is not about mandating change, but rather setting the stage for GPs and their teams to succeed personally and professionally. It requires leading with a vision that inspires and resonates with the medical and support staff. It is the daily habit of working together to provide excellent patient care.

A successful practice is productive. It delivers better quality care and more of it. This may mean examining the appointment process and making sure you are adequately staffed to meet the demand or more effectively anticipating and managing same-day appointments.

Striving to be efficient means carefully examining processes to eliminate unnecessary waste or redundancy in your practice. A key component is to understand costs and benchmark your practice. Lean management is an approach that focuses attention on business improvement through process redesign to remove steps that do not add value to the end product or service.² The approach involves identifying a range of categories of waste.

Ensure you understand how your own practice operates at both its peak and slow times. This will help guide your efforts if adjustments need to be made.³

1.3 What do you wish to achieve as a practice?

Developing a clear vision for your practice can help direct the practice assessment. How does the practice measure up to your vision and what are the gaps?

You may wish to achieve:

- a learning organisation that is both participative and reflective through continuous professional development and quality improvement (eg. PDSA-plan, do, study, act)
- a professional culture around quality health data in the general practice setting
- excellence through the use of quality data to reflect on practice clinical and business performance (eg. non-threatening quality peer review processes and self-audit)

- innovation and benchmarking to improve practice business systems, infrastructure/ workforce development and the effectiveness of healthcare delivered by healthcare providers/ multidisciplinary teams.

1.4 Exploring business opportunities to improve health outcomes for your patients

To identify potential opportunities, you may wish to ask the following questions:

- How often is the practice currently claiming Chronic Disease Management item numbers, Service Incentive Payments (SIPs) and Practice Incentive Payments (PIPs)?
- How could the practice provide additional services to patients in a way that makes good clinical and business sense?
- What are the gaps between the practice's health-needs profile and the services provided?
- What service delivery models are performing well and what additional information about service provision can be obtained (eg. through medication analysis and diabetes statistics)?
- How is service information for referrals currently processed?
- How do our patients find out about our services?
- How do we manage patients with needs for multiple services?
- What are the common enquiries practice staff receive regarding services?⁴

2. Assessing your position in the health sector – external analysis

General practice is one part of a larger health sector. The estimated total expenditure on health from all sources during the 2010–11 financial year was \$130 billion. This represents 9.3% of Australia's gross domestic product (GDP) and an estimated \$5356 per person. Ten years earlier health expenditure was 8.3% of GDP. The Australian government funds approximately two-thirds (69%) of all health expenditure.⁵

2.1 Macro-environment

When assessing your general practice, you need to recognise the wider issues that impact on your business and the activities of your practice. The macro-environment analysis encompasses political, economic, social and technological aspects of the external environment, and is therefore sometimes referred to as a PEST analysis. Additional aspects, such as regulatory and geographic issues, should also be considered.

Political climate and environment

Political parties have different health policies that impact on medical practice. While the political spectrum in Australia is relatively narrow, the parties' health agendas are sometimes very different. The political party in government can have a significant impact on GP funding arrangements. Regional and rural GPs receive additional incentives to attract and retain the services in those areas. GPs in outer metropolitan areas also benefit from incentives to attract doctors to these areas, with political benefits for the government.

Government regulations

The Commonwealth Government is the main regulator of general practice. Medicare Australia issues provider numbers that can be restricted for some doctors who may be required to practice under certain exemptions or for bonded students.⁶ State governments determine policy and regulations in relation to health services and hospitals, although the Commonwealth is increasing its involvement in this area. Local governments regulate where you can operate a medical practice and what developments you can undertake on your property.

Government funding influences the work of general practice via incentives to achieve particular outcomes. It also is responsible for the difficulties general practice experiences in attracting Australian graduates by applying price pressures through low indexation of Medicare rebates. Clinical performance measures are likely to be an increased aspect of general practice.

For further information:

- Medicare Australia – www.medicareaustralia.gov.au
- Department of Health – www.health.gov.au
- Pharmaceutical Benefits Scheme – www.pbs.gov.au
- Australian Local Government Association – www.alga.asn.au

Economic environment

General practice is not insulated from economic changes of its environment. If a local community is facing financial hardship it will impact on the practice. Local employment opportunities will affect the patient profile. Communities with lower socioeconomic status usually have increased health needs, but diminished ability to pay.

Social demographic trends

One of the obvious social trends in Australia is the ageing population. This is not uniform across all areas and some new residential areas have a young family demographic, which changes the nature of the practice. Other areas may have a high proportion of new immigrants with limited English language skills or Aboriginal and Torres Strait Islander peoples with a requirement to recognise their special cultural issues and health needs.

The number of GPs in Australia has increased from 32,000 to 43,400 between 2001 and 2011, with an annual increase of 3.1%, while the general population has been increasing at a rate of 1.4%.⁷ Consider whether this increase in supply is a positive or negative for your practice.

Local councils may assist in providing demographic data on request or through their websites. The Australian Bureau of Statistics (ABS) provides reports on a range of social trends and is a source of valuable information (snapshot and detailed). Demographic information and statistics are reported through both subject areas, including Local Government Areas (LGAs), regional, state-based and national.

Go to the ABS website (www.abs.gov.au) to find the latest data and analyse how changes will affect your practice.

Technology

The use of computers and e-health records is now firmly embedded in general practice. The introduction of patient controlled electronic health records (PCEHR) is a step towards increased data sharing. Access to adequate broadband services is an essential part of clinic operations. Clinical audits and data extraction tools are changing how we approach patient care.

The ability to do 'point of care' pathology testing is still a developing area. Government funding for Medicare rebates is restricting uptake. The performance of practice-based diagnostic tests such as Doppler studies, ambulatory blood pressures and Holter monitoring is largely done privately. The use of telehealth has also been held back by the absence of funding models for general practice. Some practices are developing business models to apply new technologies independent of government funding.

The RACGP continues to develop and support e-health initiatives and has numerous resources that can be accessed at www.racgp.org.au/ehealth

Geography

Geographic issues are significant for general practice as services are normally delivered in a specific location or a small number of locations. Larger corporate groups will also define their geographic areas of interest. Regionally-specific differences will have various effects on the practice. For example, real estate costs and property availability are considerations in some locations. Regional and rural areas have lower real estate costs, but find it more difficult to attract doctors. This reduces competitive forces, but can make it difficult to get economies of scale, share workload and achieve capital growth.

State and local council boundaries can also impact on the provision of general practice services. Medical registration and provider numbers are state- and location-specific.

Other factors that may be affected by location include:

- consumer values, attitudes and perceptions
- labour market
- capital market
- legal climate.

2.2 Industry analysis (the micro-environment)

Looking at local factors using a competition model can be helpful in determining how a practice will perform in a particular locality. In many areas medical services are unable to meet demand, so local competition is less obvious. Competitive forces do operate in general practice and influence how practices organise their business. The influence of bulk billing is probably the most obvious competitive force, although it is often overrated. Many practices successfully use other strategies to compete without discounting fees.

Michael Porter described the effect of competition on business strategy with his 'five forces' model (Figure 2).⁸ This technique can be used to analyse forces that affect profitability and business strategy.

Using this model, Porter explained that industry profitability would be high if:

- entry to the industry was difficult
- there are many suppliers of small size whose contribution to the final product (service) is not important
- there are many small buyers
- there are few substitutes
- there are few competitors, each of which is satisfied with its position in the industry.⁸

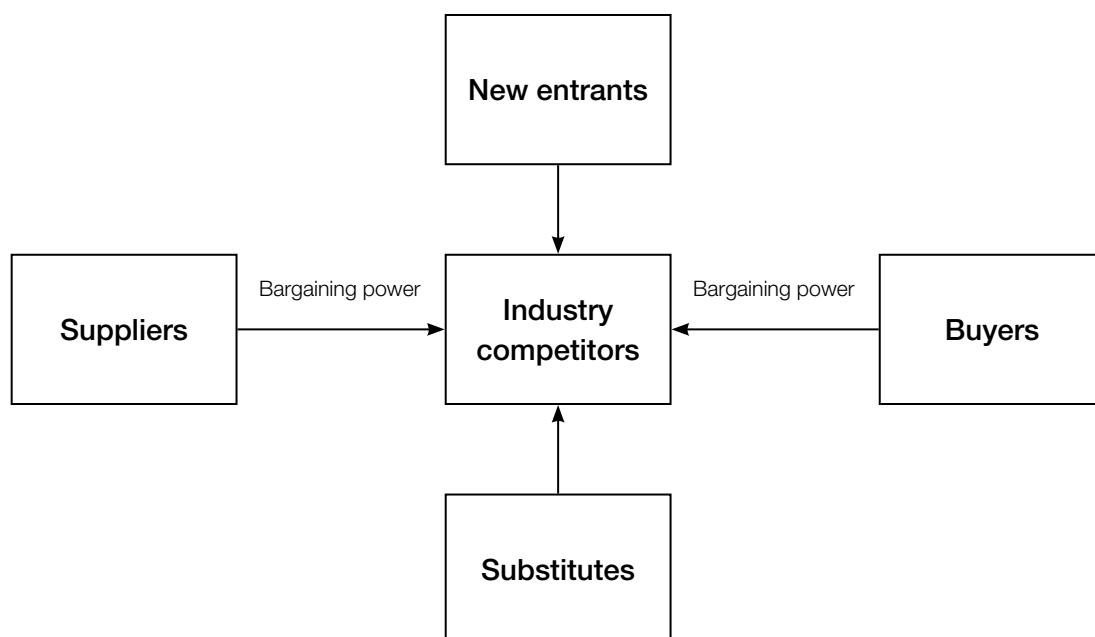


Figure 2. Porter's five forces model

Previously, there was a limited workforce in general practice and entry was difficult (*Table 1*). Changes in government policy have expanded the training of medical students and increased the entry of international medical graduates (IMGs) into Australia. IMGs now contribute to a substantial proportion of Australia's medical workforce.

There are occasionally clusters of practices that represent increased competition. Buyers of general practice services (patients) are many and can exert downward pressure on prices when bulk-billing options are available. The government is, in practice, a single large buyer for bulk-billing services and is able to control prices, as well as exclude alternatives such as private insurance for out-of-hospital medical services.

There are currently few substitutes for general practice services. However, the Pharmacy Guild has expressed a wish to expand the role of community pharmacists into disease management. In some areas, large corporate practices have increased market share.

Table 1. GPs per 100,000 population in 2002 and 2012

	2002		2012		% growth per 100,000 population
	Number	Per 100,000	Number	Per 100,000	2002-12
GP	23,051	117	30,681	134	14.5%

GP Workforce Statistics, 1984–85 to 2012–13. Canberra: Department of Health, 2014.
Australian Demographic Statistics, December 2013. Canberra: Australian Bureau of Statistics, 2014.

District of workforce shortages

A district of workforce shortage (DWS) is a classification given by the Department of Health for an area of Australia in which the population's need for medical services has not been met.

Area of need

Areas of need are determined by state and territory governments and are classified as areas in which doctors are required to provide services, based on the communities' characteristics (eg. areas with higher numbers of refugees).

For more information on DWS and areas of need, visit the Department of Health's website (www.health.gov.au).

Case Study: Dr Jennifer Smiley, Principal GP, Illawarra Family Medical Centre, NSW

Dr Smiley has been recognised at the Telstra Business Women's Award for her overall development as a business woman in establishing the \$6.4 million custom-built medical centre in NSW.

To see her story in *Australian Doctor*, as well as an example of how the micro-environment affected her business development, visit www.australiandoctor.com.au/news/latest-news/business-sense-lands-gp-award

3. Assessing your practice capability – internal analysis

Most business analysis models assess capability against competition. Good business practice does not always need to be competitive to be successful. The use of collaboration and strategic partnerships is very effective in developing and expanding the capacity and capability of a business, including general practice.

The Australian Competition and Consumer Commission (ACCC) is responsible for the administration of the *Competition and Consumer Act 2010* (the Act) and related state and territory legislation on competition and fair trading.

An explanation of how collaboration can be undertaken without breaching the Act is available at www.accc.gov.au

3.1 Getting started with assessing your practice capability

The process of assessing your practice can be very time consuming. It may be more achievable by breaking it down into segments that can be worked through progressively. Incremental improvements are often easier to implement.

A practice's culture, systems, processes, resources, people, management skills and reputation are ingredients that contribute to its capability and success. Some of these elements will not be noticed by patients, but will be very obvious to the practice's doctors and staff.

Benchmarking

Best practices are the optimal way to perform a business process. Benchmarking is comparing operations – usually specific business process – with the performance of others. It provides a structured approach to data gathering and analysis to help management focus on developing optimal strategic or operational decisions.

A best practice benchmark process is a powerful tool to accomplish improvement goals. It shows what it is and what it can be.

In summary, benchmarking:

- provides the capability to quantify measures of performance
- measures the gap between your organisation and best practice
- encourages new ideas, innovation and creative thinking
- provides a foundation for strategic planning and operations improvement
- establishes an objective basis for discussing operations improvement
- identifies specific improvement opportunities.

An operations benchmarking analysis will provide a high-level assessment of where to look for improvements. Based on the assessment, you can select key indicators to track progress in monthly practice reports.

Key operational issues include:

- profitability and cost management
- productivity capacity and staffing
- accounts receivable and collections.

A practice must clearly understand why it wishes to make a change. Is it to increase profits or improve effectiveness or to encourage new ideas? Benchmarking can also help to plan more effectively for change, to better understand best practices or to guide strategic planning and design.

The balanced scorecard

The balanced scorecard (*Figure 3*) is a strategic planning and management system developed by Kaplan and Norton. It is used extensively in business and industry, government and non-profit organisations worldwide to align business activities to the vision and strategy of the organisation, improve internal and external communications, and monitor organisation performance against strategic goals.⁹

Reasons to implement the balanced scorecard include to:

- increase focus on strategy and results
- improve organisational performance by measuring what matters
- align organisation strategy with the people's day-to-day work
- focus on the drivers of future performance
- improve communication of the practice's vision and strategy
- prioritise projects/initiatives.

Perspectives

The balanced scorecard suggests that we view the organisation from four perspectives, and develop metrics and collect data to be analysed relative to each of these perspectives.

The four perspective are:

- learning and growth
- business process
- customer
- financial.

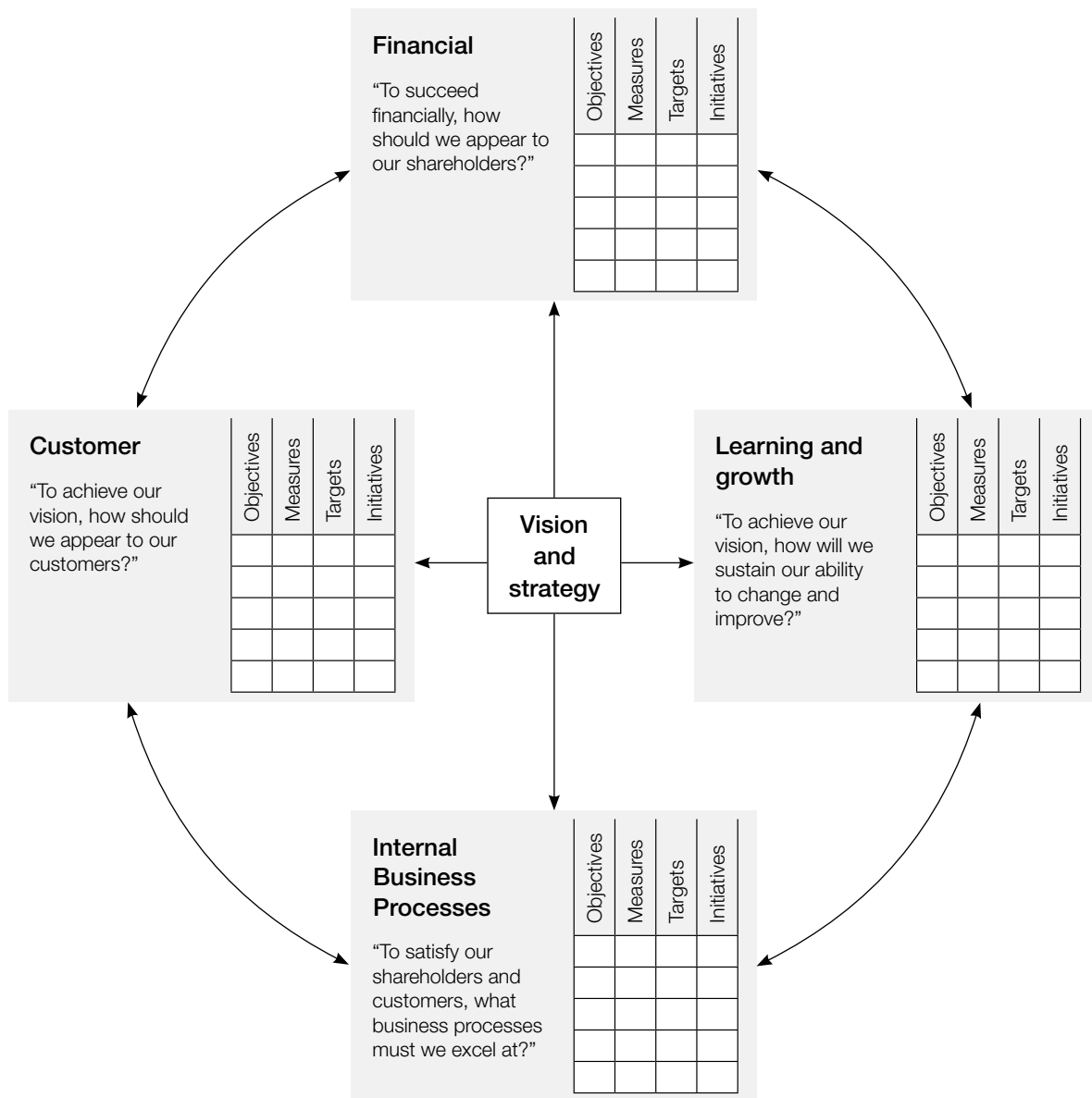


Figure 3. The balanced scorecard

Adapted from Kaplan RS, Norton DP. Using the Balanced Scorecard as a Strategic Management System. Harvard Business Review 1996;74(1):75–85.

Develop an action plan

An action plan provides a framework to focus efforts and organise information for a successful implementation process.

To develop an action plan:

- break implementation into manageable phases
- provide sufficient completion time
- provide the resources to support the implementation
- stress simple solutions
- establish a schedule of regular status meetings.

This process establishes the project team, defines roles and responsibilities, provides the expected return on investment and sets a timeframe for implementation (*Table 2*). The return on investment for each step helps prioritise steps and judge implementation success.

Table 2. Action plan				
Quantifiable improvements	Predicted improvement amount	Steps to complete	Responsible party	Completion date

3.2 Business direction

A successful practice will have a clear sense of purpose and a process to coordinate its activities to achieve explicit goals. A management structure that relates to the practice goals needs to be in place. Individuals in a smaller practice may have a number of roles or responsibilities, while larger practices may divide roles into separate positions such as practice manager, senior receptionist or senior nurse. Principal doctors may share responsibility areas such as financial oversight, staff liaison, training and education. In addition to relating to the organisational structure, these roles should reflect the practice's business plan.

All businesses should use a business plan as a management tool. It should include measures and milestones, and specify what outcomes the practice wishes to achieve.

Key points to consider:

- Does your practice have a written business plan?
- Did the planning process involve all relevant persons?
- Is there a reporting process that informs the management of progress towards practice goals?
- Does the organisational structure contribute to achieving practice goals?

3.3 Financial management

There is a wide range of financial performance across general practices and inadequate financial management does cause practices to fail. Most practices will develop a good relationship with their accountant, who provides advice and an independent opinion on the practice's financial management. However, this is still not a substitute for well-informed management within the practice.

Regular financial reports can be easily generated from computer software packages. In addition to being used to maintain financial control of the practice, financial analysis can identify opportunities and risks for the business. Cash flow is critical for running a successful practice. Debts should be controlled to avoid significant losses.

Financial indicators include gross fees, gross fees to expenses ratio and average fees.

Key points to consider:

- Do you use financial reports, including budgets and forecasts?
- Can the practice readily access additional finance if required?
- Does the practice benchmark its performance against other practices?
- Has the practice improved its profit margin in each of the last two years?

Financial management tips

- Regularly track how your business is running – monitor budgets and cash flow each month. This allows you to make early adjustments through the course of the financial year.
- Set realistic budgets and work within them.
- Be critical about your allocation of financial resources and expenditure. Is this producing the best value?
- Don't under invest in the development of your practice.

3.4 People

A major challenge in running a practice is to lead and coordinate a group of people to work together to achieve the outcomes you want. While this appears relatively simple on paper, a great deal of skill and effort is required to do it well. Larger groups present more complex challenges, but also more opportunities. Enlightened management requires understanding the practice culture (and subcultures) and human behaviour. This is used to influence and develop the group in a way that supports the mission of the practice.

The staff ratio rule of thumb of 1:1 (doctors to staff) is a simple, traditional measure for staff efficiency. However, it is unfortunately not a useful guide as it really depends on how effectively staff are used. Staff can be involved in clinical work that assists doctors to be more efficient and use their time better. Patients seen per staff hour is a more useful metric.

Providing staff with clear job descriptions and performance feedback is important in getting the best from them. Some workers want to have involvement in decisions affecting their workplace and appropriate consultation can use this input to the benefit of everyone concerned. Communication is a key management process and involves informal as well as formal processes (eg. meetings, memos and newsletters). Training and development activities provide skill development in the key areas required by the practice.

Appropriate remuneration and compliance with all legislative requirements is critical to having people work on your behalf. Maintaining staff salaries at the right level will be a balance between award rates and market rates.

Providing value to patients clearly implies that a practice should understand what patients experience in using its service. Doctors frequently describe their experiences as a patient as 'eye opening'. As doctors, we do not always understand how patients experience the healthcare journey. Patient feedback is valuable in shaping practice services.

Key points to consider:

- Does the practice promote a service culture?
- Are staff able to describe their job responsibilities?
- How do you ensure staff are paid appropriately?
- Are jobs designed to provide a rewarding work experience?
- What feedback does the practice obtain regarding staff job satisfaction?
- How does the practice keep staff and patients informed of changes?
- Have you benchmarked staff hours against similarly-sized practices?
- What are the values and attitudes of staff?

People tips

- Invest in good staff.
- Build a good team and delegate wisely. This can have a direct impact on practice profits.
- Employ a practice manager who can take the administrative load off GPs and will often be appropriately trained in practice management activities.
- Practice nurses help GPs to use their time more efficiently.
- GPs generate more income for the practice by providing patient care. Allocate other staff to undertake administrative roles wherever possible.
- Keep the practice team happy.
- Create a supportive work environment.
- Listen to what GPs and practice staff are saying and validate what they are doing with regular praise and feedback.

3.5 Technology (technical capabilities)

Developments in technology have dramatically changed the ways in which practices function. The most obvious is information technology. Most practices have computers, but the application of this technology can vary widely. Apart from managing all clinical information with computers, interfaces between other technical equipment can enable management of clinical data to be used in ways not previously possible. This includes electrocardiograms (ECGs), spirometry and glucometers that interface with clinical software programs.

The developing areas for technology applications include use of measures of clinical performance in target areas across practice populations, benchmarking with practice groups and increasing integration of health information with other providers (eg. PCEHR and telehealth).

Key points to consider:

- Does your practice use information technology to conduct database research?
- Has your practice verified its file backup process?
- Is your practice able to use internet-based resources for clinical management?
- Has your practice adopted at least one new technology application for clinical use in the last 12 months?
- How does the practice's facilities and equipment compare with those of its competitors?
- How does staff development in technology and related training activities compare to industrial standards and with competitors?

Technology tips

- Ensure adequate and ongoing IT/e-health training is provided to all staff.
- Review IT systems on a regular basis.
- Ensure computer security is understood by all staff.
- Engage a staff member to be the IT 'champion' in the practice.
- Ensure you have a workable service agreement with your IT provider.

3.6 Systems and processes

Modern practice management requires:

- a strategy to provide value to clients/patients
- systems and processes optimised to achieve desired outcomes for clients/patients
- continuous improvement.

The practice functions as a set of interactive and interdependent systems. As with biological systems, it is important to view the practice system as a whole when making changes. This can avoid unanticipated and adverse outcomes. For example, the accounting system for a practice involves a set of interactive processes. Increases in fees to improve financial returns may lead to more outstanding debts or a reduction in attendances. When problems reoccur, it is more often a result of a problem with the system than with an individual.

Key points to consider:

- Does your practice document processes (eg. work manuals)?
- How are patients encouraged to provide feedback on practice services?
- What processes have been improved over the last 12 months?
- Does the culture support innovation and change?

3.7 Organisation and management

When assessing your practice's organisational and management capabilities, you need to consider the following:

- How is the medical group organised? Is it appropriate given the environment?
- What is our mission?
- What are our basic services?
- What technology do we use in delivery of services?
- How are we reaching our long-term goals through growth and profitability?
- What is our managerial philosophy?
- What is our practice's public image?
- What is our practice's self-image/concept?
- What is the organisational structure of the practice? Is it appropriate given our core technology and operating system/environment?
- What management systems are in place?
- Are existing management systems in line with future strategies and activities?

3.8 Other areas to assess

Service Design

Key points to consider:

- What core, ancillary or satellite services are offered?
- What competitive points of difference exist?
- How are quality and effectiveness evaluated?
- What is the standard processing time for each type of service? Can this be improved?
- Are you value-adding to the services your practice provides to patients?

Distribution

Key points to consider:

- Would offering services in different or additional locations be advantageous to the public and the practice?
- Are services offered at times of the day and week that are compatible with users' needs?
- Are services reached easily by patient and public transportation? Is there sufficient parking?
- What are your practice facilities like?
- Is the design and layout of the space best utilised?

Price

Key points to consider:

- What considerations determine pricing policies (eg. cost, demand, competition, reimbursement)?
- How often are the prices reviewed?
- How does the practice's pricing structure compare with competitors?

Marketing, public relations and advertising

Key point to consider:

- What is the practice's marketing/PR and advertising strategy to promote its services?

4. Identifying exceptional elements of a practice

Some practices operate in exceptional ways and in certain areas they may be leaders in the field. These practices may provide exceptional patient care, a great work environment, be technologically progressive or generate higher incomes. It is difficult to be a leader in all aspects of running a practice.

Practices have the ability to focus on providing value to patients in a number of ways – low price, quality and timeliness (*Figure 4*). It is necessary to focus on one axis in order to run a successful business.

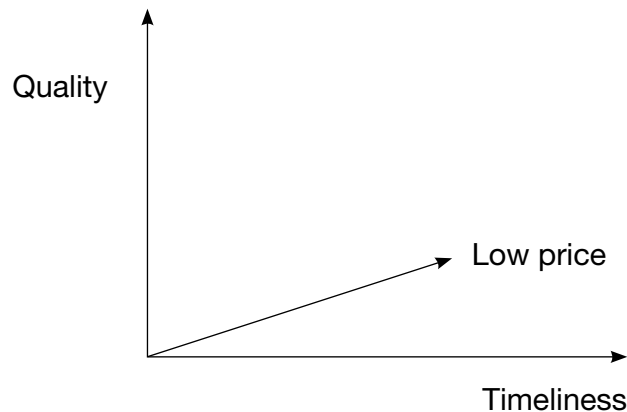


Figure 4. Relationship between quality, timeliness and price

Job anchors in practice

It has been said that a GP can only choose two of the following three factors, with the third likely to be inconsistent with the other two.

Personal time

Job satisfaction

Income

This may influence the style and type of practice you wish to join or form.

Thinking about your experiences working in or visiting different general practices, try to identify elements you felt were exceptional in those practices.

Many GPs now consider and describe their practice's performance beyond traditional financial outcomes, taking into account non-financial outcomes such as personal, clinical and continuing education factors. For example, patient, doctor and staff satisfaction, quality indicators, and support for special interests within the practice.

In addition, the organisational culture in a practice is likely to have a bearing on its outcomes. For example, decision making and the ability to influence practice systems may be related to the degree of formality in the practice and hierarchical structures. This can influence the extent to which GPs can identify with, and feel like they are contributing towards, the practice's goals and, ultimately, the level of satisfaction with and loyalty to the practice.

Extending this example, other influencing factors could include how the practice caters for GPs' personal and professional needs, and whether the practice has an individual or group focus at the practice level or a cooperative or competitive approach at the GP level.

Thinking about how exceptional performance links in with these factors may help you identify other areas of high performance within the practice. For example, if a practice performed exceptionally well in the tracking of test results or in travel medicine, try to identify the people and processes that support these indicators. These too may be exceptional.

5. *Developing your practice vision*

General practice management toolkit: Professional career management (Module 1) sets out a process for developing a vision for your professional career, whereas this module provides a process to develop a vision for your practice. While they are linked, it is important to recognise them as separate processes. A practice vision will need to accommodate the aspirations and needs of other stakeholders. You may wish to do this as an individual or as a group if you are in an existing practice or planning to establish a practice with others.

Bland vision statements may do more harm than good. To be effective, the vision needs to be carefully crafted, individually relevant and communicate what outcome you really want to achieve. The vision describes how the practice will be in the future and is therefore important in determining personal and business objectives. While practices can operate well without a formal vision statement, they generally perform to a higher level when the future people want to achieve is communicated and agreed upon. This helps to reduce reactivity and promotes pro-active management.

Start by considering a number of key concepts that will articulate the vision for the practice in the medium term (eg. 3–5 years). Three to six key concepts is generally sufficient. Striking a balance between describing the future practice well enough to be specific without becoming too detailed requires judgement.

The first draft should aim to convey the intent of the vision without being overly concerned about the exact words. These drafts can be refined as the vision is discussed among the main stakeholders. The key concepts should be able to be communicated to another person in less than 60 seconds. This will then be a powerful vision.

A vision statement can be supported by a concept diagram, which assists in communication. A first draft of the diagram should focus on the concepts to be communicated, not on its artistic merit.

Key points to consider:

- A vision is a statement about what your practice wants to become. It should resonate with everyone in the practice, and help you feel proud, excited, and part of something much bigger than yourself.
- A vision should stretch the practice's capabilities and image of itself.
- A vision gives shape and direction to the practice's future.
- Visions range in length from a couple of words to several pages. Shorter vision statements are better because people tend to remember the shorter statement.
- The statement needs to be something that everyone could confidently discuss if asked, 'what is your practice really about?'

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Resources

Further reading

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Activities

Activity 1. Perform a macro-environment analysis

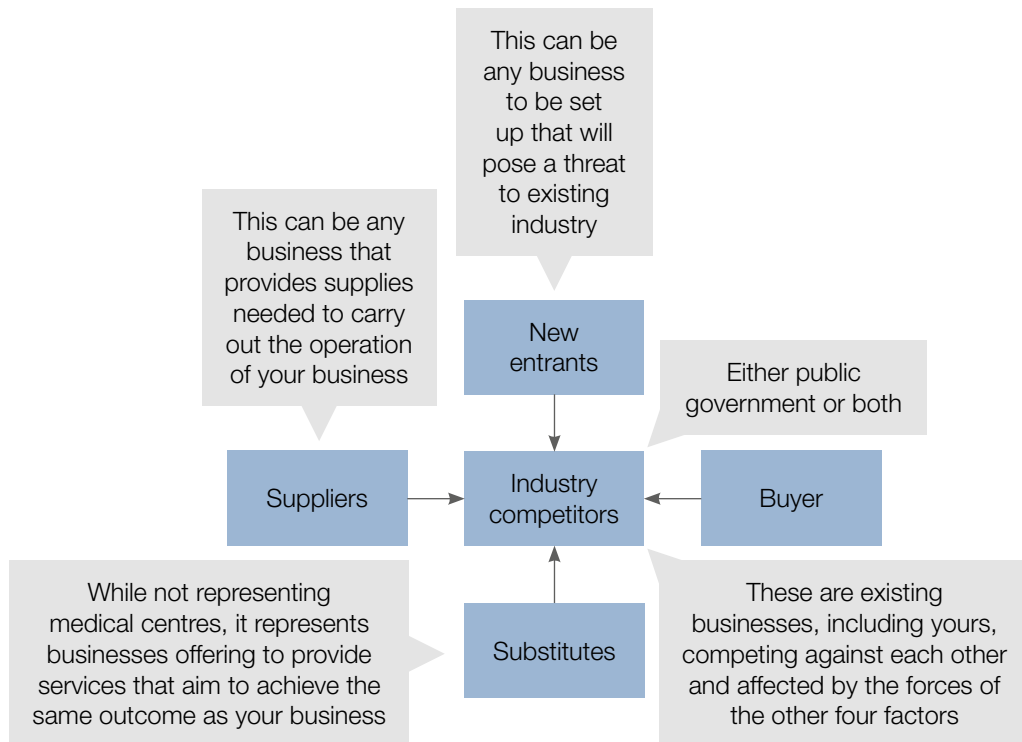
In the left column, using the information provided in *Section 2.1*, examine each environment and how it relates to your practice or possible future location. On the right, note how these environments would affect your practice.

PEST (political, economic, social, technological) analysis checklist

Political environment	Implications and issues to consider
Regulatory environment	
Social and demographic environment	
Technology environment	
Geographical environment	

Activity 2. Perform a micro-environment analysis

Fill in the boxes by reflecting on the five forces, discussed in *Section 2.2*, that affect your position in the industry. An explanation of each box is provided in the bubble next to it.



After filling in the boxes, you can gather a picture of where your threats exist and areas that present bargaining power or affect your strategy and profitability. Use this information in further modules as you may need to reconsider where your practice, or the way in which you practise, is set up.

Looking at the boxes, consider the following:

- Do the threats limit the type of practice you want to operate?
- How can your bargaining power be leveraged?
- How does it match with Porter's theory?

Activity 3. Organisational strength – part 1

Note how well your practice performs in a range of areas. Use the dot points to stimulate your thinking, but do not be limited by them.

Business direction

- Does your practice have a written business plan?
- Did the planning process involve all relevant persons?
- Is there a reporting process that informs the management of progress towards practice goals?
- Does the organisational structure contribute to achieving practice goals?

Notes:

Financial management

- Do you use financial reports, including budgets and forecasts?
- Can the practice readily access additional finance if required?
- Does the practice benchmark its performance against other practices?
- Has the practice improved its profit margin in each of the last two years?

Notes:

People

- Does the practice promote a service culture?
- Are staff able to describe their job responsibilities?
- How do you ensure staff are paid appropriately?
- Are jobs designed to provide a rewarding work experience?
- What feedback does the practice obtain regarding staff job satisfaction?
- How does the practice keep staff and patients informed of changes?
- How are patients encouraged to provide feedback on practice services?

Notes:

Technology

- Does your practice use information technology to conduct database research?
- Has your practice verified its file backup process?
- Is your practice able to use internet-based resources for clinical management?
- Has your practice adopted at least one new technology application for clinical use in the last 12 months?

Notes:

Systems and processes

- Does your practice document processes (eg. work manuals)?
- What processes have been improved over the last 12 months?
- Does the culture support innovation and change?

Notes:

SWOT (strength, weaknesses, opportunities, threats) matrix

Strengths	Weaknesses
1.	1.
2.	2.
3.	3.
...	...
...	...
Opportunities	Threats
1.	1.
2.	2.
3.	3.
...	...
...	...

Activity 3. Organisational strength – part 2

Using the Johari table below, perform an analysis to identify your areas of strength in regard to your patients, and where strength, knowledge and new areas of services need to be explored.

Area of common ground	Area of opportunity
What you and your patients know	What your patients know but you don't
Area of influence	Area of exploring
What you know but your patients don't	What neither you nor your patients know

Key points to consider:

- The Johari table is a useful tool in looking at the type of practice you want in your professional life and how this practice can benefit in a particular location
- Examine the four boxes and consider how your vision and other material developed from *General practice management toolkit: Professional career management* (Module 1) compare. You may find your particular interest fits well with influencing your patients or an opportunity may be able to be developed further.

Activity 4. Exceptional elements of practice

Consider practices you have worked in or visited that have impressed you with exceptional attributes. You may be able to visit some practices with excellent reputations in order to understand how they have attained such a standing. Many doctors are willing to share their knowledge with colleagues who are researching their industry.

Practice name	Exceptional element(s)

Reviewing the information you have collected in this table is a very useful exercise. In addition to the valuable material you have already provided to shape your practice vision in previous components of this module, try to look for common elements in what you have described. For example, you may have noted that flexible working arrangements, attention to patient recall systems and information technology are exceptional elements present in practices that are a particular size and which have a particular billing process or specialised practice management systems. In other words, reanalyse your information to search for more factors that underpin what you have already identified.

Activity 5. A vision for your practice

In developing a vision for your practice, you should review the information in the previous activities: personal business plan, industry position, organisational strength and elements of exceptional practices.

You may wish to address the following elements in your practice vision:

Personal goals

- career
- social
- self-care – health, exercise, recreation, leisure and holidays
- retirement.

Practice goals

- patient perspectives
- staff perspectives
- medical colleagues
- practice size, location and facilities.

List 3–6 elements that need to be included in your vision statement.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

Write these down. Plan to review your list in 1 week. Consider whether these are the core issues that will motivate you for the next 5 years.

Activity 6. My vision for my practice

After review of your list, write down the new elements in the spaces below. Following any modifications, draft the supporting statements that clarify what you envision for your future practice, including a time frame (eg. 'we will expand to a four-doctor practice within 5 years').

Modified elements after one week

- _____

- _____

Supporting statement



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