

Your Three Points of Leverage

These measures are the benchmarks for practice success.

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Owning and operating a podiatry practice can be a daunting task. It's truly not easy. Owning and operating any business is very challenging, which is why most small businesses fail in the first five years.

Every day, every month, and every year the paperwork, the record-keeping, the finances, the marketing just keeps coming like endless waves crashing upon the shore of your happiness. There is so much work to be done and seemingly very little time to accomplish the work. Many people find themselves barely surviving much less thriving. When the sheer weight of responsibilities bears down on practice owners, it seems impossible to know what to do first. You have to fight fires, but how can you tell which the most important one is? Often, the strategy people use to make this decision is to fight the fire that is closest to the office. The problem that is screaming pay attention to me! The loudest is prioritized, followed by the next loudest challenge. And on and on...

Sound familiar? How can you know what to focus on first? As in everything in life, you need to search for the points of maximum leverage. You must find and prioritize the very thing that, if improved or solved, will give you the maximum gain in your efforts to improve your practice.

In systems thinking, leverage points are places in any system where a force can be applied. It's a low leverage point if a small amount of change force causes a small change in the system

behavior. It's a high leverage point if a small amount of change force causes a large change in the system. The following points of leverage go beyond a high leverage point to achieve maximum leverage in your podiatry practice.

The Three Points of Leverage in Your Podiatry Practice

There are three points of maximum leverage that podiatrists can employ to vastly improve their practices. You can't focus on everything, but if you focus on the right things (in this case only three), you can impact and improve dozens and dozens of other things in your practice. This strategy is designed to enable you to clear the decks of confusion about where to start, and focus your efforts on three simple numbers that will drastically improve your practice's profits and give you back precious time with your friends and family.

Leverage Point #1: The Number and Quality of Patients in Your Reception Room

The first point of leverage that deserves your intense focus is the number and quality of patients that come to your reception room each and every day. You should be seeing exactly the number of patients you wish to see every day your doors are open. Too few and your practice will suffer, too many and you will suffer.

Every doctor is different; some thrive on seeing a large number of patients and prefer high volume; some simply run out of energy after seeing a certain number of patients in a day.

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So, what is the “right number”? There isn’t a right answer, but a very good rule of thumb is 32 patients per day per doctor. You will discover at what level you and your staff achieve optimal results but 32 is a good benchmark from which to work.

As you find your optimal pace per day, there are other factors to consider. How many of the patients in your reception room are new patients? The number to shoot for is 20%. New patients are essential to every practice and if 20 % of the total volume on any given day are new patients, you will accomplish two very important objectives:

- First, you will be ensuring the future health of your practice. You will always be experiencing attrition. People move away, pass away, and don’t return because you helped them solve their problems. You must be replacing and expanding your patient numbers, and 20% is another “sweet spot” to continue to grow and replace attrition.
- Second, new patients are more lucrative to the practice. Solving their presenting problem requires thought and care and treatment plans which, if followed, contribute to your revenues and profits at a higher rate than many of your established patients.

Beyond the new patient/existing patient split, your patients should be those who fit your perfect patient profile. Simply put, as many patients as possible should be the kind of patients that fit into two categories:

- 1.They should be patients whom you enjoy treating. Everyone, again, is different, and enjoy different aspects of podiatry more than others. What do you like? What kind of patient would you like walking in your door: those with heel pain, wounds, injuries, ingrown toe-nails; or diabetics, runners, those with bunions or hammertoes? What do you like to do? Sculpting your practice through marketing so that you begin to see more of the patients you enjoy treating is a key to making this happen.
- 2.They should be patients who are profitable for the practice. You are not a charity (though of course, you may extend charity as you wish). You need to earn as much as possible every hour your practice is open so that you can pay your bills, pay your staff, pay your taxes, pay yourself, and have money left over to fund your retirement plans.

This leverage point is all about your practice marketing and the customer service you provide the patients in your office before they arrive, while they are in the office, and after they leave. Marketing your practice is not an afterthought. It’s not something to scrimp on. It is an essential part of being successful in private practice. After the care you give your patients, it is the most important part of running a successful practice because a pipeline of quality patients filling your reception room every day will make everything else possible. If you get this right, you will solve myriad other “lesser” problems. It is a true point of maximum leverage.

Leverage Point #2: Your Per Visit Revenue

Per Visit Revenue (PVR) is a measure of how much each patient visit brings to your practice on average. This is calculated by dividing total collections by total number of patient visits for a period of time. You should know your PVR for the previous year and for the current year to date—not month by month. It’s just one number for the previous year and one number for the current year. You can then compare your last year’s number to this year’s number to see if there’s a variance.

Knowing Your PVR is one of the most powerful points of leverage in your practice. The national average is \$95. Most healthy practices range from \$120-\$220. Raising your PVR even \$5 can increase what you pay yourself by thousands of dollars. Managing your practice better makes your patients happier and healthier, and it does the same thing for you. You raise your PVR through better management systems and protocols that allow you to practice more comprehensively, improve patient outcomes, and increase your profitability.

Keys to increasing this key metric include:

- Marketing your practice so that the patients in your reception room are the patients you want to see (Leverage Point #1)
- Training your staff regularly on best practices and efficiency. We accept and understand that athletes need to practice and train. Even top-level athletes like Michael Jordan needed training, practice, and coaching. In fact, a superstar like Michael Jordan practiced more often and longer than anyone else on his team. We accept that musicians who perform at a high level need to practice often for hours each day. Why do we think it is any different for a medical staff? Regular training and teaching on well-constructed procedures and protocols are keys to raising patient outcomes and your PVR.
- Committing to developing or learning clinical and non-clinical pro- procedures and protocols. As in every human endeavor, an understanding of and commitment to the fundamentals that increase efficiency will dramatically increase your results.
- Exploring and adding ancillary and cash services that you believe in can dramatically improve your PVR.
- Know your numbers. Everything you do in your office can be measured and tracked. By knowing your numbers for services you and your staff are employing to heal your patients, you can increase how comprehensively you practice. When you do this, patient outcomes improve and so do

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your profits. It's a beautiful thing. Many things, as you can see, can impact and improve your per-visit revenue. Focus on this one number and work to steadily increase it and watch your practice thrive.

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Leverage Point #3: Your Dollars Per Hour

Just as you can track the revenue generated as your patients visit your office on every visit, you can track how much revenue your practice generates every hour it's open and seeing patients. This is easily calculated by dividing your collections by the number of hours you are seeing patients in clinic and in surgery. Don't use the number of hours you are in the office. You may be there for solely administrative reasons. Instead, use the correct number of how many hours you and your staff are seeing patients. You will calculate a number that simply tells you what the practice makes in revenue every hour you are seeing patients.

This number will reveal how efficient your practice is. The numbers for this vary dramatically from practice to practice. Here are four real examples of four podiatrists. For purposes of comparison each example is specific for the individual doctor, whether they are in solo practice or not.

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#1 Dr. Average. In 2018, Dr. A collected \$643,330 for the year. He was in clinic and surgery for 1,198 hours. His practice generated \$537/ hour.

#2 Dr. Relaxed and Happy. In 2018, Dr. R&H collected \$732,651 for the year. She was in clinic and surgery for 761 hours. Her practice generated \$963/hour.

#3 Dr. Crushing It. In 2018, Dr. C collected \$1,217,993 for the year. He was in clinic and surgery for 1,221 hours. His practice generated \$989/ hour.

#4 Dr. Exhausted and Unhappy. Dr. E&U collected \$349,720 for the year. He was in clinic and surgery for 2,036 hours. His practice generated \$172/hour.

These are four real case studies. All doctors are practice owners, not associates. Dollars per hour is a powerful point of maximum leverage because it demonstrates how efficient the practice is when it is open and seeing patients.

Dr. Relaxed and Happy has made a choice to practice only 761 hours in a year, but because her practice is so efficient (\$963/hour), she is able to make the choice while still having a financially healthy practice. She can pick up her children after school and spend her nights and weekends with them with no intrusion of overdue paperwork for her practice.

Dr. Crushing It likes seeing high patient volume, and since his practice is so efficient (\$989/hour), he is able to generate high collections. Dr. Exhausted and Unhappy, in contrast, is working very long hours but because his practice efficiency is so low he collected \$868,273 less than Dr. C while working 815 hours longer.

Dr. Crushing It and Dr. Relaxed and Happy are outliers at the top of their data set. Dr. Average is only referred to as average because she is located at the numerical average of the data set.

Clearly, there is a point of leverage (maximum leverage) for Dr. Exhausted and Unhappy to implement strategies that lift his dollars/per hour, at minimum, at Dr. Average's numbers.

These strategies include all those already included in the previous discussion about Per Visit Revenue. Additionally, Dr. Crushing It and Dr. Relaxed and Happy are utilizing their very well-trained staffs to generate additional revenue and procedures with additional patients at the same time they are seeing returning patients. Dr. C has a personal PVR of \$250. His practice has a PVR of \$162, which reflects the lower PVR but simultaneous work being accomplished by his well-trained staff. Efficient utilization of additional staff and treatment rooms is a key to both doctors being able to run practices that are highly efficient.

You Can't Focus on Too Many Things at One Time

There are so many important things you must do to be successful in private practice. It can be over-whelming and confusing; so much so that many doctors throw their hands up and just try to do their best. This becomes increasingly difficult as their volume increases. In the excellent book *The Power of Habit*, Charles Duhigg discusses Keystone Habits. These he defines as particular habits that, when perfected, require other lesser habits to also be perfected to solve an exponential number of problems.

These "Keystone Numbers" are three points of maximum leverage that will give you a starting point. They are "three easily trackable numbers that can focus your marketing and management efforts without overwhelming you." Achieving ever improving numbers in these business metrics will take time, focus, and commitment. The results, however, are more than worth the effort.