ExecTech Management Consulting

The Complete Checklist for Successful Associate Arrangements

Like a marriage, an associate arrangement can be very good or very bad. Because of bad experiences or fears, many practice owners refuse to hire associates because of these ten concerns:

1. “I’ll pick the wrong person.”
2. “The associate will leave and steal my patients.”
3. “He or she will become more popular than I am.”
4. “Associates can’t treat patients in the way I want.”
5. “Malpractice risks are too high.”
6. “I’ll have to handle their unhappy patients.”
7. “I already have too much work to do.”
8. “I don’t have the time to train someone.”
9. “What would I do if the associate quits?”
10. “I won’t earn any more profit.”

Fortunately, you can resolve the above problems, with this checklist, and earn these 15 benefits.

1. More time to manage your practice.
2. Fewer or no emergency night and weekend calls.
3. Longer vacations.
4. An alternate doctor for patients you do not enjoy treating.
5. You receive more freedom to pursue new challenges.
6. You can accept many more new patients.
7. Skilled treatment assistance and support
8. You have a junior colleague in your office.
9. More patients receive your style and quality of care.
10. Your office can be open for up to 78 hours per week (Mon-Sat, 7-8).
11. The value of your practice increases.
12. Your overhead-per-patient decreases.
13. Someone will keep your practice going if you are ill, become disabled or die.
14. More profit with less work.
15. You are grooming a potential practice buyer.

By helping resolve problems with our clients’ associate arrangements, we at ExecTech have learned dozens of valuable lessons. This checklist outlines these lessons.

At first, this checklist may seem too lengthy or difficult, especially if you have never hired an associate. However, the benefits of having associates far outweigh the work involved. Using this checklist saves you time and generates more production in the long run.

If you use the steps in this checklist, you will establish a productive, profitable and enjoyable associate arrangement. Even if you skip a few of the less-important steps, you may still have a great arrangement. Just make sure you do not skip an important step because it seems too difficult!

If you need assistance with one or more of these steps, feel free to ask us for our free support.

This checklist is organized into the five phases necessary for successful associate arrangements:

1. Practice Requirements
2. Pre-Hiring Steps
3. Associate Hiring
4. Associate Employment Preparation
5. Associate's First Few Months

1. Practice Requirements

Many practice owners never succeed with associates or partners because they fail to first organize their practices.

If your office is confusing before you hire the associate, it will only get worse. If you don't have enough new patients now, an associate will have an empty schedule. If your overhead or collections are not under control, adding an associate will further reduce your profit.

Once you have the following requirements in place, you are ready for an associate.

Promotion

❐ You are attracting just a few more new patients than you can handle.
❐ You are confident you can increase your new patient flow by 50% over the next three months.
❐ You have created a significant, positive reputation in the community.
❐ Your advertising brings in new patients, especially from your web presence.
❐ You have productive referral relationships with other professionals and businesses.
❐ Staff know how to describe and promote the practice.
❐ No single source of new patients exceeds 15%; your future does not depend on one or two big sources.
❐ Your office furniture, decor and equipment are above average.

Patient Management

❐ Critical, angry or unhappy patients are quickly handled with minimal disruption showing you and your staff stay organized under stress.
❐ At least 90% of your patients follow your recommendations.

Office Management

❐ You routinely accomplish short- and long-term goals.
❐ You easily identify and eliminate opposition to your objectives.
❐ Your office is a cheerful and enjoyable place to work.
❐ You rarely have slow periods.
❐ You make management decisions based on statistics.
❐ Your office flow patterns are established and followed.

Staff Management

❐ Most of your staff members are well-trained and stable.
❐ Each staff position has written instructions for all key duties.
❐ Staff members are inclined to assume more responsibility on their own. This shows you know how to delegate.
❐ You have up-to-date, well-known office policy/staff manuals that cover all labor law bases.
❐ Your instructions and directives are properly done and completed on time.
❐ Each key employee has a personal production statistic and bonus plan.
❐ Poorly performing employees are quickly replaced.
❐ Key employees who quit are quickly replaced with suitable replacements.
❐ You have no more than four people answering directly to you.

Financial
❒ Your collections are at or above industry averages.
❒ You routinely calculate your exact income sources and profit factors.
❒ Your overhead costs are at or below industry averages.
❒ You are meeting your financial obligations and retirement targets.
❒ You have a good idea of the value of your practice.

Legal
❒ Your practice meets all essential legal regulations.
❒ You have adequate safeguards in place (labor laws, insurance policies, asset protection).
❒ You are not involved in any lawsuits, audits, investigations or risky situations.

Personal
❒ You are efficient and organized.
❒ Even if you have too many patients to handle, you do not feel overwhelmed.
❒ None of your personal problems are affecting your practice.
❒ You love your work.

2. Pre-hiring

Many practice owners wait to think about employment terms and buy-in arrangements after they find a suitable candidate. This puts you at a disadvantage and leads to unprofitable deals. You also waste many hours in meaningless discussions.

Other practice owners fail to calculate all the costs of an associate. They are then surprised when their profit drops.

Before you begin advertising or interviewing, do the following 14 steps. Define the position in every way possible.

You want to find a person who fits what you want. Do not arrange your practice around a candidate.

❒ Describe the ideal associate. Write down the qualities you want in an associate. If you were a new associate, what would you be like?
❒ Write down the type of managing doctor this ideal associate would want. What kind of deal would he or she expect. If you were the associate, what arrangement would you feel was fair?
❒ Define your offer. Write down the associate's terms of employment, pay and benefits. We recommend a low base/high production bonus system or a percentage pay system with small bonuses for treating your patients during your vacations, evenings and weekends.
❒ Estimate the costs of hiring a new associate.

Salary
9% for payroll taxes
Benefits
Costs you plan to cover: beeper, auto costs, parking, insurance
New equipment, new furniture and additional clinical supplies you may need for the associate
Cost of redesigned office supplies: stationery, business cards, superbills or charge tickets, patient account cards, computer system adjustments
Promotional expenses: patient announcements, telephone listing, signs
Cost of additional staff, if needed
Costs you might pay to make your offer competitive: cell phone, malpractice insurance, license fees, society dues, moving costs, retirement contributions, continuing education costs.
Costs to advertise the position or recruiting firm fees

❒ Add the profit margin you want or expect as the practice owner.
❒ Calculate the minimal production and collections you will need to make the associate relationship successful. Add this to the list of ideal qualities.
❒ Work out time-line targets for hiring the new associate. For example, when you will place the ads, how many interviews you plan to conduct, contract negotiations, attorney reviews, prep time for you

and the associate before starting and target start date. Include your production expectations during the first few months.

❒ Start looking for the associate long before he or she is needed. The more experienced, the more educated and the more specialized your needs, the longer it will take. For example, if you want a dental associate who is fresh out of school, you may only need 2-3 months. If you are looking for an experienced cardiology associate, you may need 10-15 months.

❒ Prepare a job application that covers all bases. Include the okay to check references, credit, education and work history. Also, include a release and waiver for former employers against slander claims. See ExecTech's sample, "Application for Employment."

❒ Prepare your Associate Agreement. Include key elements for production requirements, nontechnical duties, office policy, moonlighting, malpractice coverage requirements, termination options, patient lists and solicitation restrictions. Consider using ExecTech's "Associate Employment Agreement" as a guide. (Note: as the associate is unlikely to meet the IRS Independent Contractor qualifications, we recommend you make the associate an employee.)

❒ Prepare a Partnership Buy-in Offer or Letter of Intent. If you are open to a partnership, work out the price and terms in advance so you are prepared to discuss them with qualified candidates. Consider a practice appraisal. Include easy cancellation clauses for seller and buyer. Also, include contingencies for death or disability of either party.

❒ Prepare your interview questions and tests as described in the next section and in ExecTech's guideline, "How to Hire Great Staff."

❒ (Optional) Bring a camera to take the associate's photo for your file to remember the candidate. Also consider tape recording the interview. Both actions are fine if you openly photograph or record the applicants. Additionally, if you photograph or record one candidate, you must do it with all so you cannot be accused of discrimination.

❒ Assemble a folder of any documents you may wish to give to a candidate: practice brochures, office policy, associate policies, Associate Agreement, Letter of Intent and so on.

3. Associate Hiring

Half of all associate failures trace back to poor hiring procedures. The practice owner failed to ask the right questions or did not observe signs that spelled trouble. Or the practice owner agreed to terms he or she didn't really like or forgot to lay out certain requirements.

Worst of all, the practice owner only interviewed a few candidates and hired the one with the least number of problems. You need to take the time to find a perfect fit.

Selecting the right associate is one of the two most important factors in making a successful relationship (the other factor is how you manage your associate).

Once you have completed the first two sections of this checklist, these hiring steps will help you find and hire your ideal candidate.

❒ Work out a plan to attract the most number of candidates possible. Be ready to spend money and time on the hiring phases. The greater your number of interviews, the better your chances of finding who you are looking for.

❒ If you do not have the time to do the job yourself, consider a recruiting firm. Determine if the firm's fee will be balanced by the added time you have to see patients.

❒ Openly and broadly promote your associate position opening. Use classified ads, Internet ads, ads at schools and letters to recently licensed practitioners. Promote a professional image and an exciting opportunity.

❒ Call past associate candidates you were interested in hiring, but were unavailable.

❒ Call colleagues and others you have gotten to know over the years who may qualify or who may know candidates.

❒ Arrange to interview at least 10 candidates.

❒ Start a separate file on each candidate you consider. Even if you do not hire the candidate, you may wish to review the file in the future.

❒ Before interviewing, dress well, clean up your office and prepare to give a good impression. Few things are more frustrating than deciding to hire someone, but they decide to work elsewhere because you did not give a good impression.
❒ Conduct all the interviews yourself. Listen to other people's opinions, but make your own decision.
❒ Test the associate's ability and willingness to follow your directions. Ask them to call between certain hours, to bring specific items with them or to tell your receptionist something when they arrive. If they alter, forget or fail to do the request, cut their chances in half. For example, "Please bring me a list of your job requirements." Or "Write down what you would need and want from a great job."
❒ Ask every difficult question you can think of. Examples: "Why did you choose this career?" "What is your practice philosophy?" "What are your professional goals?" "Are you interested in a partnership buy-in option?" "Have you applied for associate positions at other practices yet?" See "How to Hire Great Staff" for dozens of tough questions.
❒ Have each candidate give you an exam and, if possible, perform a safe procedure on you. Then have the associate candidates examine one of your employees while you observe.
❒ Observe the applicant's sense of humor. If the doctor cannot laugh, he or she will not be popular.
❒ Test the candidate by role-playing tough situations. You want to see how each candidate handles pressure. "I would like to test your people skills. I will pretend to be a patient so I can see how you handle tough situations. You handle each comment as best you can, okay? Here we go: 'So you're the new doctor. What are your qualifications?' 'I read on the Internet that this procedure is not very effective.' 'Hey! That really &*#$ hurts! What are you doing?'"
❒ If an applicant is clearly not qualified, end off before promoting the position. Do not get unqualified candidates excited about a position they cannot have.
❒ Promote your position to qualified candidates. Emphasize the benefits, such as training, the community, the challenging cases, the practice organization, the staff, the future opportunities.
❒ Openly explain what you are looking for, the difficulties of the job and the requirements you expect. Do not withhold any aspects of the job that the associate may dislike hearing, such as long hours or weekend emergencies.
❒ Make it clear you are offering an opportunity, not a job. You want to pay the associate primarily on production, not with a big salary. You expect the associate will take responsibility for his or her own financial success and to earn you a profit.
❒ For each finalist, do a thorough background check. Talk to all past employers and other references the candidate provides. If you cannot reach a reference, ask the doctor to help you reach them or to give you additional names. Do not skip this step no matter how charming and qualified the candidate appears.
❒ At some point, meet with all finalists' spouses. Ask about their needs. Resolve any concerns.
❒ Offer to allow the associate candidate to check you out as well by talking to your current or past associates or staff members.
❒ Conduct 2-4 meetings before you make your final decision.
❒ When you find the associate who is right for you, you will know it. It may be the first applicant or the tenth, so be ready.
❒ Verbally agree on all terms; keep good notes.
❒ Agree on associate's first year's goals for productivity, new referral sources, new patients and collections. Write a plan of how the associate can achieve these goals. Obtain associate's agreement on the plan to flush out any hidden problems. This final step validates your hiring decision and solidifies your associate arrangement goals.
❒ The best candidates are in high demand, so don't be disappointed if your first choice turns you down. Rather than lowering your standards, keep looking. Expand your search and sweeten your offer.

4. Associate Employment Preparation

This section ensures a smooth start to a successful associate relationship.

By preparing for the associate, you lay the groundwork for an immediate production increase. If you wait to do these steps until the associate has started, you will lose a valuable production opportunity and force the associate to wait for you later.

❐ Prepare your final Associate Employment Agreement and, if part of the deal, a Letter of Intent to sell a partnership. Have a healthcare contract attorney check these agreements.
❐ Give the written agreements to your new associate for review and attorney review.
❐ Negotiate final details and final wordings.
❐ Both parties sign the agreements.
❐ Help your new associate with family and personal changes, such as good places to live, schools, employment for spouse and so on.
❐ Obtain needed applications for state license, DEA, staff privileges, Medicare/Medicaid, managed care plans and all other third-party payers.
❐ Malpractice insurance arranged by or for associate (note: you have better personal protection if the associate pays for his or her own policy).
❐ Discuss associate risks with your malpractice carrier, such as acts/omissions of associate under your supervision, damages resulting from negligence of a patient where the associate failed to warn (e.g., that the patient should not drive following a visit/procedure, etc.) and so on.
❐ Employment arrangements for the associate: workers' compensation, health insurance, disability.
❐ Arrange for the equipment and supplies your associate will need: furniture, equipment, lab coats, name badge, hand instruments and computer equipment.
❐ Establish routines to track associate's statistics and achievement of goals.
❐ Plan night and weekend emergency call schedule.
❐ Review and plan office scheduling changes and staffing to accommodate your associate.
❐ Prepare a mailing list of active patients, inactive patients, neighboring practices including local physicians, dentists, optometrists, hospital staff, nursing homes, labs, suppliers, community businesses, business groups, friends and the associate's contacts.
❐ Draft an announcement letter(s) to send to these lists. Include your new associate's background, special training and other details from his or her curriculum vitae.
❐ Order new stationery, business cards, brochures, superbills, internal forms and so on.
❐ Obtain office keys, parking passes and so on.

5. Associate's First Few Months

These final steps take place after the associate has arrived and all parties are ready to start. It is designed to get the associate productive as quickly as possible while maintaining the quality of care your patients deserve.

This final part of the checklist also addresses the top reasons associates become dissatisfied and quit.

❐ Arrange for associate to complete all documents: W-4 tax form, I-9 employment form, health insurance forms and incomplete license and third-party payers applications.
❐ Notify your Financial Manager or payroll service of associate's pay arrangements.
❐ Go through office with associate during non-working office hours. Show him or her how everything works and where everything is located. Spend a few hours to start this doctor on the right foot.
❐ Educate associate on your practice's billing systems, charting routines and coding.
❐ Give associate keys, business cards, parking passes, alarm codes and so on.
❐ Notify answering service of your new doctor's name, cell and home phone numbers.
❐ Review announcement letter and press releases with associate and agree on final wording.
❐ Mail announcement letters.
❐ Change building directory and office signs.
❐ Update your website to include the associate's bio.
❐ Review production goals and plan.
❐ Have associate follow you for several days or a few weeks to see how you treat patients. Give your associate the opportunity to see you handle several types of cases. Do this step even if the associate has many years of experience.

❒ Treat patients together for a few days. Boost the associate’s confidence by having him or her give opinions, make decisions and treat patients while you patiently observe. Praise the associate in front of patients and in private.
❒ Watch your associate in action. Silently follow your associate for a few days and personally check that he or she can perform every task needed for the job. Discuss the visit immediately after the patient leaves and not in front of the patient or staff.
❒ Schedule time to train and apprentice associate on weak areas every week. As well as technical skills, associate will need patient management skills: exam reports, recommendations, scheduling, financial arrangements, even collections.
❒ Keep your associate as busy as possible. If you cannot fill the associate’s schedule with patients right away, train the associate on other duties: exams, assistant work, x-rays, lab work, patient education, patient reactivation and so on. The associate should be willing to do whatever it takes to help build his or her patient base.
❒ Have the associate learn to spend time working in all parts of the practice. If he or she understands the billing process, you will see fewer associate billing errors. If the associate understands how the front desk operates, he or she can schedule patients, handle new patient calls and so on.
❒ Set weekly production targets for associate. Review the associate’s progress every other day.
❒ Praise the associate to your patients, staff, referral sources and colleagues at every opportunity. Encourage staff members to do the same. Make him or her as popular as possible.
❒ Help associate reach his or her production and financial goals.
❒ Deal with errors, weaknesses and behavior issues as they occur. Do not let them slide or ignore them.
❒ Boost associate’s people skills and work habits. Consider ExecTech coaching for your associate.
❒ Help associate with any personal issues that interfere with his or her performance. Personally ensure the associate’s morale stays high.
❒ Require the associate to attend all staff meetings and to participate as a team member.
❒ Include the associate in your professional circle. Take the associate with you to meetings and study groups. Introduce him or her to referral sources, community contacts and peers.
❒ Meet with your associate once each week, e.g., for lunch. Discuss the associate’s cases, practice issues, production targets and personal issues. Also, discuss new technical discoveries and ways to improve the practice. Maintain, at all costs, this time each week to meet. Since the associate can mean more to you financially than any other person, protect your time together.
❒ Give the associate cases that are increasingly difficult. Challenge the associate with complex situations, major procedures and emotional patients.
❒ Train the associate on practice management skills. Take the associate to management seminars. Let him or her sit in on a consulting meeting. Recommend books and tapes.
❒ Take an interest in the associate’s family. Let them feel included and involved in the practice. You want the associate’s spouse on your side.
❒ Give the associate management duties and assignments. All associates are willing to help run the practice. Most do not expect additional pay as the experience is valuable to new practitioners.
❒ Include the associate in practice decisions. You do not need to agree with the associate’s opinions. However, you do want him or her to see how you reach decisions. The associate can then be your strongest ally when you introduce your decisions to the group.
❒ After a year or two, promote the associate to deputy director. As your deputy, the associate takes charge of the practice whenever you are absent and runs things as similarly to you as possible. Grooming the associate to eventually buy a partnership or your practice means he or she can keep the operation going when you leave.
❒ Above all, always treat your associate as a respected colleague and he or she will act like one.

Additional Help

We, at ExecTech, will be happy to provide you with a free telephone consultation to discuss your associate position, concerns and goals.

To schedule your consultation, go to **exectechweb.com/consultation**.