

Strategic Practice Management

Business Considerations for Audiologists
and Other Health Care Professionals

Third Edition

Editor-in-Chief for Audiology
Brad A. Stach, PhD

Strategic Practice Management

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and Other Health Care Professionals

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Introduction

In their third edition of *Strategic Practice Management*, Drs. Glaser and Traynor stay true to the vision they set forth first in 2007 and again in 2013. That vision remains to provide step-by-step direction for professional success within a leadership framework.

The target readership is anyone who practices or aspires to practice audiology in the current milieu; hence, the need for new editions as audiology and its practitioners face and formulate responses to changes in culture, social policies, economic choices, and legal context. Change in all quarters is the common denominator for hearing health care thus far this century. Change has been rapid, frequent, sometimes sudden, often unexpected, but in all cases past and present, there are new demands on practitioners to demonstrate flexible, innovative management that is consonant with the times.

This third edition starts in the Prologue and Chapters 1 to 3 by painting the vision in broad strokes, giving powerful overviews and theory-based discussion of the audiology profession and its stakeholders within the broader hearing health care market. These chapters draw from other disciplines (leadership studies, economics, business theory) to set up the bedrock foundation that anchors successful practices of every type.

Having tethered the practices, the book steps past theory-based foundation and moves on to strategy-based practice building. In the last part of Chapter 3 and moving through Chapters 4 to 6, readers are given the necessary ingredients for creating and maintaining practice infrastructures that simultaneously respond optimally to market conditions while withstanding legal, ethical, and competitive scrutiny.

The book next steps into day-to-day operations starting with revenue generation. Chapters 7 to 9 and 12 to 13 combine strategy with nuts and bolts tactical thinking as they peruse all aspects of selling, pricing, direct- and third-party billing, and collection. Methods and tools to corral revenues and other resources are described in Chapters 11 and 10, respectively.

Chapters 14 to 16 comprise strategic and tactical considerations for establishing and maintaining relationships with patients, referral sources, and product suppliers. Allocating three chapters to such relationships underscores their critical importance to practice success. Likewise, the critical importance of employee relationships is manifest in three chapters (17–19) dedicated to human resource management. The relationship chapters are completed in Chapter 20, which describes theory and tactics for effective counseling of patients and

employees, and Chapter 21, which considers special conditions manifest in university clinic management.

The final chapter is just what it should be—an important, but often overlooked conversation about planning a practice's end game. All too often, the day-to-day activities described in Chapters 4 to 21

consume the time and thinking of successful clinicians and managers. As a result, they may fail to appreciate both the theory-based fundamentals set forth in the first chapters of this book and their long-term connection to the valuation of a practice for purchase or sale, as described in Chapter 22.

Holly Hosford-Dunn, PhD
Tucson, Arizona
July 4, 2017

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Many thanks are owed my friends, mentors, and colleagues who have collectively provided guidance and direction in this edition of *Strategic Practice Management*: Dr. Robert Traynor and his lovely wife and editor-in-chief, Krista Buckles Traynor—there would be no text without them; Joseph Millin, PhD; Kenneth Berger, PhD; Lee Fisher, RPh; Michael Setty, MHA; John Alway, DO; Michael Kincaid, CPA; Floyd Bilette, OD; Brad Stach, PhD, Editor-in-Chief Plural Audiology; and last but not least, James Jerger, PhD, former Editor-in-Chief, *Journal of the American Academy of Audiology* who dedicated his last book *Audiology in the USA* “. . . to the memory of Raymond Carhart, PhD, of Northwestern Univer-

sity; truly the father of audiology.” If Dr. Carhart is the father, Dr. James Jerger is certainly the forthcoming heir apparent and the father of audiology in the modern era.

The memories of those no longer with us yet remain vivid: My parents Helen and Robert, Sr., Rosella Randolph and M.J. Willhelm. Special thanks to my son Matthew and the most courageous of us all, Graham Randolph Glaser. Special appreciation and gratitude is reserved for my wonderful wife, Annie, whose communication skills are beyond belief. She traverses each day with style and grace confirming that “all that is done for love’s sake will never fade.” She remains my inspiration and the light of my life—the shadow sewn to my soul.

Robert G. Glaser, PhD
Dayton, Ohio
July 6, 2017

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An elite group of the best experts in the area of practice management contributed to this third edition. Many thanks are extended to these twelve professionals for taking considerable time away from their families and other projects to offer unique perspectives to this volume. Additional thanks are extended to my faculty colleagues and students at the University of Colorado–Boulder, University of Florida, and the University of Northern Colorado for their support and inspiration. Further thanks go to my private secretary and office manager Barbara Jones for her support for more than 30 years, who has kept the clinic running like a well-oiled machine during my various exploits and distractions.

I am deeply indebted to my wife, Krista Buckles Traynor. Twenty-five years in regulatory affairs preparing multiple detailed submissions to FDA and international agencies for medical

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Lastly, to the father of our profession, Dr. Raymond Carhart who, more than 40 years ago, realized that it was the clinician working with patients each day that made the real difference in the life of the hearing impaired.

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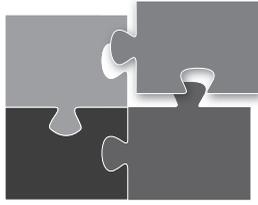
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“The researcher can gather fact after fact at his leisure until he has a sufficient edifice of evidence to answer his question with surety. How different is the clinician’s task? He too, is an investigator but the question before him is, ‘What can I do now about the needs of the person who is seeking my help at this moment?’ The clinician proceeds to gather as much data as possible about his client as he can in a clinically reasonable period of time. He does not have the luxury to wait several months or years for other facts to appear. The decisions of the clinician are more daring than the decisions of the researcher because human needs that require attention today impel clinical decisions to be made more rapidly and on a basis of less evidence than do research decisions. The dedicated and conscientious clinician should bear this fact in mind proudly. His is the greater courage.”

Raymond T. Carhart (1975)

Prologue

Leadership and Successful Practice Management



ROBERT G. GLASER, PhD

*“Management is doing things right;
leadership is doing the right thing.”*

—Peter Drucker
Founder of Modern Management

Introduction

Unquestionably, leadership skills permeate all that we do as clinicians. Patients rely on our professional skills as audiologists for the leadership needed to appropriately manage their hearing loss. Leadership skills are equally important in both matching their auditory needs with advanced technologies and managing the critical counseling interface with

their family members and significant others in their lives. Leadership is critical to the success of our profession.

There are as many definitions of leadership as there are leaders. In a simple amalgamation, leadership can be defined as a process set into motion by an individual or a team of people to create a meaningful collaboration of focused thinking resulting in action(s) for a common purpose. Agreeing on a definition helps to focus on the topic; however, it is the varied critical elements, the components that create the opportunities for leadership to work its particular magic.

Leadership is complicated, and the process of developing these skills does not evolve overnight. Leaders demonstrate many distinct characteristics: com-

petence, commitment, positive attitude, emotional strength, vision, focus, discipline, relationship building, responsibility, initiative, people skills; the list goes on. Many of these intermingled factors are intangible, and that is why leaders require so much seasoning to be effective in the venues of their influence.

Clinical Training and Leadership Skills

Talent is never enough (Maxwell, 2007). The fact is that no person reaches their potential unless they are willing to practice their way there. Preparation positions talent and practice, sharpens it. Practice enables development in the clinical domain. Clinicians get better at what they do when they have opportunities to see more patients. That is true, but there must be an important proviso: practice creates a better clinician as long as there is a guide, a mentor, a coach straightening the wrinkles and providing feedback on the functional characteristics of their interactions with patients and their families and significant others. Change is never easy but seemingly always essential to success. Guided change is essential to improving clinical skills and, in the long haul, improving patient outcomes. The difficult changes must be done in concert with direction and feedback from another source skilled at evaluation and promotion of better tactical use of whatever talent you bring to the mix. Max DePree, a pre-eminent leadership expert, recognized that people, in general and no matter the situation, are resistant to change: “We cannot become what we need to be remaining what we

are” (DePree, 2004). His directives were clear; to sharpen your talent through guided practice, you need to do more than just be *open* to change, you have to *pursue* change. And that pursuit must be consistent and vigorous and never-ending because your competitors are on the same track to improve their talents. Those who sit and wait for change to happen will be covered in dust as those determined to excel on a diet of change and improvement roar pass them in a thunderous stampede.

Selected Characteristics of Leaders

Positive Attitude

“A successful man is one who can lay a firm foundation with the bricks others have thrown at him.”

—David Brinkley
Television Journalist
(Maxwell, 1999, p. 88)

Every profession enjoys a cadre of successful people, whether teaching students, managing a productive research laboratory, or creating opportunities in the many and varied venues where we practice. There will always be those who accelerate the profession by example. Of the individuals who have achieved lasting success in our discipline, there seems to be a singular thread; their positive outlook on life and their profession. Each has overcome difficulties in some fashion yet each has excelled despite the “bricks others have thrown” in the course of their path to contribution.

Maxwell (1999) made two important points about attitude being a matter of personal choice and that attitude unequivocally determines your actions. No matter what happened yesterday, your attitude is your choice today. Attitude becomes the decisive factor for success because it determines how you act.

Competence

Competence can be defined in a word as “capability” or “expertise.” Competence goes beyond words: it is the leader’s ability to say it, plan it, and do it in such a way that others know that you know how, and know that they want to follow you (Maxwell, 2007). Leaders are admired for both inherent competence and perceived capabilities. There are several key elements that must be a part of a leader’s armament for success. They are simple elements, easy to accomplish on a consistent basis:

Show up Every Day

Responsible people show up when they are expected. The highly competent come ready to play every day, no matter how they feel, what kind of circumstances they are facing in their personal or professional life, nor how difficult they expect the game to be.

Keep Improving

Highly competent people are constantly engaged in learning, growing, and improving. They do that by asking *why*. After all, the person who knows *how* will always have a job, but the person who knows *why* will always be the boss.

Follow Through with Excellence

Performing at a high level of excellence is a choice, an act of will. As leaders, we expect our people to follow through when we hand them the ball. They expect that and a whole lot more from us as their leaders.

Accomplish More than Expected

Highly competent people always go the extra mile. For them good enough is never good enough; they need to do the job, and then some, day in and day out.

Inspire Others

Motivating others to perform at high levels is not a skill that develops overnight, nor can it be taught in a classroom. It is a talent commonly learned by watching effective leaders succeed. Excellent leadership has no stops and starts, no clear edges, nothing but smooth transition from concept and plan to effective action completing a well-defined goal.

Engage

Skilled leaders spend their time advancing conversations, not avoiding or ending them. The more you engage others, the better leader you will become both in your clinical efforts and in managing your practice. It is difficult to bring about the type of confidence, trust, and loyalty a leader must possess without being *fully engaged* in person, over the telephone, via e-mail, through social media, or even by sending personal, handwritten notes—likely the most surprising and, therefore, perhaps the most effective example of engagement in this

age of rapid, often impersonal informational exchanges.

Communication Skills

“Developing excellent communication skills is absolutely essential to effective leadership. The leader must be able to share knowledge and ideas to transmit a sense of urgency and enthusiasm to others. If a leader can’t get a message across clearly and motivate others to act on it, then having a message doesn’t even matter.”

—Gilbert Amelio, President and CEO
National Semiconductor Corp.
(Maxwell, 1999, p. 23)

Your communication skills will make you the kind of leader that people will want to follow—or not. Your message must be clear and well-articulated. People will not follow you if they cannot see clearly where you are going and how you intend to get there. Keep your message simple. Before you can convince others to follow, you have to believe in what you are promoting, what it is that is so important to you that it can readily become important to others. The goal of all communication is action. Simply providing information is not enough. Leaders must provide an incentive to listen, an incentive to remember the importance of the tasks ahead and, most importantly, a plan of action and involvement to reach the desired outcome(s). At the root of effectiveness is the ability to communicate meaningful information in a clear and concise manner such that all involved in the processes leading to accomplishing the goals know the path, even when blindfolded.

If you want to become an effective leader, it is best to stop talking and start listening. There is far more to gain by surrendering the floor than by trying to dominate it. As mentioned earlier, there is a seeming rush to communicate what is on one’s mind without considering the value of everything that can be gleaned from the minds of others: As my father used to say so effortlessly and consistently—you can’t learn anything with your mouth open.

Commitment

“Followers expect a leader to face up to tough decisions. When conflict must be resolved, when justice must be defined and carried out, when promises need to be kept, when the organization needs to hear who counts—these are the times when leaders act with ruthless honesty and live up to their covenant with the people they lead.”

—DePree, 2008

The obligation inherent in assuming positions of leadership requires personal sacrifice. Consider the many audiologists who have made the commitment to advance their professional acumen by completing their AuD. They have done so not only at financial expense but also in terms of valuable time spent away from family and friends. Consider the incalculable hours as well spent volunteering for professional organizations: Our colleagues sacrifice their time, talent, and personal assets to take on various roles of leadership in our professional organizations. They are involved because they are committed to their profession, what it stands for, what it does

for others, and because it is needed to secure our future as important and significant contributors to the health of our nation.

Pursuit

Pursuit is an often-overlooked quality of leadership. Exceptional leaders are never satisfied with traditional practice, static thinking, conventional wisdom, or common performance; they are simply uncomfortable with anything that embraces the status quo. You cannot attain that which you do not pursue.

Myatt (2011) states explicitly: “Leadership is pursuit—pursuit of excellence, of elegance, of truth, of what’s next, of what if, of change, of value, of results of relationships, of service, of knowledge and of something bigger than themselves. Smart leaders understand it is not just enough to pursue, but pursuit must be intentional, focused, consistent, aggressive and unyielding. You must pursue the right things, for the right reasons, and at the right times.”

Teamwork

“Teamwork makes the dream work.”

—Maxwell, 2007

Teamwork divides the effort and multiplies the effect. It is working toward a common goal that joins people in an effort that they might never engage in as an individual. It is an opportunity for growth for all involved, leaders and members of the group as well. Teamwork is not always as easy as getting a few folks together to solve a problem or change a direction. Teams do not

usually come together and develop on their own; they require ardent leadership and cooperation within the group. Teamwork, however, is superior to individual effort:

- Teams involve more people, thus affording more resources, ideas, and energy than an individual possesses.
- Teams maximize a leader’s potential and minimize weaknesses.
- Teams provide multiple perspectives on how to meet a need or reach a goal, thus devising alternatives for each situation. Individual insight is seldom as broad and deep as a group’s when it takes on a problem.
- Teams share the credit for victories and the blame for losses, fostering genuine humility and authentic community. Individuals take credit and blame alone.
- Teams keep leaders accountable for the goal. Individuals connected to no one can change the goal without accountability.
- Teams can simply do more than an individual.

Ability to Empower

“People under the influence of an empowering person are like paper in the hands of a talented artist.”

—Maxwell, 2002

If you are in a leadership role in an organization, your ability to empower others is not an option unless, of course, you plan on running the entire show alone. Empowering others is as critical to the success of the organization as it is crit-

ical to the success and effectiveness of the leader. Empowerment has an incredibly high return. When you empower a person to take on a task, to lead a team or research a topic important to organizational advancement, it not only helps the individuals you raise up by making them more confident, more at ease in making decisions, and more productive, it also frees you to actively promote the growth and health of your organization or practice.

Achievement comes to someone who is able to do great things for himself. Success comes when he empowers followers to do great things *with* him. Significance comes when he develops leaders to do great things *for* him. But a legacy is created only when a person puts his organization into the position to do things *without* him (DePree, 2004).

A Final Note on the Responsibility for Your Profession

Respect for the future, regard for the present, understanding the past. Leaders must forever move between the present and the future. Our perception of each becomes clear and valid if we understand the past. The future requires our humility in the face of all we cannot control. The present requires attention to all the people to whom we are accountable. The past gives us the opportunity to build on the work of our elders (DePree, 2008).

Although it seems like yesterday, a long time ago as young students, budding practitioners and teachers and researchers-in-the-making, we accepted

the torch of leadership willingly. We recognized early on that there was no substitution for clear communication and effective collaboration within our ranks and across the boundaries of our organizations. We were eager to not only perpetuate our profession but to improve upon the efforts of those who had come before us. Strong challenges remain today and each must be met head on and without fear. Our profession requires vigilant stewards willing to accept the torch and make it burn brighter than ever before. Without your eagerness to accept the responsibility of leadership, our profession will have a restricted future dictated by others seeking to minimize our impact and lessen our rightful place in today's health care marketplace. Take the torch and continue the journey. Make us proud.

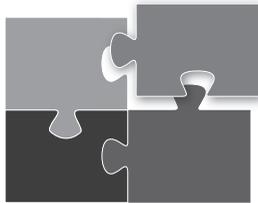
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1

Management and Economic Implications for Audiology Practice



ROBERT M. TRAYNOR, EdD, MBA

Introduction

When entering the profession of audiology, neither the management of a business nor related economic concepts were part of our career goals. The focus, of course, was on how and when to provide a myriad of audiological evaluations and interpret those results. Further, interests were on how to treat hearing and balance difficulties with products and services in the best inter-

ests of our patients. As clinicians move from merely a clinical role to owning and/or managing a clinic, they must realize that the business of audiology is unique. The late Dr. Paul Drucker (1909–2005) was considered one of the world authorities in management, ethics, and planning. In his publication (2001) he states that business management must always, in every decision and action, put economic performance of the business first. According to his way of thinking, a business can only justify its existence

by the economic results it produces. While this may be true for other businesses, the business of audiology is considerably different in that there are ethical as well as profit considerations which, at times, may be at odds with each other. On one hand, there is a fiduciary responsibility to optimize each patient's hearing and/or balance predicament. On the other, there is a need to make a profit to continue to serve these patients while keeping the audiologist well motivated (Taylor, 2012). This dichotomy sets forth the need for management strategies quite different from other professions.

Is the Business World Really for Me?

Developing and maintaining an independent audiology practice can be an exciting and rewarding experience. It can offer numerous advantages such as being the boss and the one to determine salaries, set the schedule, and choose who to hire. But, becoming a successful entrepreneur requires thorough planning, creativity, and hard work. So, the first question that must be considered is, "Is running a business really for me?" The following are considered by the Small Business Administration as essential skills and aptitudes to be in business (SBA, 2016):

■ *Comfortable with taking risks:*

Owning a business requires making tough decisions such as what will the practice offer to the community, who gets paid first or last, and so forth. Businesses have ups and downs; economies have cycles and competition rises and falls. These

and other business variables create uncertainty in the future. While some individuals would rather avoid unstable income and insecurity, others feed on these issues and look to calculated business risks as challenges.

■ *Independent:* Business owners need to make a lot of decisions on their own, based upon their instincts, research, and intuition. In everyday business operations, there is often rejection, financial ups and downs, human resource issues, taxes, operational changes, and other hurdles that must be cleared and the owner is the ultimate decision maker. If a person enjoys the independence of making their own decisions and trusts their judgement, then it is possible that independent practice might work for them.

■ *Persuasive:* Practitioners will need to persuade patients, employees, potential employees, lenders, partners, and others. There are sales skills and political interactions that are necessary to facilitate the business and employee harmony. If the new business owner enjoys public speaking, engaging new people, and finding compelling arguments grounded in facts, it is likely that they will be successful in independent practice.

■ *Able to negotiate:* As a small business owner, there will be a need to negotiate everything from leases to product prices, contract terms to refunds. Polished negotiation skills will help save money and keep the practice running smoothly.

■ *Creative:* Practice owners need to be able to think of new methods of practice, operation, and concepts

of business, and offer new services and products before the competition. Solving problems with new ideas and creativity is an essential skill.

- *Supported by others:* Before starting a practice, it is important to have a strong support system in place. Practitioners will be forced to make many important decisions, especially in the beginning. Families must be on notice that the business success can temporarily be the highest priority and sometimes important family functions may be missed in order to support the business.

Audiologists who meet these essential skills and aptitudes to be in business are motivated by thoughts of being their own boss, having the freedom to take days off at will, paying themselves a high salary, and setting the policies and procedures of the practice, while obtaining earned benefits from manufacturers. What most are unaware of is the nonclinical work necessary (usually in addition to a full clinic schedule) that goes into the management of an audiology clinic. The following reviews some of the real truths and myths of owning a practice.

Being Your Own Boss

While working for others as employees, many audiologists may have felt that it would be better to “work for themselves” or “be their own boss.” On the surface, the idea of “being your own boss” in a business seems reasonable. There is no one to tell you what to do, when to do it, how to do it, or if you should do it. Therefore, the idea of “being your own

boss” has some face validity to the uninitiated. In reality, “being your own boss” is a myth because a business owner has many bosses and an audiology practice owner is no exception. In an audiology clinic, there are many bosses and foremost among them are the patients, to whom the practitioner is ultimately responsible to provide services, products, and follow up the products with warranty service. Practice owners are also responsible to the patients for all other administrative issues, such as keeping malpractice insurance, timely return of product deposits, maintaining the competence and certification of not only themselves, but their employees, and virtually everything else that goes with the provisions of high quality services and products. The practice’s valuable referral sources are another “boss” that requires constant maintenance. Competition for referral sources in the marketplace stresses the importance to turn reports around promptly, keep communications constant, and reinforce the referral sources expertise routinely (Chapter 15). A private practice proverb is, “If you take good care of your patients and referral sources, they will take good care of you.”

If the practice has a bank loan, it must be paid no matter if there is business or not, so another “boss” is the bankers or the investors in the practice. Since they have put up funding for the clinic, bankers and those to whom long-term or short-term loans are owed have a vested interest in the success or failure of the business. Their main goal is to receive a good return on their investment and their interests may not be the same as the practice goals. While the clinic’s goals are to provide the highest quality audiological services and product,

these people simply want to be paid and make a profit.

Often the first to observe success or failure of the business is the practice accountant. As those that monitor the books and the success or failure of the methods, procedures, dispensing products, and other routine business practices, it is a wise practice owner who listens carefully to his or her accountant. Their recommendations may involve changes in the provision of specific products and services, pricing, tax issues, or other business modifications that are essential to the financial stability of the practice, all of which makes the accountant another “boss.”

Even the most ethical and conscientious audiology practices are plagued with legal issues from time to time. Legal issues such as business structure, leasing space, equipment, employee issues, collections, difficult patients, and taxes can create situations where the practitioner must conduct business as indicated by their attorney (see Chapter 4). As we will discuss later in this text, generally, in patient-centric practice we work for our patients first and foremost, and if we do a good job with our patients, then usually the other bosses will be served as well. Thus, the concept of “being your own boss” is not really true in that the audiology practice owner has many bosses, all of whom are extremely important to keep satisfied for a practice to succeed. Being your own boss is a myth.

Taking Time Off

It is good (and necessary) to have time off to relax, forget those problem patients, the employees’ problems, or the frustrations of paying the month’s expenses. However, if the practice is suc-

cessful, there may not be much time or funds for days off or for personal vacations. In a solo practice, when the clinician is away and only the front office is present, there is no income. Unless the practitioner has additional employees that can keep the doors open and see patients in their absence, time off must be scheduled around the clinic schedule and other low-pressure times, such as holiday periods or when business is usually slow. Even in a practice that has good clerical employees and colleague clinicians, it is difficult to get away for much longer than a week without frustrating situations arising. These difficulties can sometimes be devastating to the practice so it is best to err on the side of caution and be careful about absences whether they be elected vacations or necessary emergencies. As in other businesses, an audiology practice requires that the owner be available most of the time for business and clinical decisions that are required each day. Often well-meaning employees may make decisions that they feel are in the best interest of the clinic, but these could be inaccurate based upon the full knowledge of clinic operations and plans for the future. The business world is unforgiving and a proprietor or CEO who is absent will be punished severely by the marketplace. Getting more time off is a myth.

Getting a High Salary

The typical reaction, given the costs of services and products, is to perceive that these sums of money taken into the practice should generate enough income to increase compensation (Chapter 14). The practice owner’s salary is determined by many things, but mostly

by the amount of business conducted and the control of costs. When business is good, cash flow is created and it is the cash flow as well as the control of fixed and avoidable costs that facilitate the level of the practice owner's salary. In a new practice, it could very well be that the generation of income will be significant and, accordingly, the salary and benefits will be very high. Realistically, however, a new audiology practice will on average not generate much initial cash flow and, subsequently, not much income for the practitioner until the business is established in the marketplace. Cash flow is limited and as expenses such as rent, utilities, telephone, employees, and payroll taxes need to be paid first, it is not unusual that the owner's salary begins at a lower level than they experienced when working as an employee elsewhere. Another old private practice proverb is, "The owner is always paid last." After a period of time, it may be possible for the clinic to generate a greater cash flow, meeting all the expenses; then (and only then) salary and benefit increases can be considered for the owner. Entry into private practice does not ensure a higher salary and/or benefits, particularly in the beginning. The survival of the business is foremost and takes priority over how much the practice owner will be compensated. Obtaining a high salary is usually a myth in the beginning and may become a reality as the practice matures.

Setting the Rules of the Practice

Clinicians who have worked for others have often found themselves feeling that they could manage the clinic better than their boss. In their opinion, the clinic

should have different hours of operation, better/newer equipment, more or less procedures, less paperwork, better (or different) products, more precise evaluative protocols, higher or lower prices, better credit terms, higher or lower attire standards, better benefit packages, better policies, and/or various other issues that, in their opinion, should be managed differently. Although these management modifications in policies and procedures seem perfectly reasonable to the employees from their perspective, once they realize the rationales for the positions taken by their employer, they often arrive at the same or similar decisions they criticized as employees (Chapter 17). Thus, owning a practice to be able to change the management technique, policies, and procedures could be either a truth or a myth.

Obtaining Earned Benefits from Manufacturers

Obtaining "benefits" from manufacturers of hearing instruments has become a very controversial issue in the first years of the twenty-first century. These benefits could be earned by selling a specific number of units of a manufacturer's product and, thus, trips to exotic places, new equipment, low interest loans, special cash accounts, and other benefits were provided to practice owners with no out of pocket expense. Although these benefits are often considered a normal part of conducting business by manufacturers of most products, audiological recommendations for hearing devices involve a special fiduciary trust relationship. Over the years, ethical practice boards for both national and state audiology organizations have found on numerous occasions that obtaining these

benefits is unethical, ruling that these “gifts or benefits” could (and do) influence the clinician’s choice of hearing instruments chosen for their patients (Chapter 5). The ethical concern is that a practice manager in need of a few more units to pay for the trip to Europe, that ABR unit, or this month’s payment on the loan might possibly compromise patient care recommending instruments that count toward the trip when the patient would be better served by another manufacturer’s product. Of course, most audiologists are ethical and would not let patient product choices be influenced by trip qualification or units for equipment; it is, however, considered unethical practice nonetheless by the American Academy of Audiology, American Speech Language Association, the Academy of Doctors of Audiology, and many state licensure boards (Chapter 5). Owning a practice for the “benefits” offered by manufacturers is most likely a myth unless you are willing to compromise ethical standards.

What is Management?

Management is defined as the administration of an organization which may be a for profit or non-profit audiology clinic, community hearing center, hospital audiology department, school audiology program, or government-based audiology clinic. Effective management cannot be arbitrary; it must be well planned, consistent, and readily understood by the entire organization. When managing an audiology practice, we must consider both the fiduciary and profit responsibilities while developing working management strategies for success-

ful operation within specific markets. Managing is often-times a challenging task. Determining the best way to manage an organization has been an issue facing businesses for centuries.

Once these effective management procedures are determined, it is assured that they will need to change over time as the profession of audiology and the market updates according to technology, competitive pressures, government regulations, and patient needs. Over the past couple of centuries, several general theories of effective management have developed. Burrow and Kleindl (2013) have organized these basic management theories into specific types: *classical management*, *administrative management*, *behavioral management*, and *quality management*.

Classical Management

Classical management was one of the first methods used to apply scientific study to business activities. This method evaluates how work is organized and considers the procedures most effective to complete the job by increasing worker productivity. Clinics that use classical management often use experiments to improve the organization of workspace, procedures, and other factors to increase efficiency. This might involve the use of several types of files or going paperless to become more efficient on the clerical side while changing the protocol for various evaluations and treatment programs to offer more services in less clinical time. Clinics that offer commissions to clerical staff for their phone work or appointment generation may be using a classical type of management.

Administrative Management

Administrative management is involved in establishing the most effective practices for organizing and growing the practice. This method is often used in larger clinics as it sets up multiple levels of management; organizing the practice into specialized departments, such as diagnostic and rehabilitative areas with an administrator responsible for each. Administrative management defines the type of work that must be completed for an effective operation.

- *Authority and Responsibility.* Managers have the authority to assign tasks. They must also give the necessary authority to those assigned to actually compete the tasks.
- *Unity of Command.* Each employee must receive direction from only one manager to avoid conflicts and maintain a clear line of authority.
- *Unity of Purpose.* The goals and direction of an organization must be clear and supported by everyone.
- *Adequate Compensation.* The wages and benefits for every employee should be fair and satisfactory to both the individual and the organization.
- *Esprit de Corps.* Organizations should work to build good interpersonal relationships, a sense of teamwork, and harmony.

Behavioral Management

While some management techniques are directed at efficiency and organization, *behavioral management* is concerned with the effects of changes on employees, specifically focusing on understanding the foundations of employee moti-

vation and behaviors. Sometimes called human relations management, the goal is to cultivate positive relationships with their managers, such that the employees believe they are a valuable part of the organization and are motivated accordingly to do their best work. Practice managers should consistently strive to improve working conditions. Research into behavioral management has repeatedly demonstrated that when employees feel their managers were concerned about them by improving their working conditions, they work harder and with better accuracy in all areas of their responsibilities.

Quality Management

The last half of the twentieth century has brought a considerable number of changes in management strategies. As the number of products increased, companies were looking at strategies to improve the speed of production as well as cutting costs. They recognized that effective *quality management* involves using facts and data to make improvements in the process or the products produced. Hearing aid and equipment manufacturers have instituted these quality programs within their operations to make much better products that support our practices. In audiology, quality is increased by advancements in our field and commitment to patient care.

Developing a General Management Strategy

No matter the theory or combination of theories used as a management basis, there are some major factors that

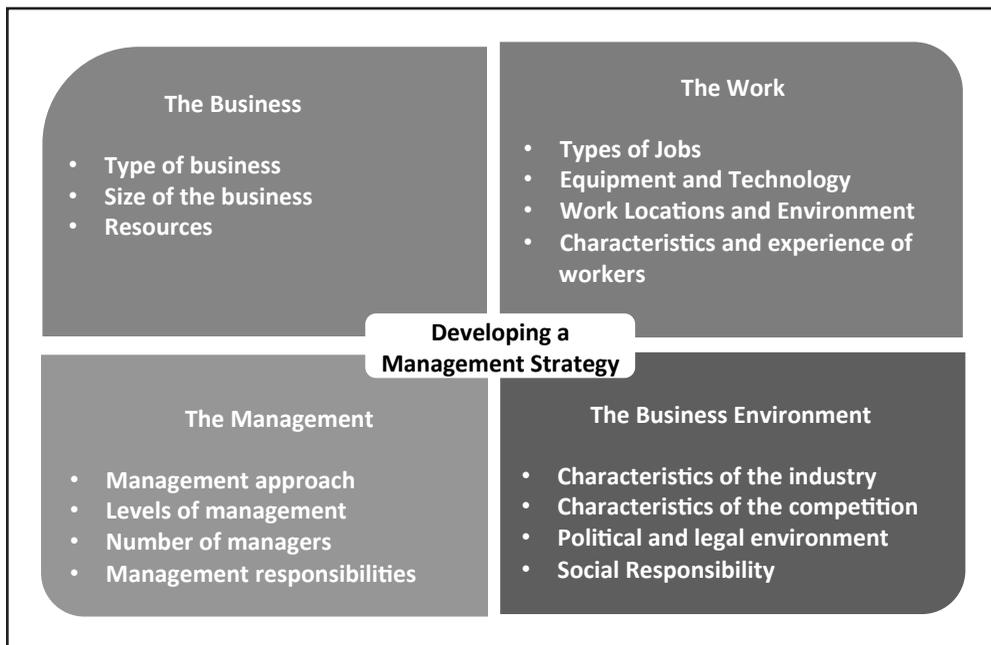


Figure 1–1. Developing a Management Strategy. Adapted from Burrow & Kleindl (2013).

practice managers must consider when developing a management strategy (Figure 1–1).

The Business

While the type of business might be audiology, there are many varied sizes and types of clinics. Some clinics specialize in hearing instruments, others offer general audiological services including educational services, aural rehabilitation, and/or cochlear implant follow up care. Audiologists find themselves in ENT clinics, general hospitals, schools, government clinics, private clinics, and other settings. Each site will have specific advantages and limitations as well as its own management strategy based on the business needs. Financial resources are essential

to the provision of quality products and services in any business, especially audiology practices.

The Work

Managers must be prepared to supervise the work of both clerical and professional employees. Diverse types of work require specific types of management. For example, the management of routine clerical tasks, such as answering the phone and organizing files and charts, are quite different from the management of professionals conducting electrocochleography, auditory brainstem response studies, hearing aid fittings, cochlear implant mapping, and operative monitoring. Each of these employee categories includes individuals

with varied backgrounds, educational levels, and varied aspirations. Some will be experienced and others will be new hires; full time, part-time, or temporary hires. To provide the best work, employees must be provided with state-of-the-art supplies and equipment that supports innovative evaluation and treatment and update them periodically. A small one location clinic will present very different challenges compared to a multi-location enterprise. In addition to additional employees to manage, larger organizations have greater equipment needs and space maintenance issues, and administrative matters, such as vacation, commissions, and benefits, all become more of a concern as the business grows to numerous locations.

The Management

The method of management used depends upon the clinical setting, its size, and goals. The previously mentioned management types, *classical management*, *administrative management*, *behavioral management*, and *quality management* or a combination of these are used by practice managers to maintain the health and viability of the practice. While the responsibilities of management will vary according to the number of layers involved, the management type and style is generally determined by the structure and hierarchy necessary for the success of the practice. Drucker (2001) suggested that the basic task of management is marketing and innovation. Thus, management responsibilities will vary not only by the size and type of the clinic but by the competition within the marketplace.

The Business Environment

The final strategic factor pertains to the characteristics of the business environment. The audiology business climate has changed substantially in the past few years. Increased competition from instrument manufacturers, big box stores, government programs, and insurance companies has altered the business environment for privately owned clinics. Managers must be prepared with an effective strategy for today's competition while recognizing that future competitive challenges including political, legal, and regulatory issues will greatly modify the audiology business landscape.

Management Style

It is management's role to strengthen the bond among employees and assist them in working together as a single unit to ensure that employees are satisfied with their job responsibilities. This is best accomplished by understanding employees and striving to fulfill their expectations. This leads to a stress-free environment in the workplace. Every leader has a unique management style. The following outlines various management styles:

- **Autocratic Style.** Autocrats do not take the ideas and suggestions of their subordinates into consideration. In this management style, the employees are totally dependent upon their bosses and do not have the liberty to make decisions on their own. The employees must adhere to the guidelines and policies formulated by their superiors. While

this style offers organization and conformity, it may lead to a lack of motivation among the employees.

- *Paternalistic Style.* Opposite of the autocratic style is the paternalistic style. Here the leaders decide what policies are best that will benefit both the employees and the organization. Paternalistic managers solicit suggestions and feedback from their subordinates before decisions are made fostering a sense of attachment and loyalty to the organization. Employees stay motivated and enjoy their work rather than treating it as a burden.
- *Democratic Style.* The democratic management style invites the feedback from subordinates through open forums discussing the pros and cons of plans and ideas. When the superiors listen to the employees before finalizing plans and operations, it ensures an effective and healthy communication between management and employees.
- *Laissez-Faire Style.* In this style, managers are employed just for the sake of it and do not contribute much to the organization. Employees are not dependent upon the managers; they make decisions and manage their work on their own. Those individuals who have the dream of succeeding in the organization consistently outshine employees who are simply showing up for work.
- *Management by Walking Around Style.* These managers treat themselves as an essential part of the team and take pride in being efficient listeners: They interact with the employees to determine their concerns and take note of their

suggestions. The manager is more a mentor and guide than an overseer or boss.

Practice managers are always looking for key business indicators to help them predict the future. In this time of technology changes and market competition, not having all the relevant data can be the difference between a profit and a loss.

Differences between Management and Leadership

Most clinicians will be more involved with management than the leadership of their organization. As time and experience builds, they will often become managers exercising the vision of their leaders. After some years, these same clinicians could also become leaders inspiring their colleagues. While leadership and management require each other, their roles are not the same and are often confused. To put these business roles into perspective, *leadership* often represents a person or group of individuals that are responsible for inspiring, guiding, and leading a group of people that are joined for a common cause, while *management* is defined as a group of people that run an organization. Leadership and management go together as they indirectly require each other for a business to be successful. A leader could also be a manager and vice-versa; it all depends on the qualities and the needs of the organization. Bennis (2003) describes the differences between leaders and managers as follows: