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WE PERFORM JUST LIKE EVERY OTHER RADIOLOGY GROUP -- SO WHY ARE WE DOING SO POORLY?

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If you've ever negotiated an exclusive contract or served as a leader of a radiology group, you've probably encountered a hospital administrator who treats, or even describes, the radiology department as a commodity-type support service, not that much different from the role of the hospital's laundry or cafeteria. Of all the professional insults, this has got to rank high on the "it really ticks me off scale." Yet, it pays to consider to what extent radiology group leaders have fostered this perception through their own acts and omissions.

Putting aside the degree to which it is professionally demeaning, the receipt of this sort of treatment is a gauge of the effectiveness of the group's projection of itself as an entity providing a valuable professional service, and as an entity which is viable separate and apart from the hospital.

Nonetheless, this is the very problem facing many radiology groups. Unlike multi-specialty practices that come together proactively to leverage their owners' ability to deliver services and produce income, many radiology groups come together reactively as a result of an overture from hospital administration. Then,

they do little or nothing to establish themselves, and, importantly, the perception of themselves, as a premier service provider to their patients, their referring physicians, and the hospital.

Radiology groups must adopt business practices that will permit them to succeed in a changing and uncertain future. If you don't write the script for your own future, someone else will.

No matter how formed, as a result of its members' own initiative or as a seed planted by the hospital's CEO, no group can gain the necessary leverage to obtain maximum income, significant hospital stipend support, and business longevity if it does not develop beyond its initial hospital base. How can you effectively negotiate any deal if the other side sees that the mere existence of a deal is what defines you as a business? You can't. Simply being wed to the hospital isn't a business strategy; rather it's simply a formula for distress, not success -- business failure on the installment plan.

If you think that this is pie in the sky, that providing radiology services at a hospital is indeed a commodity, that showing up relatively on time and practicing at a level that meets the standard of care should be enough, consider that distributors of lettuce, perhaps the ultimate commodity, have transformed their market by washing, cutting, bagging, and selling at premium prices "ready-cut" salad mixes, going from near zero to \$3.5 billion a year in a bit more than a decade.

If they can transform head lettuce selling for \$2 a pound into 5 ounce "salads" selling at \$9 to \$12 per pound, you certainly can transform your radiology group from a perceived commodity to a high value-added business. Thrill your patients, thrill your colleagues, thrill your referral sources, thrill your hospitals -- and expect compensation commensurate to the value you deliver. Think establishing an interactive web site for patients and referring physicians; becoming very active on medical staff committees; developing your own protocols, without hospital prodding, to reduce radiology costs and to increase procedure turn around time -- these are but a few examples.

If you still don't believe a radiology group can be so transformed that's okay, the person who takes over your position probably will. As General Eric K. Shinseki, former Army Chief of Staff, put it, "If you don't like change, you're going to like irrelevance even less."

Is Your Group a Viable Business if it Practices at Only One Hospital?

Assume you have \$100,000 to passively invest in a hospital laundry service. Would you invest in a laundry with many customer accounts or one that services only one hospital? The one with many customer accounts, of course, as the laundry has spread its business risk. If the need to diversify is seen as so important for your investment in a laundry service, why is it seen as so unimportant for the core business of so many radiology groups?

Look at it less metaphorically: Your group of twelve radiologists holds the exclusive contract at your hospital. No one in the group practices anywhere else. In your discussions about contract renewal, you tell the hospital's CEO that you need a financial support in order to retain and recruit highly qualified physicians. What leverage do you have in persuading the CEO to pay up?

Sure, as long as there is a relative shortage of radiologists, the CEO might be hard pressed to replace the group. But what if you're in a desirable metropolitan location with a number of radiologists who might split off from other facilities to take your contract? Or, what if there are other groups in the area that have the staff to expand to your facility? Even if you're in a rural area with zero degree winters and mosquitoes the size of hummingbirds in the summer, the CEO just might think that she can replace you.

How hard are you going to bargain if losing the deal means that everyone in the group has to look for new jobs? How hard are you going to bargain if those new jobs are 50 or 100 or even 500 miles away? If you think that the CEO doesn't know this, you're fooling yourself. And even if the CEO starts off truly in the dark, there's always the possibility, unfortunately far too high in my experience, that a rogue member of

the group who's afraid of having to uproot her husband and 2 elementary school age kids, or who's afraid that he's too old to find another position, will approach the CEO and let her know you're all boxed in.

The reality is that there's little "win-win" and a lot of "win-lose" in the world of negotiating exclusive contracts. Having Archimedes' lever -- or Teddy Roosevelt's big stick -- is of dire importance. You've got little to no leverage if your only option is to take it or leave town.

If You Can Brand Lettuce, You Can Brand Radiology Services

Ready-Pac® is a brand of lettuce. Chiquita®, of course, is a brand of bananas. So why haven't you branded your radiology services?

What is a "brand?" It's been described variously as a name or symbol that distinguishes your services from those of other providers, or as an identification that your service delivers a promised quality. Better yet, for our purposes, consider a brand as a perception created in the minds of the target audience.

In other words, branding is telling a story. To paraphrase Rolf Jensen, the noted futurist and author of *The Dream Society*, successful branding is telling the better story, as the public is no longer convinced on the basis of facts alone, feelings having replaced facts as the major motivator.

Radiology groups certainly have the "raw material" with which to brand. Branding the group's services brings an awareness of the fact that your physicians not only "read films," they are essential in the diagnosis and treatment of disease. Branding brings an awareness of the benefits provided by your group --it tells a story to convince its audience of the advantages of dealing with you.

Many radiology groups are in a good position to brand in order to build awareness among the general public of the quality of their service and, perhaps more importantly, in order to leverage off that perception as a tool to convince referring physicians and facilities that using their group will increase revenues due to higher patient confidence. This is certainly the case in markets in which there are likely multiple radiology

groups. But it's also true in more rural areas, where radiology groups successful in providing a high quality of service at one hospital branch out to provide similar services in neighboring communities or at their own imaging centers, while at the same time keeping potential competitors at bay.

Dynamic Leadership Needed

To succeed in the near-future, groups need leaders who are not satisfied with maintaining the status quo or even with slow forward movement. Groups need leaders who are not afraid to fail and then to pick up the pieces and try again -- group members must allow their leaders the freedom to fail forward quickly.

I'm not saying that it's easy, only that it's required.

Conclusion

Distinguish your group and make it known to referral sources, hospitals and patients as a cutting edge leader, both professionally and in terms of service. Forget about being in the pack and forget about benchmarking. You want to develop your group, and its image, beyond even what the "best" are doing. In the words of Marshall McLuhan, "if it works, it's obsolete."

Your past might be a convenient base on which to build or it might be an excuse to hold you back. In the words of a Turkish proverb, "No matter how far you have gone on the wrong road, turn back." It's the future that you design from this moment on that will make the difference.

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