

SHERA J. SCOTT, MBA, FACMPE

FOUNDER & CEO

SCOTT HEALTHCARE  
CONSULTING, INC.

MELBOURNE, FL

# FINDING THE BEST GOVERNANCE STRUCTURE FOR YOUR DEMOCRATIC GROUP



## Understand

Understand pros and cons of different types of governance structures;

## Learn

Learn ways to keep the Board focus on strategy;

## Identify

Identify common governance mistakes to avoid.

# LEARNING OBJECTIVES

# BASIC OWNERSHIP STRUCTURE

Different classes of shares, or just one?

Cap on the number of shares offered?

Should there be a buy in/buy out?

Partnership tracks

Phase down tracks

# TYPICAL PHYSICIAN GROUP GOVERNANCE

Democracy

Benevolent  
Dictatorship

Constituency  
Board

# DEMOCRACY

## PROS – EVERYONE IS INVOLVED

- All opinions are heard (often multiple times)
- Everyone has opportunity to be part of decision



## CONS – EVERYONE IS INVOLVED

- Difficult to schedule meetings
- Meetings take FOREVER and are often redundant
- Lots of second guessing and analysis paralysis
- Hard to keep key business issues confidential
- Cannot respond quickly or react nimbly
- Best leaders may opt out
- Outsiders may get frustrated by lack of clear leadership

# BENEVOLENT DICTATORSHIP



## PROS

- Highly efficient
- Allows for consistent decisions
- Allows for quick and nimble responses (but maybe not always the best ones)
- Everyone knows who the leader is, both internally and externally

## CONS

- Leads to mistrust: is the leader really benevolent?
- Discourages varying opinions, hampers best decisions
- Other group members become disengaged
- Huge void when this person steps down, creates vulnerability for group in succession planning
- Absolute power usually corrupts, eventually

# CONSTITUENCY BOARD

## PROS

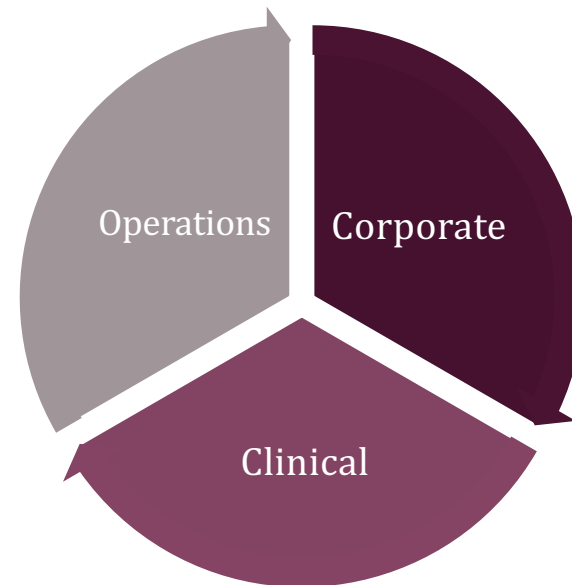
- Representatives from different divisions, facilities or service lines sit on the Board so all views are represented (theoretically, at least)
- Fewer people to organize makes scheduling of meetings easier
- Allows for nimbler responses but may be difficult to gain consensus

## CONS

- Focus on constituency needs (“silo mentality”) rather than the whole
- Should it be Senate or House?
- May not bring forth the best leaders
- Easy to get mired in clinical or management issues at expense of strategy
- Not conducive to growth

# BUILDING A BETTER GOVERNANCE MODEL

- Separate corporate and clinical governance to keep the Board focus on strategy
- Consider a Clinical Council to handle clinical matters
- Let management handle day-to-day operations
- Larger groups should have a robust committee structure to engage more people and ensure that the work (and power) does not get concentrated among a small group





# CREATING A MORE STRATEGIC BOARD

- Structure a competency-based Board of 5-7 people who are charged with being strategic
- Identify competencies needed on Board as well as individual competencies that Board members need to possess
- Identify candidates who represent as many constituencies as possible but are not selected on that basis (consider diversity too)
- Select people based upon their skills, leadership potential and ability to fill needed competencies
- Consider outside directors to fill gaps
- Create a Nominating Committee to evaluate candidates and put together a slate

# KEEPING THE BOARD INFORMED BUT FRESH

- Use consent agenda to keep Board informed but out “of the weeds”
- Have term limits and a rolling succession plan (Chair-Elect, Chair and Past Chair) to facilitate smooth transition
- Invest in leadership training for potential leaders/education for the Board
- Make sure everything is transparent and clearly communicated

## ENSURING GROUP BUY-IN



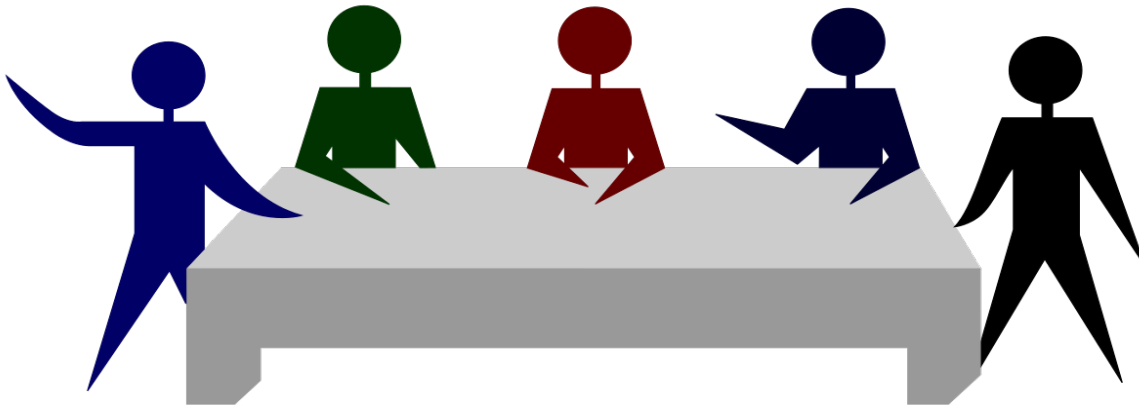
- A centralized model requires trust, which is why transparency is critical
- Open key portions of meetings to interested parties
- Rotate Board positions as much as possible
- Communicate, communicate, communicate!
- Hold regular (quarterly) meetings of larger group
- Insist on effective meeting strategies at all meetings



# OPTIMIZING CLINICAL GOVERNANCE

- Empower your Clinical Council to make important clinical decisions
- One representative from each facility and/or service line
- Large and/or complex groups can use robust sub-committee structure
- Leader of Clinical Council should be ex-officio member of Board
- This group can oversee QA, Peer Review, physician discipline, all clinical matters

- Finance
  - Investment
- Nominating/Governance
- Recruiting/Retention
- Compensation
- Executive (can be dyad of Board Chair and CEO)



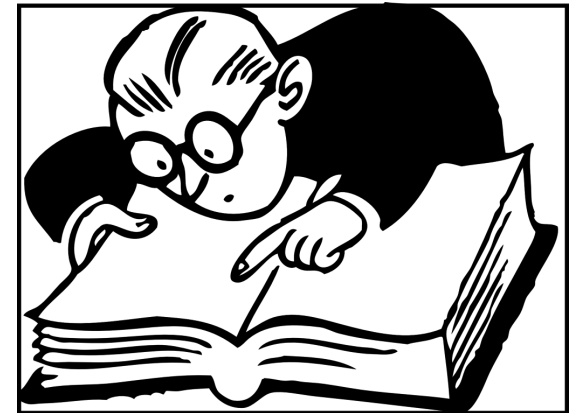
## EFFECTIVE USE OF COMMITTEES

# DEVELOPING A “BEST PRACTICE” EXECUTIVE TEAM

- Physician/non-physician dyad is optimal
- Physician President/CEO and Non-Physician COO/CFO
- They have different skill sets and different perspectives
- President/CEO ex officio member of Board, and serves in second dyad with Board Chair
- Provide continuing education
- Let them do their job!
  - Implementing decisions of other branches
  - Running the “day to day”

# DELINEATION OF POWERS

- Delineate clearly IN WRITING which decisions can be made by executive team, Clinical Council, committees, Board, and which require full group vote
  - Hiring and firing staff?
  - Spending limits?
  - Contractually commit group?
  - Ability to discipline disruptive physicians?
- Should not conflict with governing documents
- Put in a governance manual that can be more easily amended
- Provide to all owners (good place to include “Code of Conduct”)



# EFFECTIVE MEETING STRATEGIES

- Agenda and key materials distributed ahead of time
- Agree to ground rules that everyone will follow
- Start and end meeting on time....don't start over for people who arrive late
- Encourage diverse opinions
- Discuss issues openly and respectfully (NO sidebars via whisper or text!)
- In fact, best to ban electronic devices all together to keep everyone focused





# AFTER THE MEETING

- Once a decision is made, everyone stands behind it.
- No outside discussions of who supported what.
- If you don't like it, you have three choices:
  - Do it anyway
  - Try to get it changed through appropriate channels
  - Self-select out of the group
- There is not a fourth choice to undermine it or say "I did not vote for this, so it does not apply to me"



# MINUTES

Get minutes out quickly (recommend within 2-3 days) while details are fresh in people's minds

Make sure everyone signs off on them

It is important that these are an accurate reflection of events because years later they are the only reference to the decision. But remember....they are discoverable!

# GOVERNANCE MISTAKES TO AVOID AT ALL COSTS

# MISTAKE #1: NOT MAKING STRATEGY A PRIORITY

Just “doing your job” and going home

Ignoring opportunities to expand into new service lines and/or facilities

Always focusing on the present and never taking time to set goals and/or think about the future

Not thinking ahead with staffing and leadership development

Failing to consider options to join with other practices and/or practice support organizations



## MISTAKE #2: VALUING INDIVIDUAL CONCERNS OVER GROUP

- Doctors are autonomous by nature, but security of individuals lies in strength of group
- Only as strong as weakest link
- Need a Code of Conduct, enforce it
- Must address clinical and interpersonal issues with individuals before they escalate and/or become noticed by others

---

# MISTAKE #3: AVOIDING DIFFICULT CONVERSATIONS

- Not dealing with personnel (Physician or APP) problems as they arise
  - Disruptive behavior
  - Sexual harassment
  - Discriminatory comments and behavior
  - Clinical issues
- These problems bring groups, not just individuals, down!





## MISTAKE #4: NOT INVESTING IN LEADERS

- Pay them appropriately (clinical rate)
- Invest in their education
- Plan for their succession
- Allow them time to develop key relationships
- Trust them to do their job – or replace them!

---

IN  
SUMMARY:  
ELEMENTS  
OF A  
SUCCESSFUL  
PHYSICIAN  
PRACTICE

- Strong, supportive culture of service
- Nimble, effective governance
- Strategically focused
- Manages its own members
- Recruits and retains best staff
- Can measure and demonstrate quality and customer satisfaction
- Proactive interactions with hospital
- Promotes cost efficiency for all



---

QUESTIONS?

THANK YOU!

---

Shena J. Scott, MBA, FACMPE

Founder & CEO

Scott Healthcare Consulting, Inc.

[scotthealthcareconsulting@gmail.com](mailto:scotthealthcareconsulting@gmail.com)

321-223-6870

[www.scotthealthcareconsulting.com](http://www.scotthealthcareconsulting.com)