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Essential Business Principles & Skills for the Clinician-Manager

Brian Taylor, AuD

Learning Outcomes

After this course, participants will be able to
1) Define the role of the clinician-manager in a modern audiology practice.
2) Identify three core principles that lead to effective business management.
3) Explain how to implement these three core principles into practice.
Agenda

- Why this course is relevant
- 3 Fundamental Business Principles
- 8 Teachable, Replicable Management Skills
You’ve been promoted, now what?

Context of material presented here

- From the perspective for a clinician who has just been promoted to clinic manager – what do they do the first 100 days?

- Assumptions:
  - There is a staff of clinicians who report to the manager on the org chart
  - Manager has fiscal responsibility
  - At least 8 hours per week are devoted to management activities (not seeing patients)
A growing number of audiologists will fill dual roles

- 3,100 new audiology jobs over this 10-year period (2019 BLS)
- Increasing gap between demand for an audiologist and the supply of audiologists (Windmill & Freeman, 2013)
- Unsustainable student loan debt of AuD graduates (Amlani, 2018)

Combination of forces

- Shortage of senior level staff + desire to earn higher income
- Continue with a patient load, but also manage a staff
Yet most AuD graduates:

- Have little formal business training
- Are caregivers at heart
- Being a manager doesn’t come naturally, but it can be learned

4 Universal Rules

- You are judged by your results, mainly financial
- Organizations with more than 2 people require a hierarchy to prevent chaos
- You are the face of the organization for the people that report to you on the org chart
- You have role power
Formula for success

- Behavior = Performance = Results

- Results:
  - Profit/Revenue
  - Patient outcomes

The Three-Legged Stool of Productivity

- People/Staff
- Revenue/Profit
- Quality of Care/Patient Outcomes
Principle #1: Develop People, Grow Relationships

Why this principle is important

- Clear, sincere, respectful communication is how you get to know the people in your organization
- Starts with basics of one-one-one and staff meetings and cascades to hiring and training new staff, honing skills of existing staff
First Skill

- Conducting One-on-One and Staff Meetings

One-on-ones

- Why? Knowing the people on your team and developing trust and rapport with each person on your team creates a workplace culture that gets results
- Scheduled each week
- 15 to 30 minutes
- Talk about anything the staff person wants to talk about
- It’s okay to use a form
Staff Meetings

- Why? create and maintain culture of mutual trust and respect through clear and consistent communication
- Monthly, scheduled 60 to 90 minutes
- With an agenda
- Agenda is developed by team
- Someone takes minutes during meeting
- Notes are sent to team, day after meeting
Staff meeting form

<table>
<thead>
<tr>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendees (present/absent):</td>
</tr>
<tr>
<td>Agenda item #1/responsible party</td>
</tr>
<tr>
<td>Agenda item #2/responsible party</td>
</tr>
<tr>
<td>Agenda item #3/responsible party</td>
</tr>
<tr>
<td>Meeting Outputs/Needs Steps with responsible party and time lines</td>
</tr>
</tbody>
</table>

Skill 2: Coaching and Delegating
Coaching & Delegating

- Why? A primary role of a manager is to ask for higher levels of performance
- The ability to ask more from others
  - Develop new skills
  - Improve existing skills
  - Pathway to others getting promoted

Coaching vs. Delegating

- Coaching = guiding a direct report through the process of self-improvement
- Delegating = handing over responsibility to a direct report to help them develop new skills
Example of a Coaching Plan

- Identify and collaborate on a goal. Example: Improve conversion rate of hearing aid candidates coming in for a hearing aid evaluation by 25%.
- Collaborate on educational resources that will help reach the goal. Example: Take a course on Audiology Online, identify a mentor within the organization that has the requisite skills and is willing to teach.
- Collaborate on a plan using these resources. Example formalize the timelines and steps needed to improve conversion rate.
- Follow-up or check in on the progress. Over the agreed upon timeline, periodically check in to see if plan is working or in need of some tweaking.

Delegating

- Using your judgment as a manager to assign a task or project to a direct report that may stretch their skills.
Skill 3: Feedback – Talking about Performance

Beyond the annual performance review

- Why? Use daily, informal interactions to incrementally improve performance
- Positive feedback: “Hey, good job”
- Correcting feedback: “Hey, when you do this…”
- Correcting feedback must be delivered after trust and rapport have been established
- Wait about 2 months to start delivering correcting feedback
Feedback to a fellow clinician

- “Have you thought about doing it this way….?”
- “What would happen if you tried this….?”
- “What could you have done differently?”
- “Maybe try it this other way and let me know what you think”

Principle #2: Make a Profit, Ethically
Why this principle is important

- Profit is needed to sustain any business, but it must be done with ethical consideration

First Skill: Reading a Profit & Loss Statement
Reading a P&L

- Why? The P&L is the financial report card of the business. What happened in the recent past can be used to improve results in the near future.
- Bang for buck – what do I spent time and money trying to improve?

Household P&L

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined Salary</td>
<td>$500,000</td>
</tr>
<tr>
<td>401k (pre)</td>
<td>-$18,000</td>
</tr>
<tr>
<td>Tax</td>
<td>-$17,000</td>
</tr>
<tr>
<td>Gross takehome</td>
<td>$303,000</td>
</tr>
<tr>
<td>Monthly takehome</td>
<td>$25,600</td>
</tr>
<tr>
<td>Expenses (monthly)</td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td>$3,000</td>
</tr>
<tr>
<td>Mortgage</td>
<td>$10,000</td>
</tr>
<tr>
<td>Property taxes</td>
<td>$2,445</td>
</tr>
<tr>
<td>Home insurance</td>
<td>$250</td>
</tr>
<tr>
<td>Gas</td>
<td>$100</td>
</tr>
<tr>
<td>Car insurance</td>
<td>$500</td>
</tr>
<tr>
<td>Life insurance</td>
<td>$300</td>
</tr>
<tr>
<td>Bitcoin buy</td>
<td>$100</td>
</tr>
<tr>
<td>Charity</td>
<td>$1,000</td>
</tr>
<tr>
<td>Party supplies</td>
<td>$400</td>
</tr>
<tr>
<td>Child (not yet born) college fund</td>
<td>$4,000</td>
</tr>
<tr>
<td>Flights</td>
<td>$300</td>
</tr>
<tr>
<td>Phone</td>
<td>$40</td>
</tr>
<tr>
<td>Clothes</td>
<td>$2,500</td>
</tr>
<tr>
<td>Vanguard contribution</td>
<td>$400</td>
</tr>
<tr>
<td>Total</td>
<td>$28,305</td>
</tr>
</tbody>
</table>

- Gross revenue
- Cost of goods
- Gross margin/profit
- Total Operating Expenses
- Marginal/net profit
## Sample P&L (1 month)

<table>
<thead>
<tr>
<th></th>
<th>Actual ($)</th>
<th>Budgeted ($)</th>
<th>Benchmark</th>
<th>Variance from Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>93,000</td>
<td>100,000</td>
<td>100%</td>
<td>-7%</td>
</tr>
<tr>
<td>Cost of Goods (COGs)</td>
<td>31,000</td>
<td>35,000</td>
<td>35%</td>
<td>-1.67%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>62,000</td>
<td>65,000</td>
<td>65%</td>
<td>-3%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>55,250</td>
<td>55,250</td>
<td>55%</td>
<td>0</td>
</tr>
<tr>
<td>Profit</td>
<td>6,750</td>
<td>9,750</td>
<td>10%</td>
<td>-4%</td>
</tr>
</tbody>
</table>
Skill 2: Using Financial Data to Influence Behavior

Units-based Business

Office Traffic

Units Sold

ASP & Margins
Sample P&L (simple)

<table>
<thead>
<tr>
<th></th>
<th>Budgeted ($)</th>
<th>Actual ($)</th>
<th>Benchmark</th>
<th>Variance from Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>100,000</td>
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<td>9,750</td>
<td>6,750</td>
<td>10%</td>
<td>-4%</td>
</tr>
</tbody>
</table>

Benchmarks and KPIs

- Units per Month: 20 per FTE provider
- Acceptance rate: 60%
- Monthly gross revenue per provider: $31,600
- Revenue per hour: $185
KPI Dashboard

### Key Weakness – Low ASP ($1,541)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Before</th>
<th>After</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Units / Month</td>
<td>80</td>
<td>80</td>
<td>-</td>
</tr>
<tr>
<td>ASP</td>
<td>$1,541</td>
<td>$2,076</td>
<td>+ $535</td>
</tr>
<tr>
<td>Gross Margin / Unit</td>
<td>$848</td>
<td>$1,246</td>
<td>+ $398</td>
</tr>
</tbody>
</table>

**Monthly Impact**

- Hearing Aid Revenue: $123,390
- Gross Profit: $59,600
- $67,800 / month

**Annual Impact**

- Hearing Aid Revenue: $1,592,360
- Gross Profit: $814,000
- $755,360 / year

Source: [https://www.audiologyonline.com/articles/numbers-don-t-lie-audiology-key-performance-15691](https://www.audiologyonline.com/articles/numbers-don-t-lie-audiology-key-performance-15691)

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Managers Influence....

- Influence behavior – dispense more devices, see more patients
- Influence policy – negotiate COGs, establish retail prices and product tiers, change marketing strategy
Skill 3: Managing Cash Collected

Cash is King

- Why? money must be flowing into the business for it to be sustainable
- Collecting payments from patients or third parties
- Have a policy, train to it and monitor it
Creating & overseeing policies

- Verify insurance information prior to the visit.
- Collect payment for out-of-pocket hearing aid expense at the time the hearing aids are dispensed.
- Use a third-party financing company (e.g., Care Credit) when necessary and pre-qualify patients prior to patients.
- Allow patients to use credit cards and make it easy for them to pay their bill.
- Ensure that all staff who engage in billing and collecting processes understand the policies and know how to talk about them with patients. Provide training when needed.
- Monitor cash collected each week.

Principle #3: Have a Plan, Work Your Plan
Why is this principle important?

- Managers chart the course for future improvements, collaborate with their teams on tactics and monitor the execution of those plans.

**Esprit de corps**

- A common spirit or fellowship existing in the members of a group that inspires enthusiasm, devotion, and strong regard for the honor of the group.
- Role of manager is to create a culture that accomplishes this.
- An iterative process.
First skill: Implementing a System-wide Clinical Protocol

Value Equation

\[
\frac{\text{Process Quality + Results}}{\text{Price + Convenience Costs}} = \text{Patient Value}
\]

Why a clinical protocol

- Nothing more than a teachable process that…..
- Leads to better patient outcomes
- Builds brand within community
- Attracts and keeps staff

Implementing a clinical protocol

- Set a timeline for completion of protocol implementation and explain to staff why a clinical protocol is important to their success.
- Ask the group, what do they want to be known for? This is an aspirational question intended to get staff thinking about how they want to shape or influence their own reputation in the community.
- Give the staff a week or two to ponder the question, talk about the value of a stellar reputation and convene a staff meeting to discuss the staffs’ response to this question.
Cont.

- After the group has come to some consensus on their response to the question of what they want to be known for, scope out the appointment types that require a clinical protocol and the recommended time for an average visit.
- The group comes to some consensus on minimal standards of care for each appt type.
- Providers agree on what optimal patient results look like at the end of each appointment, the next step is the toughest: Providers come to agree on how these results are achieved. From this discussion needs to spring a consensus on what tests, procedures and forms will be used by all providers in the group.

Final Steps

The result of this process will be the creation of a written protocol and a common form(s) that everyone agrees to use.

Ongoing: talk about protocol during one-one-ones and staff meetings, use P&L data to find gaps in performance, tweak with strategic planning
Skill 2: Creating and Executing a Strategic Plan

- What is it? A planned document that designed to:
  - set organizational priorities
  - close an operational gap
  - ensure that staff is working toward a common goal
  - establish agreement around intended outcomes
  - adjust the organization’s direction in response to a changing marketplace
Common Topics

- Increasing overall productivity (revenue generated)
- Improving patient outcomes
- Adding a new service or product
- Adding additional staff

Step 1: SWOT

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
</tbody>
</table>
Step 2: Identify a target

- Prioritize:
  - Investment of time and money
  - Payoff to organization
- Quick Wins
- Medium and long range goals

Step 3: Formulate the Plan

- Have a clear target
- Define success (% increase)
- Follow a timeline
Step 4: Executing the Plan

- Use meetings to review and modify plan

Summary

- Use this information as a road map for the first/next 100 days

- Focus on 3 principles:
  - Building relationships/developing people
  - Making a profit, ethically
  - Have a plan, work you plan

- Apply the 8 skills outlined here
“Avoid the pursuit of happiness. Define your mission and purpose and pursue that.”

- John Perry Barlow

References

- Berman & Knight (2013) Financial Intelligence, Revised Edition: A Manager’s Guide to Knowing What the Numbers Really Mean