

# Chapter VI

## Developing a Marketing Plan For Your Practice

### Goals of This Chapter:

1. To recognize the value of planning.
2. To examine goal-setting exercises.
3. To understand how a plan evolves.
4. To understand how goals are achieved through marketing.

### Developing the Market Plan

This chapter deals with the practical style for developing the marketing plan, obtaining the involvement and support of all physicians and staff, and monitoring programs to ensure that all assigned objectives are reached.

Some marketing plans are developed to keep existing patients within the practice while others seek to introduce new services. There are others that seek to reach into other service areas and attract new patients to the practice.

We believe that your "Marketing Plan" should emphasize protecting the loyalty of your existing patients over generating new patients for traditional services.

## Setting Goals

Your medical practice can be whatever you want it to be!

Despite economic hard times, changing modes of practice, and other "problems" (marketing people call these "opportunity areas"), you can have the practice your physicians want. In order to do this, you must be willing to work, to plan, to organize and to change.

Naturally this must start with knowing what kind of practice you have. When you know what you have, only then can you develop the relationships with your patients and referring physicians that you want.

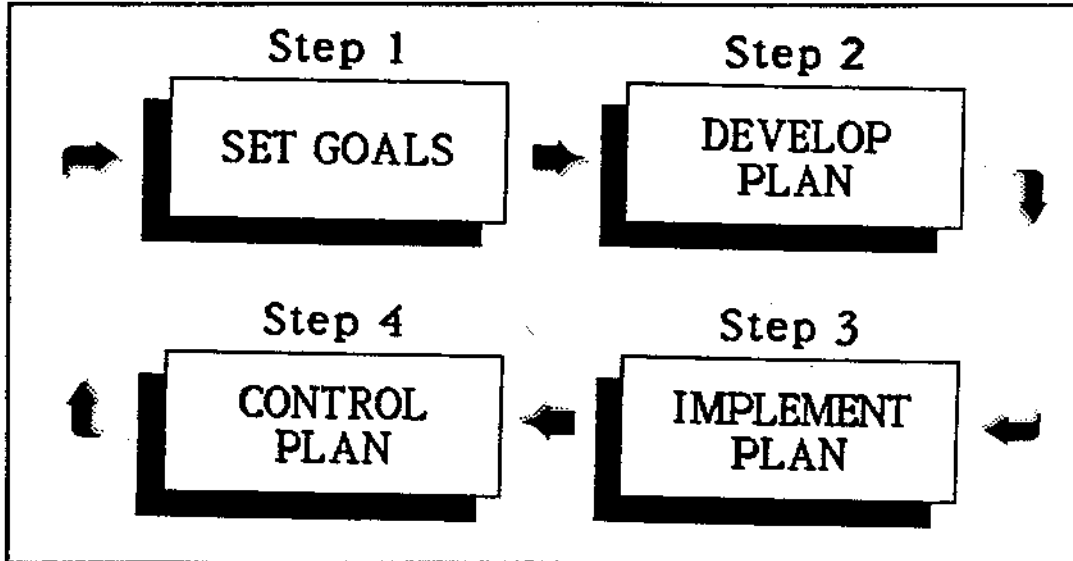
## Conducting the Practice Analysis

A detailed analysis of the practice is the key component in developing and implementing a marketing plan. Usually, the primary reason practices develop marketing plans is to increase or maintain market share.

Practices should have gone through a goal-setting and strategic planning process before working on a plan, considering such important issues as:

- How large the practice wishes to be five years from now (patient base)
- How many doctors the practice hopes to have five years from now
- Whether there is a desire to subspecialize
- Whether the practice wishes to have satellite offices in the next five years
- What marketing methods are acceptable

This is some information needed to assist in developing an effective marketing plan. Good luck with this difficult process; remember, when it is applied incorrectly without accurate data and without weighing ethical considerations, it could cost the medical practice.



## Why Plan?

***Marketing cannot help a professional service organization very much if it is used in a random and haphazard fashion.***

The primary reason for planning is to achieve goals. However, planning offers several other advantages:

- Planning encourages proactive thinking.
- Planning leads to better coordination within the practice.
- Planning leads to the development of performance standards for control.
- Planning results in better preparedness for sudden developments.
- Planning brings about a heightened sense in the practice's partners of their interacting responsibilities.

***A medical practice marketing and control system is a four-step process.***

Step 1 is to set goals for the individual physician and then the practice. In the second step, planning, identify attractive target markets, develop effective marketing strategies, and develop detailed action programs. In the third step, implement the action programs over time. In the final step, measure results, analyze the cause(s) of poor results, and take corrective actions. The corrective actions consist of adjustments in goals, plans, or implementation methods.

Organizations which are relatively new to marketing will find it helpful to begin by carrying out one aspect of step four--the marketing audit. Results from an initial marketing audit can often provide valuable input.

### **Sample Goals Statement**

The Medical Clinic, P.C. is a professional corporation founded for several specific reasons:

1. To provide the highest quality medicine possible to this city and the surrounding communities.
2. To provide care with the recognition that fees charged are fair to the patient, and at the same time provide an income to the physician members that is among the highest in our specialty and locale.
3. To provide each physician the support necessary to maintain an educational level which is required to provide state-of-the-art quality care.
4. To maximize the efficiency of the time each physician spends at the Medical Clinic in order to provide each physician free time for family, hobbies, professional writings, church and social activities.

With these goals in mind, the corporation will create policies that bring each member to his/her realizations. Each physician will have one equal vote in creating these policies. The majority rules. By recognizing the right of each physician to accomplish his/her personal goals, the dynamics of group practice are recognized rather than allowing a unilateral decision-making process to affect the group negatively, cause relationships to deteriorate and adversely impact the professional environment.

Therefore, the physicians in this practice unanimously adopt the following steps toward accomplishing stated goals.

1. Each physician will sign a professional service agreement which sets forth the terms, duties, standards and compensation for his/her work at the Medical Clinic. These professional service agreements will be reviewed annually.
2. Each physician will accept an assignment from his colleagues to monitor a functional area, making the very best effort to continuously improve that function. The assigned physician understands that he/she does not have complete autonomy in this area, but rather focuses on the activities in this area on behalf of his colleagues who attend to their areas on his behalf. Each physician is to ensure proper management and to inform (and educate) his colleagues as to the current status and improvements sought. All major decisions are made through the majority vote process.

3. Each physician recognizes and agrees that this practice is in the process of growing and will most likely become a xxxxx doctor practice in the near future. Any physician considered for future employment will be a board-certified or board-eligible xxxxxx medicine specialist, and a unanimous vote will be required for such employment to be offered.
4. Each physician agrees to support and commit to the equal time expected and needed by the practice, recognizing that professional time and income are inseparable and that the practice cannot be sustained without a total commitment from the physicians. The following points are supported by each physician.
  - a. A schedule will be maintained which defines an equal assignment of time obligations to each physician.
  - b. Each physician will structure his/her personal life to allow him/her to meet practice commitments.
  - c. Each physician recognizes that schedule changes cause imposition on colleagues and impact negatively on the practice, and will avoid changes, especially within a four-week time frame.
  - d. Each physician agrees that all equal partners will be paid the same salary and bonuses. Production and/or timed work will not affect this structure. To reduce possible conflict, production figures of the individual physicians will not be discussed or reported at group meetings.
5. Paramedical personnel will be used to improve total patient care and to increase efficiency of the physicians. Personnel includes physician assistants, medical technologists, professional counselors, and nurses.
6. The practice will use and support the following off-site facilities for patient care purposes; General Hospital, Area Nursing Home, and County Free Treatment Center.
7. The practice encourages and supports the subspecialization of its members in the recognized subspecialties of internal medicine. It also emphasizes common obligations that all must share to promote equal distribution of unpopular assignments. The practice will therefore determine the distribution of unpopular events and the balance of the physician's time will be devoted to his/her specialty interest. His/her subspecialty interest will be supported by the practice in the following ways:

- a. Referral of patients to the physician with that subspecialty interest when it seems appropriate.
  - b. Promotion of the member's subspecialty interest in the professional community.
  - c. Sponsorship of dues and subscriptions to subspecialty societies.
  - d. Provision of space within the practice for continuing study purposes.
  - e. Support of attendance at professional meetings by:
    - i. An allowance of a certain amount of dollars per year as reimbursement for travel, lodging, and miscellaneous expenses incurred as a result of attending approved CME courses. The amount will be set by the Board of Directors annually.
    - ii. An allowance of a certain number of days of excused coverage obligation (which will be covered by another physician member) will be set each year by the majority vote.
  - f. Time and financial support for obtaining subspecialty training in an approved fellowship, when approved by the Board of Directors, will be allocated.
8. The practice will use marketing methods to promote the practice and subspecialty interests of each individual physician. The marketing methods will be of the highest quality and consistent with prevailing community standards and practice.
  9. The practice will function in the long term from only one location, the current operation at xxxxxx. Other satellite offices and peripheral activities are discouraged simply because they destroy the inherent concepts stated throughout this document which maximize the use of the physicians' time through efficient management.
  10. A long-range goal is to develop a marketing plan to enhance the image of the Medical Clinic throughout the state. We will also endeavor to recruit individuals in all subspecialties of internal medicine to assist in the growth.
  11. The physicians support the concept of centralized medicine. Each will enthusiastically work to defend and maintain the stated management goal and assist the business manager in obtaining
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those goals, even on those issues in which that particular physician was the minority voter.

12. The physicians will at all times present a solid front to the community and to the staff. Comments about and by physician colleagues always will be constructive and caring. Negative comments about any of our physicians from outside sources will be analyzed without bias or agreement. Affiliation with the colleague(s) should be evident to the source.
13. The practice has no current plan to participate in insurance programs or prepaid medical plans. Individual physician discretion on a per-case basis is allowed. Participation in insurance programs and prepaid programs would require a majority vote by the Board of Directors in the future.
14. A series of satellite Family Treatment Centers will be maintained as a service to our patients and actively promoted by all physicians on staff at the Medical Clinic. Family practice physicians will be employed to work at these clinics.

## Planning

Once you have set your goals and inventoried your resources, you are ready to use your resources to achieve your goals. Develop a practice plan like you would approach a difficult clinical case--gather evidence, choose a procedure or therapy, and prepare yourself to adjust or change the treatment as symptoms change.

You may choose among five different levels of planning. Most practices evolve through at least the first three levels. Only large or progressive practices will pursue the more sophisticated planning vehicles.

LEVEL #1	<u>No Plan:</u>	The practice is run out-of-pocket.
LEVEL #2	<u>Budgeting:</u>	Large items or purchases are budgeted.
LEVEL #3	<u>Annual Budget Plan:</u>	Annual expenses or revenues are identified.
LEVEL #4	<u>Business Plan:</u>	Future expenses or revenues are projected.
LEVEL #5	<u>Strategic Plan:</u>	The plan describes how future revenues will be generated. It takes into account all elements of the marketing mix.

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## **Doctor Responsibilities for Developing Input for Each of These Plans**

The doctors must consider sharing equally in the responsibility of managing the practice. One reason for equal sharing is to ensure no one physician has to bear an unreasonable load. Also, each physician needs to represent his interest in the practice. Finally, by participating in the management of the practice, each doctor manifests to his colleagues that he has an interest in pursuing the goals and objectives decided upon by the group.

We recommend developing an organizational structure which is built around each physician accepting certain functional assignments. These assignments are designed to educate the doctors, involving them in the management of their practice.

There are some ground rules associated with the acceptance of the functional assignments.

1. They carry no power to make unilateral decisions within an assigned area.
2. They are to be used to gather and provide information to the Board, so that meaningful decisions can be made by the group to manage the practice.

Following is a description of several functional assignments.

1. Meetings:

The organization recommended includes the position of a rotating President, whose rotating term (as well as all other positions' terms) lasts for two years. This is an appropriate term, because it takes time to work into such a position. Remember that this is a relatively limited role; he is serving as the Chairman of the Board of Directors, to control the Board of Directors' meetings.

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2. Goals:

The goals position is concerned with long-range, big-picture items, and serves mainly to focus the efforts of the other doctors. This position is the only one which can expect little to no assistance from the practice manager, as it is based upon the desires of the *owners*. The result for which this committee should strive is a written statement of your goals and future. At least in the beginning, this functional assignment will probably require a larger time commitment than the others. The current President of the organization is a good choice for this assignment.

3. Physical Facility and Special Projects:

The purpose of this functional assignment is to keep on top of what is happening to your physical facility. This includes cleaning, maintenance, and state of repair of the facility. The special projects function requires sporadic attention to researching and reporting on special activities which one of the doctors may wish to pursue.

4. Finances:

The main responsibility of this assignment is to advise the membership at large and to aid in setting policy on all financial matters. This would cover such subject areas as the operating budget; charges, receipts, and adjustments; total dollar amount and age of receivables; credit policy; physician income and distribution.

5. Personnel:

The responsibility of this assignment is to advise the membership at large and to aid in setting policy with respect to personnel matters. It would cover such subject areas as personnel policies; staff training and utilization; salary increases; cost of living increases; overtime paid; termination; new hires; etc. It would also entertain major questions that may arise relating to job definition and reporting structure.

## 6. Systems:

The systems functional assignment requires the doctors to become knowledgeable in the areas of systems and scheduling. First, the systems: these include the telephone system, appointment scheduling system, and medical records system. These systems must have constant attention paid to them if they are to serve you and your patients in an effective manner. The appointment scheduling system, if not properly operated, can cause all types of problems for the patients and for you. In the area of scheduling, this means the out-of-office scheduling. This is what you and your colleagues do with your personal time, as it relates to your practice activities.

## 7. Marketing:

The functional area of marketing deals with all aspects of contact and relationships with parties outside the practice, including patients, physicians, hospital boards, and the community at large. The impact of practice actions would be evaluated, and plans to promote the practice would be formulated and presented to the group as a whole.

Keep in mind that these assignments will demand time commitments from each physician. If he/she is unwilling or unable to give the time and participate, it will not work. Try to capitalize on physician differences by strategically combining physician interests and talents.

It is not the intent that the physicians directly manage the day-to-day activities of the office; rather, the goal is for each physician to guide colleagues in policy decisions regarding a particular sphere of influence. The doctors should not perform management tasks directly; however, they should make sure that the tasks are performed. If each physician can become knowledgeable in a certain area, he/she will be able to inform colleagues of the relevant issues pertaining to each policy decision required by the Board and effect decision making in a more timely manner.

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## Marketing Plan Outline

- A. Title Page
- B. Table of Contents
- C. Executive Summary (No more than two pages)
  - 1. One paragraph on summary of analysis
  - 2. One paragraph on conclusions
  - 3. Recommendations
- D. Demographic Projections
  - 1. Area served
  - 2. Area targeted for growth
- E. Internal Analysis
  - 1. Assessment of Practice
  - 2. Patient survey findings
  - 3. General public input
  - 4. Referring physician comments reviewed
- F. List the concluded:
  - 1. Strengths
  - 2. Weaknesses
  - 3. Opportunities
  - 4. Threats
- G. Make a Marketing Objectives Statement
- H. List the Program Goals
  - 1. Activities
  - 2. Budget
  - 3. Time of completion

## Sample of Practice Marketing Recommendations

Internal Recommendations			
Project	Objectives	Cost	Start Date
Prepare a patient newsletter	Keep patients updated on new services, new doctor, and changes in office procedures.	\$2000 quarterly	Mar 199_
Extend office hours	Better patient access (add 20 hrs/mo)	\$300 mo	Apr 199_
Letter of welcome for all new patients	Assure patients understand payment and insurance policy, bring all necessary data at first visit.	\$200 mo	Jan 199_
Patient referral program	To officially thank each patient who refers a new patient.	\$100 mo	Jan 199_
External Recommendations			
Project	Objectives	Cost	Start Date
Write article for local paper on health tips of general interest.	Build clinic image with community leaders, managed care groups, and patients.	-0-	Jan 199_
Prepare ad for local paper about services.	To inform community and business leaders about services available.	\$1,000	Nov. 199_
Contact local TV and radio about a talk show on medical issues.	To expand service area.	-0-	Dec. 199_

## Types of Practice Marketing

There are two types of practice marketing--internal and external marketing.

Internal marketing includes:

- Hiring friendly/caring staff;
- Communicating the professionalism and expertise of physicians and assistants;
- Creating informative practice brochures;
- Effectively using recall notices

Internal marketing is relatively inexpensive. It involves meeting current patients' needs while developing loyalty and establishing trusting relationships.

Effective internal marketing encourages patients to return and say good things about your practice. In the future, internal marketing may not be enough for all physicians; but it is the basis for building and maintaining a successful practice.

External marketing involves going after new patients more aggressively. Its use varies widely. Some physicians simply join local clubs, engage in public speaking, work with health fairs, etc. Other physicians identify target groups and aggressively promote new or existing services.

Practice marketing is a broad subject covering any number of approaches. Marketing is a long-term commitment and conditions change over time requiring new efforts. Successful physicians keep in-tune with patient needs and develop strategies to meet those needs.

## Successful Marketing Strategies

We have noticed many interesting marketing efforts in successful practices. These tips were relayed to us by physicians and office managers.

- Hire a receptionist for personality and how his or her voice sounds on the phone. A receptionist should exude the atmosphere you want your practice to project--one of total devotion to patients' needs and that "caring" attitude. In fact, you can screen applicants over the phone. If they don't sound "right," there's little need to waste your time interviewing them.
- Spend a little extra on practice brochures given to patients when they first visit. Even though they are already coming

to the office, it's good to reinforce their decision. Pay for art work on the cover that promotes that "caring" atmosphere. Inside, emphasize your qualifications and experience (as well as that of staff). Communicate what is unique about your practice.

If designed properly, this brochure can easily be used to promote your practice to potential as well as current patients. Remove office policies and procedures, but add a card and target your market.

- Studies indicate patients feel their physician spends more time with them when he/she sits down in the exam room. Apparently, physicians who stand appear more rushed, even though there is not difference in actual time.

Similar studies suggest physicians who listen by nodding their head and smiling get higher rates of approval. Some physicians even dictate in patients' presence. Patients like it and visits are automatically extended.

- If you receive a Christmas card or other correspondence from patients, have staff put it in a designated place in the chart. Say something special when the patient returns. Encourage staff to do the same.
- Similarly, have staff note in the chart when patients refer others to you (do this even if you write thanking them for the referral). Comment when the patient comes to the office again. In fact, consider keeping a list of patients who refer others to you. At some point you may decide to do something special for these patients.
- Have a clear understanding among staff when you should be interrupted while seeing patients. Keep interruptions to a minimum.
- Make a point to say good things about referring physicians. This helps promote both of you.
- One physician routinely asks staff to call elderly or patients who live alone to see how they are recovering one to two days after a visit. "Bills seem to get paid a little quicker also." This is a big practice booster because it shows you really care.
- Keep track of where your referrals come from. A "Referral Analysis Form" is at the end of this chapter; it will help you determine your strong (and weak) referral sources.

Pay special attention to patients who are a good source of referrals (some physicians swear by beauticians). Spend a little extra time with these patients.

- Ask staff to write a brief summary of any patient complaints and how they were resolved. Put this in the chart so you will not be caught off-guard if the patient returns and mentions the problem (or seems upset).

Also, have staff maintain a file of all complaints and how they were handled. Physicians and the office manager should review these judiciously. Decide if you need to respond personally to the patient and/or referring physician.

A patient upset enough to complain, is a patient ready to go elsewhere (while saying bad things to all the neighbors or complaining to their primary physician). And, don't forget increased malpractice exposure.

- If you refer a patient, call them later to show your concern and to establish that special physician-patient "bond." Some physicians do this for two reasons: concern for patients and their fear of specialists keeping referrals.
- Consider trying a practice survey that allows patients to express their likes or dislikes. Go into this expecting to learn your strengths and weaknesses.

One simple approach is to print a form that asks patients to list the three things they like most about your practice; the three things they like least, and other comments. Leave plenty of room for responses. You'll be surprised what you can learn about your practice. This can also be a good basis for a patient mailing.

- Reactivate former patients: if you are having a problem maintaining patients, get a little more aggressive with marketing. A two-page letter sent to patients who have not returned to your office in awhile can be effective and cost efficient. Sometimes this works with inactive files as well. Also, consider a slightly more elaborate newsletter.

## Make Communications Effective

Announce a new service or addition to your practice. This serves as a basis for the mailing. For example, you may decide to expand office hours one or two evenings a week. Make it clear you are striving to meet patients' needs. Communications could start off by stating that a lot of your patients are working. Therefore, you are expanding office hours to make care more available to patients.

Patients like articles about new diagnostic and therapeutic advances; effectively announce new treatment breakthroughs using case histories and success stories. Start with an illustration which indicates your expertise and success in treating conditions of interest to you and your patients. Preventive health tips like exercise and diets; new insurance coverage, such as mammograms, under Medicare; and treatment success stories where you were involved.

A new physician or specially trained staff member joining your practice is also news worth telling your patients (staff indicates a lot about how much you care about patients). Indicate how this will improve medical services and meet patient needs. Don't forget awards that confirm expertise and experience, etc., and, to a limited degree, personal stories about physicians and staff.

Emphasize all these types of information in a mailing. Then one can subtly suggest that now is an excellent time to come in for a checkup. If you extended hours or added a new physician to the practice, indicate this is a good time to call to avoid scheduling delays. And, it is best not to send marketing communications with bills. Spend the extra money for a separate mailing.

Specialists who rely primarily on referrals can target a mailing to potential referral sources. Report something new as the reason for the mailing.

- Try to view your practice through patient's eyes. Identify potential problems before they adversely affect your practice. It is increasingly difficult to recover if you let things go on too long.
- We recommend physicians provide business cards for their staff. They are inexpensive and can be passed out in a variety of situations. Business cards are another way to keep your name in front of current and potential patients. Plus, they indicate professionalism.
- When patients call the office with a problem or question, they usually want to speak to the doctor. One way to minimize interruptions is to make sure physicians

compliment nurses in front of patients while explaining their training and background. That way, patients will be more willing to talk to staff when its not an emergency requiring a physician.

- Put a bulletin board in your reception area. You can post listings of medical meetings you are attending (to show you are up-to-date), information about your specialty, training programs your staff has attended, etc.
  - If a patient calls with a complaint, remain calm and understanding (even if you want to tell them off). It helps if you listen and say, "Mr. Smith, I understand how you must feel. Let's see how I can help."
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