

# **The Need for a New Way of Doing Practice—Really? The Power of N=1 Revisited**

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## The Need for a New Way of Doing Practice — Really? The Power of N = 1 Revisited

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Take any week of the month to pick up an administratively focused journal, listen to any radio or TV program, or sit pensively and listen to a consultant hired by your hospital, clinic or university and you can't help but find an array of new terms, acronyms, formulas and ideas promulgated with the intent to promote the success of your clinical practice and address the efficiencies and inefficiencies of the environment in which you take care of people. It is, if you will, the management motif of the moment that all too frequently occupies center stage. Many of these nostrums, frequently touted by individuals who have never practiced medicine, lend themselves to debate. However, in today's nonhealthcare business environment, several trends are becoming apparent.<sup>1</sup>

First, companies everywhere are coming to appreciate the unique characteristics of their customers. In fact, customers seek out companies and businesses that can accommodate the unique characteristics of their needs. Second, there is a

trend toward demassification. This grows from a pragmatic realization that individual people, not organizations, make decisions to buy. Even in circumstances where third parties intervene into the buyer-seller process, the aggregate purchasing event reflects choices of individuals. Organizationally, business is conducted between institutions or organizations, but the actual decisions are made by individuals and/or groups of individuals. Witness the changes occurring in the healthcare insurance arena with large managed care companies realizing the need to have happy enrollees and satisfied employers who do not receive complaints from their employees about restrictive or poorly run healthcare benefits. Individuals, especially when discussing their health care (particularly, if they have chronic illnesses) are looking for long term relationships. Thirdly, there is a trend for what is called integrated marketing programs – programs providing not only the purchased service, but also other aspects such as the communication tools and information exchange that results in success and added value for those buying as well as for those selling.

It is apparent to many successful businesses that you cannot merely be a product-focused company. Rather, competition requires a "new" focus on building long-term services and relationships with customers. The buzz words for this "new" approach is "customer focused".

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Clinicians will smile and shake their heads at this new mantra of the business world. After all, that's where clinical medicine has historically focused before the era of "covered lives" and "contracts." One wonders if we need to continuously reinvent the wheel when it comes to doing business in health care. Granted, some of our business practices have been far from perfect and can stand a heavy dose of improvement. However, we are seeing the demise of the concept of *vertical integration* (long abandoned in much of the business world), the questioning of the concept of *integrated delivery systems* and now the resurgence of concern for *individual patients* as the center of our healthcare delivery system. The business world talks in terms of building interdependent relationships with customers and "win-win" approaches so that the customer develops trust and becomes part of a loyal customer community. Smart clinicians with successful practices have always realized and understood the importance of focusing on their patients as a customer base. Even managed care companies are now realizing that people enjoy choice and in particular like to maintain long-term relationships with individuals who know their history, have treated them well and met their expectations. What may distinguish success from failure is not necessarily the structure or organizational motif in which you function (IPA, MSO, PPM, multispecialty group, single specialty group, etc.) but rather the type of service and the quality, convenience and perceived value of the service you extend to those who seek your care. Indeed, some of the fastest growing forms of managed care are point-of-service plans providing choice to individuals. Patient loyalty to physicians remains very high where people have chronic illnesses and have historically had successful long-term relationships with their clinicians and care providers.

The business world has been more assiduous about documenting the importance of retaining its customers. For example, studies done by management consultants Bain and Company<sup>2</sup> and Technical Assistance Research Programs, a Washington D.C. consulting firm,<sup>3</sup> demonstrate retaining customers produces increased profits. These studies show that retaining an additional 2% of customers has the same effect as cutting costs by 10%.<sup>4</sup> Other studies by the Service Management Group at the Harvard Business School show that customer retention can lead to customer loyalty<sup>5</sup> and increased profits.

The clinical community may benefit by taking

a lesson from other businesses. Many feel overwhelmed by the size of managed care organizations and feel powerless as small practices. However, there are lessons that can be learned from these behemoths. Even the behemoths are beginning to understand the importance of marketing to individuals and making sure their product is appealing to individuals rather than to accounts. Indeed, this is a driving force behind new managed care products that are taking into account the individual patient selection of their physician without the need to go through a gate keeper. The astute medical practice has always been focused on its patients. The evolving market paradigm for nonhealthcare business of the future is  $N = 1$ . This is good news for clinicians, as this may only mean a return to the future where patient advocacy and doctor-patient relationships have been the glue for professional interaction. The power of building a practice one patient at a time may still be the anchor for long term relationships. This is especially true for an aging population that will experience chronic illnesses.

However, this more individualized focus won't be without challenges to practitioners. It will be important to acknowledge and realize that each practice has several types of "customers" and the needs of those various customer bases will have to be addressed. The most important customers will be the patients we serve, but we shouldn't ignore the other "customers" — the payers and other facilities and clinical practices and healthcare providers that allow proper functioning of a given medical practice. Cognizant of the well known principle of marketing, namely, that your current customers are your best source of new business, how are you actively cultivating existing patients and customers for your practice? How are you monitoring and insuring patient and customer retention?

The astute practice will seek answers to the following questions:

- Do you have a formal system to contact patients and your other customers on a regular basis?
- If so, how frequently do you contact them and who contacts them?
- Do you have a way of determining which patients and other customers are about to defect?
- How do you track referral patterns and sources of new referrals?

- How do you approach reactivation of old patients and previous payors, etc.
- How do you monitor patient and customer complaints? How do you communicate awareness of those complaints?
- Do you monitor and measure patient attitudes and the attitudes of your other key customers toward your practice?

Building relationships is old hat for successful clinicians. In an era of "big business" it is important to keep in mind many of the "other customers" of the practice but it is also easy to lose focus — especially in times of transition when self-serving and short term focused approaches have been fostered as meaningful solutions. Sometimes old-fashioned thinking is very modern!

*"The interest of the patient is the only interest to be considered."*

- William J. Mayo, M.D.

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