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HOW SCENARIO SURVEYS STRENGTHEN STRATEGY

BY: MARK F. WEISS, J.D.

The majority of your referrals come from a group of orthopedic surgeons who announce they are now hiring a pain specialist to work as a part of their group. You have hospital privileges at only one facility and receive referrals for the care of chronic postoperative pain. The hospital opens a new clinic directed solely at charity care and almost overnight 25% of the referred cases become “no-pay” or, at best, very low pay. Or your workers compensation-focused practice includes dispensing pharmaceuticals to your patients, but changes in the state’s fee schedule gut 90% of pharmaceutical sales profits.

These may or may not be real issues for your practice, but each problem, as well as many others, has impacted my clients over the years.

What changes are in store for you and your practice? As Niels Bohr, Nobel laureate said, prediction is very difficult, especially about the future. But just because it’s difficult doesn’t excuse you from attempting

to predict the possible bumps that are in store for your practice, or from protecting your profits and guarding against significant business setbacks. This process of identifying potential events and trends, conducting what I call the Scenario Survey Process, is a necessary part of establishing a vibrant overall strategy for your success.

A Bit of Background

Before going further, it's essential that you understand the important distinction between planning and strategic thinking. Planning is a process of projection from the present. However, extrapolating future problems based on your present situation is not effective; this tactic presumes the facts of your present situation will remain the same. For example, you may assume that the hospital will never close, that the payor mix cannot change overnight or that new regulations won't instantly gut \$1.2 million from this year's bottom line because these things are not occurring at the present time. But life isn't that simple, and all potential future scenarios must be considered when developing your practice's overall business strategy.

Unlike planning, strategic thinking is based on envisioning a future and then strategizing to, in essence, have that future pull you toward its accomplishment. A strategy involves an ongoing, changing process that, if done properly, allows the creators to regularly revisit and alter the approach.

In essence, a Scenario Survey involves identifying as many potential scenarios, or conceivable futures, as possible. The survey is, in effect, a hunt for your own black swans: events that, no matter how low their probability, pack the potential for high impact.

For example, if your pain practice was centered at one facility, the odds that the facility will be physically destroyed by a natural disaster are low, but the impact of that event would be disastrous to your practice.

The purpose of the Scenario Survey is not to identify potential scenarios, judge the odds they might occur and estimate the damage that would result. No matter how expert you are at strategizing, it is impossible to identify and value all potential risks.

Instead, the purpose of the Scenario Survey is to identify classes of underlying trends, issues and questions and to develop a strategy that accounts for as many possible future classes as possible. For example, a facility's closure due to bankruptcy is a possible scenario that could belong in the same class as a facility going under.

The more scenarios a strategy incorporates, the more robust that strategy is, and, therefore, the more likely that the strategy will serve you well. Alternatively, if a strategy survives only in one possible future, the more fragile and prone to failure it likely will be.

The Scenario Survey is a valuable tool in the development of strategy. Using it strengthens strategies and therefore strengthens the odds of your practice's success.

Mark F. Weiss is an attorney who specializes in the business and legal issues affecting anesthesia and other physician groups. He holds an appointment as clinical assistant professor of anesthesiology at USC's Keck School of Medicine and practices with the Advisory Law Group, a firm with offices in Los Angeles and Santa Barbara, Calif. He can be reached by email at markweiss@advisorylawgroup.com and by phone at 800-488-8014.

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