PROTECTING AGAINST BRAIN DRAIN FROM RETIRING OPHTHALMOLOGISTS AND ADMINISTRATORS

Presented by:

Joe Casper MBA, COE,
Senior Eye Care Business Advisor, Allergan

Gavin Barton Ed.D
Managing Partner, Leonard-Barton Group, LLC

Discussion Topics

- Impact of ophthalmic market trends
- Should ophthalmology practices preserve critical knowledge of key personnel?
- What should be protected/preserved?
- What should be your plan?

Marketplace Changes

- Physicians and Administrators are getting older and preparing to retire from the practice.
- Physician/Manager health issues necessitate the need to quickly develop a contingency plan.
- Physician burnout from compliance issues, EMR, conversion, Meaningful Use, ICD-10, PQRS, and complexity of managing patients leads producer to change careers and hang it up.

Changing Demographics
Forecast of Population by Age
(in Thousands)

<table>
<thead>
<tr>
<th>Age Group</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>80,890</td>
<td>83,911</td>
<td>84,356</td>
<td></td>
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<tr>
<td>65 +</td>
<td>40,229</td>
<td>46,837</td>
<td>54,804</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>282,134</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

Challenge for Ophthalmology

Requirement for ophthalmologists will increase 28% from 2005 to 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Expected Ophthalmologists</th>
<th>Required Ophthalmologists</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>18,000</td>
<td>19,000</td>
</tr>
<tr>
<td>2010</td>
<td>20,000</td>
<td>21,000</td>
</tr>
<tr>
<td>2020</td>
<td>22,000</td>
<td>23,000</td>
</tr>
<tr>
<td>2025</td>
<td>24,000</td>
<td>25,000</td>
</tr>
</tbody>
</table>

Source: DHHS Physician Supply and Demand Projections to 2020

What is important to the MD/OD/Administrator at Exit?

MD/OD:
- When will my last day be?
- What will happen with my tail malpractice insurance?
- What will be the valuation/payout for my shares of the practice?
- What will be the tax implications?
- How will I pass off my patients to other providers? More importantly, tell them.

Administrator:
- What large practice projects can I bring to closure?
- Who will be my successor?
- Open personnel issues such as work performance reviews, performance issues, etc.
- What benefits are still available to me?
- What is the day that I turn in my keys?
What is important to the Practice at MD/OD/Administrator at Exit?

**MD/OD:**
- Who are your referral sources and how did you cultivate them? Most importantly, how can we hold on to them?
- What wisdom can you share regarding effectively seeing patients, managing staff, and completing high quality/efficient surgery at the surgery center?
- What is your present assessment of the partners, staff, local competitive environment? What do you believe are our strengths, weaknesses, opportunities, and threats?
- Are there any local political pearls that you can share working with local politicians, hospital senior management, state societies?
- Have there been any commitments made to anyone that we might not be aware of?

**Administrator:**
- How would you assess the individuals on your team?
- Are there any personnel issues that we should be made aware of?
- What has been your most effective strategies working effectively with the partners?
- What do you believe are our strengths, weaknesses, opportunities, and threats?
- What should the new administrator be focusing on over the first 90 days?
- Who are your go to consultants, peers that you go to when you need answers to complex problems?
- Are there any local political pearls that you can share working with local politicians, hospital senior management, state societies?

Three Potential Ways This Can Go…

1. We ask thoughtful questions and extract/capture valuable critical information from the provider/manager to aid the practice going forward.
2. We ask reactionary questions based on questions that come up while they are still at the practice.
3. We let them walk and devalue any information/pearls they might be able to share with us.

Three Scenarios
Example 1
- 29 year old, six MD ophthalmology group.
- 29 year effective administrator decides that she will retire in 60 days.
- A satellite office manager is promoted to administrator.
- The two founding partners state that they would also like to retire within the next two-three years.

Example 2
- 22 year old 2 MD/3 OD practice’s 11 year administrator decides that she will retire in 45 days due to health issues.
- Only two weeks of overlap with the new administrator who has been recruited from the outside.
- On a parallel track, the top producing MD in practice that has been fighting cancer for two years and says he will be going on leave in two weeks and may not be back.
Survey on Sharing Critical, Experience-Based Knowledge

Need to transfer business-critical, experienced based knowledge?

97% say YES


Situations needing knowledge transfer?

1. Imminent retirements of experts
2. Desire of younger workers to move up quickly


Most critical knowledge loss?

Technical, or both Technical and Managerial


Threat of losing business-critical expertise more/less an issue today than 5 years ago?

More: 98%
Less: 0%

Estimated Costs of Hiring and Less Tangible Costs Per Critical Employee

Loss During Job Transfers

A Sudden Gap (in expertise) Can Sink the Ship


What can you do now?
Steps to Consider for Knowledge Transfer

- What is the critical knowledge?
- Is the expert willing to share?
- Is there a successor willing to learn?
- Who is responsible for the transfer?
- What’s the timeline? Do you have 3 weeks, 3 months, or 3 years?

Where is the GOLD?

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How Much of the Knowledge is...

**Implicit:**
- Not formally documented, but can be mapped as categories of tasks, skills, and roles.
- Not documented or embedded in processes but can be articulated by the expert in rules/steps/stages/techniques.

**Tacit:**
- Never articulated before, but can be explained by experts through smart questioning.
- Not recognized as knowledge by expert (often unconscious).

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Not ALL Knowledge is Worth Transferring

- Most popular baby name in Peru
- Systemic, Contextual, Process, Know-Who
- What I Wish I Had, or Had NOT Said

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Hop Before It’s Too Late!

A practice that plans properly will be able to take full advantage of critical knowledge.

Closing Comments

Understand how market changes will impact your practice.

Review current status of key personnel and plan for the needs of the practice.

Carefully analyze what critical knowledge will be invaluable to enhance practice growth when key personnel leave the practice.

A practice that plans properly will be able to take full advantage of critical knowledge.

Thank you.