

Hearts, Minds & Wallets: Three Keys to ASC Success

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When colleagues in academia or who operate strictly in hospital settings ask me what it takes to establish and manage a successful surgery center business, I usually point back to them as I mention the key ingredients – your mind, your heart and your wallet. If your business is to succeed, you – and the physicians with whom you plan to go into business -- must be committed on all three levels. The good news is, once you do succeed, you'll realize the benefits on all three levels – rationally, emotionally and financially.

The Economic View

There's little doubt that it makes economic sense for physicians to have a stake in their own ASCs. Carefully planned, sufficiently funded and well managed ASCs make for excellent investments. The ancillary income opportunities for individual physicians are terrific. Our financial results have exceeded expectations.

But physicians don't necessarily want to pay for that ancillary income with new management hassles and administrative difficulties. So, starting from the first, successful ASCs must establish a solid financial foundation. Unless they have uncommon financial expertise, physician groups will need an outside partner to sketch out the market realities and build a business plan aligned to those realities. For example, a skilled, experienced business partner will define the right number and mix of cases required for profitability.

Further, ongoing cash flow needs and the operational expense structure must be clearly defined. Detailed financial disclosure, with all payout dates, fee structures and expense targets stipulated clearly, must be a pillar of the business – which helps ensure financial commitments are rewarded. Don't

kid yourself – the up-front investments are significant, but using these techniques will help ensure that those investments deliver the expected returns.

The Rational View

Provided the numbers are solid, you have to start asking questions about roles, responsibilities, and logistics. Yes, it's great to break free from restrictive environments or those you don't control (e.g., hospitals). But once you open your own ASC, you assume responsibility for quite a few additional tasks. The specific questions you must address include:

- How will you adjust and plan for scheduling?
- Who will handle contracting?
- Who oversees staffing and center administration?
- How do we ensure that clinical quality comes first and foremost, and that we will surpass all competitors in this regard?
- How do we ensure that patient safety

is at the core of everything that we do and say, and that our clinical expertise is in balance with our managers?

Every doctor knows these matters can swallow up massive amounts of time that can be better spent with patients or on research. A solid business model and the right management partner can help you keep your attention focused on the things most important to you. Beyond the financial plan, an experienced business partner should help create the foundation for a strong, operationally efficient ASC.

The rational benefits come in the form of more control of your practice environment, a lower-cost operational structure and better patient care.

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Hearts, Minds & Wallets: Three Keys to ASC Success *continued*

The Emotional View

Trust, esprit de corps, shared values, teamwork, enthusiasm, gratification – these are not concepts that most doctors associate with their current surgical arrangements, especially not if they're stuck in contentious relationships with hospitals. They are, however, key hallmarks of successful ASC businesses. But they don't happen by accident. You've got to trust your fellow physicians. That level of trust comes through communicating openly and honestly, and individuals who meet their commitments. You have to think carefully about your partners, both physicians and corporate development partners, and choose only those people with whom you share values and can work together productively.

None of this is to say, you have to be a cheerleader. Indeed, too much emotion can hurt the business. A common problem in ASCs is boastful or misguided doctors who think their stature will rise if they commit to a higher level of cases than they can realistically deliver.

One last point: most physicians who get involved with ASC businesses come to see them as their "babies." You may not think you're going to get emotionally attached, but many physicians do. Be ready for it. The good news is that emotional investment in the business pays off in the pride and gratification that comes with building a place where patients receive better care. And building a successful business definitely helps build esprit de corps. "Nothing succeeds like success" – that old saying certainly applies in ASCs.

The Bottom Line: Value x 3

It's something of a cliché to say that doctors don't open their own ASCs solely to make more money. And I suppose it's a cliché largely because it's true. Certainly, that's been the case with our ASC, as well as other profitable ASCs I have observed. But neither are physicians motivated solely by emotional needs. They do it because they want a comprehensively better way to practice – one that satisfies them emotionally as a caregiver, rationally as a clinician and financially as a businessperson.



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