Succession Planning for Administrators

Presented by Maureen Waddle, Elizabeth Holloway, & Andrew Maller

Financial Disclosure

Maureen, Elizabeth, and Andrew are consultants at BSM Consulting. BSM Consulting provides practice management solutions to specialty care providers.

Objectives

Practice administrators and physicians will:

- Understand the practice leadership landscape.
- Learn steps to develop an administrative succession plan.
- Apply this process to their unique practice situation.
Today's Agenda

- Review demographics and industry shifts
- Determine why succession planning is important
- Identify steps in succession planning
- Review case study (incorporated throughout)
- Identify resources and tools (incorporated throughout)

Background

Background: General Demographics

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 44</td>
<td>184,624</td>
<td>189,025</td>
<td>194,792</td>
<td>202,226</td>
</tr>
<tr>
<td>45 – 64</td>
<td>62,440</td>
<td>80,890</td>
<td>83,911</td>
<td>84,356</td>
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<tr>
<td>65 +</td>
<td>35,061</td>
<td>40,229</td>
<td>46,837</td>
<td>54,804</td>
</tr>
<tr>
<td>TOTAL</td>
<td>282,125</td>
<td>310,234</td>
<td>325,540</td>
<td>341,386</td>
</tr>
</tbody>
</table>

Source: US Census Bureau, Population Division. Interim State Projections of Population

Population Estimate by Age

Year 2000: 0 – 44: 24%, 45 – 64: 48%, 65+: 28%
Year 2020: 0 – 44: 24%, 45 – 64: 48%, 65+: 28%
Background: Industry

Bureau of Labor Statistics (BLS) projects that demand for healthcare administrators will grow 22% nationally from 2010 to 2020, well above the 14% average for all occupations.

Increased Demand + Increased Retirees = Longer Recruit Time

Background: Timing

Busy with "day to day" issues

It's emotional
- Retirement is typically not discussed.
- Physicians struggle with designing and executing their own exit strategies. How do we expect them to provide guidance for their staff?

Therefore, the best case scenario is a 1 to 3 year process to implement a succession plan.

So let's get started!

Importance of Planning

What do you need?

Personal Retirement Planning
Timeline: Start early and be prepared
Financial: Work to understand your needs
Advisors: Seek help when needed

Emergency Planning
Planning is not only for retirement!
Practices need leadership if the administrator has an emergency and cannot return to work.

Family
Will your family be okay?

Career Growth
Will you be leaving your practice to pursue other career goals?
Succession Planning Steps

Step 1: Assessment

What does the practice need when you retire?

Organizational Structure (Has it changed?)

Strategic Plan:
- Where are we headed?
- What type of leadership will be required to get us there?
- Current leadership gaps?
- Core values defined?

Creation of Timeline

Recommended Steps for Administrator Retirement Plan

Retirement Date: 8/15/17

Action Plan

Description  Responsible  Due Date  Resources  Status

1. Review personal financial situation with key advisors and family members to determine timeline.  Administrator  8/26/15

2. Review financial needs of practice to determine restrictions in transition process (e.g., the practice cannot afford two full-time administrator salaries. How much overlap of time in necessary? Will you slow down over time or do you anticipate a quick transition? Your salary need to be reduced as you transition responsibilities; what will that look like? Will you be providing outside consulting to the practice?).  Administrator  9/15/15

3. Develop a timeline and present it to the partners for feedback (e.g., what is final retirement date? When does administrator recruitment start? Are there plans to work part-time for a certain period of time?).  Administrator  9/30/15  Partners

4. List all of the tasks you are currently performing.  Administrator  10/10/15

5. Review organizational structure with partners. Is there any need to change this structure given future practice goals? Will this change the characteristics you will be looking for in a candidate?  Administrator  11/4/15  Partners

6. Research administrator job descriptions, roles, and responsibilities.  Administrator  11/29/15  ASOA website, AAOE website, BSM Connection for Ophthalmology® website, healthcare administrators in the area, hospital administrators, networking, representatives, local medical society?

7. Run staffing models and benchmark Staffing Expense Ratio, Full-Time Equivalent (FTE) Staff per FTE MD Ratio, and Revenue per FTE, to test any changes within structure.  Administrator  12/14/15

8. Finalize organization structure recommendations and review with partners.  Administrator  4/2/16

9. Work with partners to finalize plan for recruiting administrator. Process steps and goal for time frame.  Administrator  5/22/16  Partners

10. Identify responsibilities that should be transferred to other team members.  Administrator  7/11/16

11. Write administrator job description and e-mail to the partners for review.  Administrator  8/15/16

12. Create training paths for supervisors or others who will become responsible for the "transferred" responsibilities.  Administrator  8/15/16  Sample training path provided

13. Monitor and participate in the administrator recruiting process according to the previously agreed upon plan.  Administrator  Ongoing  Partners  Time frames listed in separate action plan.

14. Identify expenses associated with transition plans (training for supervisors, recruiting costs, overlap of salaries, etc.). Create a report for the partners to review.  Administrator  11/8/16

15. Adjust timelines as necessary to accommodate changes or as new information comes available.  Administrator  Ongoing

16. Keep the action plan up to date and send to partners weekly.  Administrator  Weekly

Sample Tool

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Assessment Case Study

- Administrator of 30 years retiring in 6 months: “Where do we go from here?”
- Assessment was necessary to review leadership structure and define organization’s current and future needs.
- Practice developed a vision regarding what skills and background the new administrator needed to possess.
- Created goal to hire new administrator within 3 months to allow for a smooth transition.

Step 2: Define Successor Role (Outline Plan)

- Job Descriptions
- Organization Charts
- Delegation of Responsibilities

Job Descriptions
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Sample Organization Charts

Board of Directors (Partners)

Managing Partner

Executive Director

Operations Manager
IT Manager
Finance and Accounting Manager
A/R Manager
Research Manager

Sample Organization Charts

Managing Partner

Director of Operations
HR and Training Coordinator
Office Managers
Satellite Office Coordinator
Bookkeeper

Director of Financial Management

Research Manager

A/R Manager
IT Manager

Define Role: Case Study

- Retiring Office Manager started with 2 doctors
- The practice is now a 5 doctor subspecialty group
- Systems needed major upgrades

Define Role: Case Study

- Retiring Office Manager started with 2 doctors
- The practice is now a 5 doctor subspecialty group
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Do I Have an Internal Candidate?

Step 3: Cultivate and Identify Internal Talent

Prepare the Team TODAY:
- Emotional intelligence
- Opportunities to lead
- Training/career path
- Constructive feedback
- TRUST

Leadership Development
- Nurture
- Identify
- Enable

Be Open to New Ways
Internal Talent Case Studies

- 30-year CEO retiring
- No internal candidates identified
- Began external recruitment
- During recruit, two internal candidates asked to be considered
- Internal candidates showed potential

Open Interviews to Internal Candidates
Step 4: Recruit if Necessary

Consider the Investment

Start Early

Leadership Recruitment Checklist

Leadership Recruiting Process Checklist

Assessment

• Assess current staff to identify potential candidates
• Gather and review candidate profiles
• Develop a job description
• Validate the recruitment process
• Establish a budget

Ledger Recruitment

• Identify the position
• Develop a job description
• Validate the recruitment process
• Establish a budget

Recruitment

• Locate potential candidates
• Interview candidates
• Validate the recruitment process
• Establish a budget

Governance & Operating Committee

• Review the recruitment process
• Validate the recruitment process
• Establish a budget

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Step 5: Onboarding

- Oft-forgotten
- Incredibly Important
- Exiting Administrator Must Let Go

Checklist Tool

<table>
<thead>
<tr>
<th>Owner / Physician Concerns</th>
<th>Responsible Person</th>
<th>Due Date</th>
<th>Completion Date</th>
<th>Status/Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance / Accounting / Revenue Cycle</td>
<td></td>
<td></td>
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<tr>
<td>Marketing</td>
<td></td>
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<tr>
<td>Business Operations</td>
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<tr>
<td>Human Resources</td>
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<tr>
<td>Management Information Systems</td>
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<td></td>
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<tr>
<td>General Operations and Strategic Planning</td>
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<tr>
<td>Personal / Professional Development</td>
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Practice Administrator Action Plan - 9 Month Goals

Purpose: The Practice Administrator Action Plan is designed to provide a systematic and structured approach for the first year of a new practice administrator. The tool is designed to focus on key areas of responsibility that are identified during an Administrator’s integration. Practices can add or delete action items that are determined by the scope of responsibility or current needs of the practice.

Case Study

Share the Legacy:

- After trust has been established, be willing to share *everything*.
- Set up timeline to transfer duties and responsibilities.
- Keep records and share with current staff.
- Create opportunities to build physician trust.

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Timeline

SUCCESSION PLANNING

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term organizational goals, including current leadership needs and team members assessed</td>
<td>Recruitment, training, transition</td>
<td>Delegate, train, improve processes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retirement Date</td>
</tr>
</tbody>
</table>

Summary

- Demographics are increasing the demand.
- Assessment and planning are critical to success.
- It is never too soon to start.
- Cultivate and invest in your future leaders today.

Thank you for attending!

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