

# Choosing Your Allies

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*Give every man thine ear, but few thy voice:  
Take each man's censure, but reserve thy judgment.*

- Polonius' advice to Laertes  
--Hamlet, William Shakespeare

The economics of healthcare have preoccupied our strategies for the past several years. However, as the smoke begins to clear from the battlefield of price vs. cost, one has to ask who is the victor and who is the loser? Certainly there is the perception that patients have not necessarily been the victor -- witness their backlash against restrictive gatekeeper policies and HMO plans restricting access to what they perceive as necessary specialty care. Witness also the numerous fractured professional careers and dismantled clinical practices which have floundered on the seas of turbulent theoretical payment mechanisms, opportunistic faddists, ill-advised mergers and acquisitions and forays into new business ventures, only some of which, when examined carefully, have made good clinical or business sense.

As we look to the future, one sees inevitable fall-out from the above mentioned issues, but successful practices are now appropriately beginning to position themselves before the next round of change. These practices are successfully positioning themselves by assessing and building on the concept of partnership. Successful practices and clinical leaders would be wise to pay careful and close attention to their best business enablers, namely, committed allies and a focused strategy. Amid the constant barrage and admonition of some consultants to build your practice with urgings to get bigger to cover your market, I see many successful practices accomplishing their goals and objectives by forming meaningful alliances and partnerships, and importantly, bringing to those business relationships the important concept of value. Those practices that find the right partners (hospitals, suppliers, and other practices), who by taking those relationships to the marketplace and providing services to their patients for

the long term, are successful. These types of alliances and partnerships are much safer and more realistic, in most instances, than an acquisition strategy. While some of these alliances are destined to failure, the dissolving of an alliance vs. a merger or acquisition is much easier. In fact, if one examines mergers carefully, most can be seen as defensive maneuvers. Unfortunately, experience suggests that when a company, clinical practice or organization merges to escape a threat, it usually takes its old and troubled issues into the merger. In moments of merger bliss, the opportunities, especially if you are a short-term player, often blur the challenges.

Let's focus on what makes a successful alliance work. To do so, we need to return to an old equation and question what we are selling when we talk about price or cost. Price is a fair market value one is asking for the service. Cost represents the money it will take to provide a service. While many would like to believe that many healthcare services are nothing more than a commodity, smart practices and alliances understand that if someone dickers on price, it is strictly because they may not see any additional value. The bottom line: sell value to your patients and to your business partners. You may not always have the lowest price, and you may have the lowest cost, but you always want to aim for the highest value.

The precise metrics of the value equation are really a topic for another discussion, but in clinical medicine they are heavily service - and customer/patient-focused principles that are scientifically anchored with good practice and excellent outcomes. This is an unbeatable combination to have, because it is this constellation of valuable factors that many partners and many patients are willing to pay more for and are willing to undertake the extra effort to have access to, even in heavily managed care environments.

Anyone with a weakness for reading about the debacles of some of the new healthcare delivery structures promulgated over the recent past should take note about a sobering reality occurring among those actually providing healthcare services and the patients and others who seek that care. The previous theoretical constructs and payment concepts very often come up wanting in terms of lasting valuable new ways of delivering healthcare services from the vantage point of those providing the service or receiving the care. The perceived sins of fee-for-service have led to other sins of capitation. In fact, it is now

appreciated that one payment mechanism is no purer than another if you distrust the integrity of the individuals involved in the interaction.

The following are five points to remember when entering successful alliances or relationships with another practice or organization:

- Make sure you and your organization know who you are and where you are going. A clearly articulated business strategy with a practice mission, vision and value structure are critically important.
- Seek quality, supportive and complementary relationships -- relationships that ideally will take a long-term focus if you are dealing with patients. Remember, healthcare by its very nature is long-term focused - a mistake that many quick-buck artists and those seeking get-rich schemes have made over the past 5-10 years. Also, make sure the target organization's mission and value structure fits with yours.
- Build a team and use advisors wisely. Busy practitioners frequently do not have time to devote to the numerous facets of solidifying and codifying these business relationships. The evolving structures frequently need to have dedicated support staff and knowledgeable advisors to drive the process.

- Do your homework. Any relationship warrants attention and inspection. Before acknowledging any formal business alliance, make sure you do appropriate due diligence to identify the business culture and the strengths and weaknesses of your potential partner/partners.
- Seek balance. Do not lose sight of the big picture. Growth, business alliances, and partnerships, for the sake of growth alone, may not be the appropriate end-point. In busy, time-constrained environments, one wishes to make sure that allies and alliances do not compound life's already complex challenges. Never forget to ask yourself where it fits.

Finally, experience is a hard lesson to overcome. There have been many difficult experiences over the past decade under the mantra of improved patient care. Remembrances differ like the need for remembering, but I will hold to the view that clinical practitioners have weathered the better part of the challenge and that those practices and practitioners that add value to their patients and other "customers" and enter wisely into value-driven relationships with key allies will be successfully positioned for the future.

*Sail forth into the sea o ship!  
Through wind and wave, right onward steer  
The moistened eye, the trembling lip,  
And not the sign of doubt or fear  
The Building of the Ship  
Henry Wadsworth Long fellow*