Introduction to Physician CEO

I'm so happy to introduce, that's our guy Kazarian, to the summit. And, and physician CEO is is really cool. And it's something that I've been looking at for a while.

And so, we're going to dive right in because this is something that's been interesting me for a long time. And I think this really answers a lot of questions that I've been just burning to ask.

So thank you for so much for for coming on. I really appreciate you coming on today, but it's a pleasure to be with you, Chang. Thanks for having me. Oh, well.

So, I really want to know the story of Physician SEO. And why don't more doctors know about this? So what's the story behind it? Well, the position SEO program came about after I did my MBA.

You know, it was, chugging along in my career. I had a sort of an atypical career where I practiced as an ophthalmologist for ten years. And then through some health issues and other considerations, I went into a business side of life, and I read a bunch of FDA studies.

In fact, the ones that led to the approval of Lasik. The first of all was Lasik surgery, which most people refer to. And, then I was doing consulting.

I have a consulting company, a software company, and I did all that for a long time. And I realized at one point I was kind of just feeling my way through, fumbling my way through business.

I really didn't have any formal training, so I, I decided to do an MBA, but in my early 50s, and I did about ten years ago, and I looked around at all the different programs and chose the correct school of management at Northwestern University because it was the one business school that seemed to be really aligned around team building and culture.

We can talk about that a little bit later. But, you know, there's this differences in MBA schools and in business schools. And I chose Kellogg. It was a great choice.

Went through the program and and I was just blown away. I mean, every every day I was just asking, how does this apply to my field?

How the Program Began

And I would come up with a list of ideas about how to apply what I was wearing a B school to ophthalmology and to refractive surgery. So when we finished the program, I went to the DNR, said, you know, if we had better access to physicians for business training, we wouldn't have a health care crisis. We wouldn't have.

Most of the things that are happening today would not happen if physicians simply understood business. And she said, well, you know, doctors won't come.

We try to get doctors to come. We have an MD MBA program at the medical school, and we only get a few people here that participate. They just won't come. They don't see the importance of it.

And I said, well, you know, we're supposed to be the marketing school and the team building school. Why don't we why don't we make a program that they can come to and she said, well, let's do it.

So we put the program together, made it where it was accessible for doctors to attend. It's done in a very time,

conscious way. We have four, five day modules that come in on Saturday.

They go on my Wednesday, and we spread them out about ten weeks apart so that you come for five days. We firehose you with ideas and concepts and frameworks to go home and use it.

Come back in ten weeks and we do it again four times over the year, bringing you through basically the high points of an MBA curriculum, but always from a leadership perspective.

And and that's how it came to be. And it's gone on now for 7 or 8 years. It's and it's just been very popular. It's worked out well. Well, you know, I guess the, the name physician CEO kind of explain a lot about it, right?

It's from the leadership aspect and how that works. But earlier you said that, hey, if doctors like, know more about stuff like this that's taught very high level in the MBA program, we wouldn't have a health care, crisis.

Can't you explore what that really means? Sure. You know, we have you know, maybe maybe people are aware of this, but there's been an evolution in the business of medicine over the last 50 years that's really transformed it from being a solo practitioner.

Very, straightforward kind of a business to being really corporatized, massive, massive medicine. And, and the system is designed, the way it is now, we're, we're everyone in it becomes does better financially if the system becomes more expensive.

And when you put a bunch of MBAs out there running a, running an industry and you we profit motive in front of their face, they're going to figure out a way to get that profit.

And if that profit means let's make it more expensive though, achieve that. Now that's a little cynical. But that really is kind of what's happened now when you take doctors and you put them into a situation where they are confronted with expertise, jargon, concepts, frameworks, they tend to go quiet.

Because all our career we've always been trained to know the answer. And in fact, that's what I've always said. The medical rounds are all about, you know, you you ask the medical student they don't know the answer, and then you shame them when they go out at the intern, you do the same thing and you move your way up the ladder.

It's really it's really not so much about teaching, although that's certainly part of it. A lot of it is just learning how to look like you know the answer even when you might not.

And when you put doctors into a situation with business people or anyone else where the other person has more expertise, what do they do? They go quiet, which makes us easy to intimidate.

It makes us easy to marginalize. And that's what's happened in medicine when you when you actually dive into what's behind business education. Sure. I mean, expertise comes in all fields, and I have great respect for people who are great at business.

But the concepts of business really aren't that complicated, but they aren't that apparent either. Not that obvious either. So the idea was, well, if doctors understood business, they never would have allowed themselves to be more to us.

They never would have allowed the system to run away with cost. They never would allow the system to become bloated with administrative staff. You've seen the graph.

The doctor reimbursements always around the bottom of the graph kind of stays flat, but the curve that that shows the cost of medicine and the amount it's in the administrative way, it looks like a big trumpet fanning out with with massive increases.

That massive increases a bunch of middle boom people that don't necessarily add value to the process. They

might make it more expensive. They might make it bigger, they might make it more efficient in some ways.

But for the most part, they're just taking money and they're doing job. So I think if doctors had had a chance to really understand their industry better, they would have controlled it better.

And we see that happening now in a lot of cases. I mean, that's the whole point of the summer is to really reveal exactly what the gaps are in knowledge.

Right. But I think it's more than just gaps because, you know, when I was trained in medical school and residency and even in private practice is that there's an allocation of value that's very distorted.

Why Doctors Need Business Training

So I think that, like, you know, in grand rounds or rounds, for example. Right. So you have the attending, you have the fellow, you have the residency of the medical students.

It's a very hierarchical structure. And what was valued is that the higher the hierarchy, the more the value that really is. But that until someone unveils something else and which I feel like a lot of the MBAs is actually on this program, is seeing the very similar things you are.

Is they? Hey, there's a new lens to look through once you're educated in it. And that world looks completely different. Right. And so, I value that. And, and talking about earlier, hey, if you're a physician and you're in a room and there's people with MBAs kind of running the show, you just quietly cower.

I mean, that was me. Like, I don't know what guys, what do you guys are talking about? I don't know what EBITA is, but it sounds really cool. You know, it's good.

I think that that the the terminologies and we just kind of get lost in it. But it takes control away from the physicians. And we're kind of reduced to these widgets as someone else calls it, on the, on the, on the summit.

And all of a sudden we're just kind of like these widget makers and, we're just kind of bouncing around. But why do you think and why do you think that we, the physicians that if we know what's really going on, how how can we change the system to work it better for us and for our patients versus what is right now?

What do you think are those gaps? Well, you know, I think it all comes down to leadership. And I think that that, you know, it's important to understand that this isn't physician business school or physician MBA, it's physician CEO.

There's a big difference between management and leadership. So what what we're looking to do is to train doctors, to be leaders, to be CEOs. So, you know, what is the difference between management and leadership?

Managers are our process oriented, goal oriented internally facing, task oriented. Let's get this job done. Let's be efficient. Let's save money. Let's make money, whatever it is they're trying to do.

But it's always about internal focus and efficiency. That's management. And management is important, that is. But that's not what physicians do, right?

Physicians are on the value creation side of things, and they have to be on the leadership side of things. So what's leadership? Leadership is deciding why are we here?

What's our mission? What's our purpose that's been corrupted, that's been taken away from the value of medicine into, you know, profit and loss statements.

And that's become very, very different than what most physicians went into medicine to accomplish. What, you know, what do we do and what don't we do?

That's another big question that CEOs have to ask is, what don't we do? What do we not want to do? What is our brand? How do we want to expose ourselves to the public?

What is what is our culture? What are the culture being the norms and expectations? What what you can just expect someone to do because they understand your culture.

They understand your values. They understand what would be the normal thing to do with a situation that takes real work, that takes leadership to understand and to convey a culture.

So the, the, the idea behind the program is to create leaders, because what what is missing is leadership. And the reason why leadership from physicians is missing is because they feel intimidated, as you were saying, and that I think if there's one word that describes what doctors get out of coming to this program, and of course there's a lot of words to describe it, but the one word that I was aiming for and that we've achieved over and over again, is this concept of empowerment, where they feel like they have a right, an obligation, a duty even to to step up and to lead and to guide whether their their enterprise or hospital, their system, their organization, their department, their, their, you know, entrepreneurial pursuit, whatever it is.

But to do it thoughtfully and deliberately, as a leader and as a physician leader. And so so we're beyond the MBA here because, you know, I guess that means more, more management.

But as a leader, I think the definition of leadership that I was taught in school and the residency is different than probably your definition of a leader.

Right. And so my definition of a leader is, you know, the, the department head attending, Presbyterian. So I went to residency. And so that's my definition of a leader.

You know, they lead the grand rounds. They have publications. So that's that's also like the original engrained definition of leader role you're talking about is someone that's quite different from that.

Right. And so let's let's define that for a second because, because you said that, that the whole point of physician CEO is to build leaders. So what are the attributes of a perfect physician CEO, leader?

Well, the thing that you're describing, is someone who might be in leadership position, but we've all seen people in those positions who are not good leaders, right?

People who didn't inspire people didn't cause you to see a vision. There's there's really three things that effective leaders do. One is that the communicate and convey and impart a strong and compelling vision.

You know, what's our purpose? Why are we here? They everyone should know and leaders find themselves repeating that over and over again. Why are we here? Why are we here? What's our mission?

And that that mission, of course, would be context sensitive. But many times it's about patient care. It's about, you know, being compassionate. It's about whatever it is you're trying to accomplish in your own particular sphere.

The second thing that leaders do is they they set expectations. So if you're with an effective leader, you never have to wonder what's expected of you.

You know, because it's been it's been conveyed to you and you're being asked to step up. And oftentimes it's a little bit of a stretch. You know what you might have thought you were going to do.

And so leaders also do that expectation setting. They fostered growth. They fought to foster maturation. They foster all kinds of development in their team.

And that and that leadership is always about setting expectations for their team.

Leadership vs. Management

And then and then very, very importantly, it's something that most leaders either ignore or not aware of is that it's very important for a leader to be aware of the obstacles that people face mentally, the psychological obstacles, and to help them to overcome them.

So the way I describe that is to help them to overcome fear, because fear is paralyzing. Fear makes us stupid. Fear narrows our vision and narrows our focus.

We might be staring at the tiger that's about to jump on us and and miss out the fact that we just had to step through the door to our left because it was right there, because we were so focused on that tiger, it it closes or it narrows our focus and doesn't give us the options and opportunity.

So fear is a overcoming fear, helping people to get beyond that is a major task of a leader. So, you know, one of the things that that, you know, you mentioned is that we do go through the curriculum of an MBA and we do it pretty quickly.

You know, we teach doctors at about twice the pace of the business school, in our program. Why? We doctors are amazing learners. I mean, they're really highly tuned workers.

They've been learning there who has it constantly worried. So we're it was it they were able to concentrate and focus and absorb it. You integrate material faster than pretty much anybody on the planet.

So we teach the program at a pretty rapid pace, and we get to able to get through a significant amount of the MBA curriculum. But then we we spend leadership in every single, every single lecture, has a leadership over time.

Do it most business schools really covet and protect their CEO programs. CEO programs are not widely offered. They're very, very, frankly, exclusive to be in a CEO program.

And one of the big negotiations we had was this concept of, are we going to expose our the CEO content to these positions and my argument was physicians are CEOs.

They must be CEOs. And yes, we will. And we did. And it's worked out really well. That's why our and you may show this at some point in today, but or will go for the program is the griffin which is a 4000 year old symbol with the body of a lion in the head of an eagle.

And that concept is that you're king of the air and king of the king of the ground and the king of the earth. And the point is that you as a physician CEO, you're really two people in one.

And the reason why we have to train doctors specifically about being a physician CEO is because everything we learned is doctors is the opposite of what we're going to do as a CEO.

So, you know, we leave it at that because do you want to say something? I'm smiling because that's literally why I say people like, when I have all my CEO hat at Texas Center for Lifestyle Medicine, it's literally I have to change my mindset and I have to, like, shifted into doing the things that are opposite that I was taught, and and not because, you know, I'm a bad guy.

But there's different attributes for being a physician leader that's very different than being, care provider to, to, to a patient. And so, and so what's this?

What's this? It's a list of all of those, you know, first, do no harm premium. No. No. Three. Okay. First you no harm in in medicine. It's it that's the that's sort of the cardinal rule in business.

It's fail fast. I mean how different could you be? But your past in other words, if you're making a mistake, stop making it right. Do something else. So the fail fast concept, standard of care, you know, stay within the lines.

Paint between the lines. Don't do anything to deviate from that. Make sure that you can cite references for everything you're doing and you're following a protocol.

In business it's differentiate, innovate, be different. You know it's completely the opposite mindset. So there's so many examples where we've been trained and you know, we're all trained at a pretty young age.

We're trained to be a doctor in our 20s. So this became imprinted in us in a very, very fundamental way. And it takes time to get people to get out of that.

So, you know, we do this for model thing because it takes time for these concepts to be absorbed. We have them do some reading is done a lot, but there's a lot of reading between.

And we bring forward concepts which are transformative. It causes people to see themselves and see their role differently, and by the time they're done, they have actually doing it.

Two people in one, they have that Gryphon in themselves. They have that physician grounded standard of care, do no harm person untouched. But then we also have this eagle soaring, innovating, differentiating, failing fast, competing and doing things in a, in a in a new way.

At the same time, it's a very interesting thing to watch. Yeah. And so I think, you know, whenever we talk about failing fast and I always tell what failing, fail fast and fail forward, right.

And one of the lessons that, that I, that I teach from mentor group is that, be in a hurry to to fail and be in a hurry to learn from it and also be in a hurry to learn from other people's failures, too, which is the whole point of this online summit here.

And so and that's the mentality that's there, that's, that's not really taught. And also it's, it's really kind of frowned upon, like, like you said, I'm right in the practice of medicine.

It's like, you know, you want to, have you want to stick within the standard of care. You want to, you know, keep your head low. You don't want to cause too much trouble here.

But from a business side, if you do that, you get stuck. And when you get stuck, you get hopeless and you get hopeless, you become powerless. And that causes a massive amounts of burnout.

And, and and you're right. You know, physicians are the CEOs and physicians should be. And so why not expose, physicians to this concept? And I, you know, I wasted a lot of money over the last few years learning from the mistakes, but I'm very grateful for it.

And so I think I think that from a young physician point of view, I'm a young physician. So what what do you think, are your is your advice to young physicians considering a career in medicine not to go into that rut and develop the leadership skills?

Well, that's a great question because, you know, I think that this is an incredibly exciting time in medicine. People will often look at change as being, you know, something that they want to avoid.

And and they want things to stay the way they were. And they're always talking about the golden age of medicine was always the one generation before them.

Right? It's always it's always talking about that. But also the golden age of medicine is right now. And in fact, it's in the future, because when change is happening, that's the really opportunity to create value.

And we've never been in a time of such rapid change as we are right now. I mean, in my field in anthropology, the digital transformation of ophthalmology is breathtaking.

I mean, what's happening in ophthalmology today is just unbelievable, to the point where we're going to be able to reach the entire Tiger global population with remote diagnostic imaging workstations and whatnot that we can just put all over the world and not have to be worried about the fact that doctors like to live in cities and most of the people don't.

So we can reach everyone remotely through telemedicine and these other, these other innovations. It's very exciting. Well, you know, what does that take that takes someone who has an open mind, who wants to innovate, who wants to understand how things work.

But you have to understand value creation. So in in medicine, you know, every not every but most of the most of the dollars in medicine are generated either at the tip of the pen or the tip of the knife of a doctor.

And yet almost all that value, over 95% of it, is captured by other people.

The Physician CEO Mindset

They want then the doctors to think, you know, money is bad, profits bad. You shouldn't worry about that, doctor. You should just be a doctor. We'll take care of the money, And they've done that all they want.

And they've led to a bloated system with all kinds of little people involved. Ridiculous pricing of things. I mean, when you see, I don't know how many people in this audience actually look at some of the jobs that patients will will receive, but ask your patients to bring in to be obese and look at them.

And the EOB is talk about things like $3,000 cat skins. I mean, that's absurd. When you can go in and pay cash price for 150 or $200, and yet they'll charge the insurance company 20 times that, and then they'll say things like, your doctor tried to charge you this, but we only paid him that.

Aren't we great? We're on your side. Well, you know, this this concept of of of profit being bad is only bad for doctors. It turns out the stock was. And everything else.

These are all against doctors. It's not about protecting patients. In my mind. It's about. It's about going grabbing the money. It's about this money grab.

And so what we're doctors have to do. And it's one of the transformations that we talk about a lot in the program is to understand the difference between profit and greed.

Because profit is essential. You have to have profit. You have to be able to to be sustainable, to have to have the ability to, create value, to be able to capture that value.

So there's you can do more of your mission for other people. Profit may be may be the goal. But for doctors, profit is the resource that allows us to do more of the mission.

So I think it's important for doctors to get comfortable with the concept that it's okay to make a profit, it's okay to look at the money. And in fact, it's not okay not to, because when you don't, then the system becomes corrupted by people who would be in it only for the money, and they would process things that happen that are consistent with your mission.

Right? What a difference between profit and greed. I think that's a very valuable take there. I'm going to use that as a soundbite for sure. And so, you know, for something from a young person, like looking, looking in outside, looking in, here's the thing.

So, you know, my my sister's in medical school, and, and I get a lot of the mentality of the medical students that they're looking at. The medical system is like, well, this medical student, this medical system is completely effed.

Right? And so and it's it's reverberating the language, what they're learning from the attendings and the school and

stuff like that. But what you just said is like, hey, this is the we're about to enter the golden age in medicine, which is a very different dynamic, than what I'm hearing from a lot of the academic institutions and my colleagues as well.

And so and I guess that lens in which you look through came from the MBA training in the business side, right. Because it allows you to be an opportunist in a lot of these different things, like ophthalmology, like you said.

And so, and so then that's the thing I want to get. It's a young, young doctors, like myself. And to go in a career in medicine, it's that there's opportunities.

You know, I told my sister there's there's always opportunities, but you can't get stuck within a mentality of of doing the standard of care. This is like what I told my sister.

And, and I think that we're entering a time where coronavirus has really, accelerated the, the adaptation of technology within the elderly population, of the rural population.

And so it is a time to, to, to take advantage of the fact that we can practice medicine and do what's right for the patients and possibly even skill it.

And I think that that that mentality is something that I think people feel really guilty about just because the way that we're we're trained. Right. And so, do you think that the is there, is there like an optimal time for doctors to say, hey, I'm gonna get more knowledge about business?

Is it like during medical school, during residency, four years out of training, ten years down the training? What if is there? Is there optimal time to do this?

Yeah. You know, it's a great question. I think that the business training is really life training. And I mean, everything you run in business school has practical applications everywhere.

You know, you were in accounting. You can balance your checkbook. You understand what you're doing with your expenses. You can budget. You were in marketing.

You understand how to convey value and how to how to explain things to people. You weren't operations, you just more efficient. You weren't strategy. You become aware of the fact that competition isn't necessarily beating the other guy.

Maybe it's about making the other guy do better because you do better. You know, there's all kinds of things about business frameworks that are valuable throughout life.

So I think there's a role for business today. I think we should start teaching business in high school. But, you know, when it when we come to when we come to being doctors, I'm working right now to create a program for medical students, very different positions that, you know, because they're not CEOs, they would be more about management, but they should understand contracts.

They should understand well, they should understand operations strategy negotiations in particular. That's a very important part of their life right now.

They should understand those things. The physician CEO program we deliberately withhold from the younger doctors. So you have to be at least beyond your residency program, a board eligible or board certified.

So you have to be a fellow or, you know, out in practice to be in positions, you know, program. Because being a CEO implies that you've got people to lead and that and that's, you know, that's the goal of the program.

But I think the business training, you know, it's transformative. It changes the way you look at everything. And and having gone through it, I mean, I look at my life and I think how differently I approach pretty much everything I do since business school, from what I did before I go into business school and just much more efficient, much more

effective.

I can see through things. I can identify opportunities. I you know, keep creating businesses, which is interesting. But, it's been, you know, it's been a very, very big difference.

I wish I had done it when I first finished my training. I did it much later. I had a good career. I've had a good career. I still do, but but it would have been a very different career, and I think we would have put a lot more value if I had done an earlier.

To answer your first question about the program, that we have people who are in fellowship doing the program, but we also have people who are at the very end of their career looking at succession planning.

We have people who are about to be acquired by private equity. We are people who then turned around and created their own private equity companies. We have department heads, we have people who have startups.

We have people who are just in a practice and want to make it scale. So there's all kinds of different people in the room. And we have multiple specialties, which is very cool because, you know, in medicine it's amazing how siloed we are.

So for me, I am not hung around with anesthesia and plastics and derm and pain and orthopedics and, you know, GI cardiology, I mean, it's opening up the biology world.

And, you know, we live in like it works only this big. So, so, so so it was a pretty small world. Seeing it getting exposed to those ideas is also very valuable.

Business Skills for Young Physicians

So but to answer your question, the appropriate business training at every level of a doctor's career, my mark of success for the position of your program is when you spend as much continuing education time doing business as you do doing medicine, then I believe that we've successfully transformed you to be a physician. See, you using some powerful words here like transformation and empowerment.

Right. And so, you know, because I don't really hear that about business schools in in particular. But I assume you're using those transformative terms because it perhaps transformed you.

Oh, no question about it. And, you know, there's there's, one thing that isn't apparent to people, which is why I'm so happy I'm working with Kellogg at Northwestern.

Is it business schools are different. They're still bound by somewhat of a loose network of the same curriculum. You're going to learn accounting, finance, negotiations, marketing, operations.

You're going to win those everywhere. But the approach they take is always very different. So some business schools will be about, you know, being so competitive and just beating the other guy. Right.

Some of them are going to be about finance, which just, you know, it's Red Wall Street. Let's do Goldman Sachs. Let's work on a financial, you know in engineering, some of them are going to be about tech.

You know, we're going to go to MIT or Stanford, and I'm going to work in a tech environment. So it's about tech though the business schools all have their own flavors.

And Kellogg is about, as I mentioned before, marketing and team building. And that's so consistent and so, so appropriate, so well aligned with what we do in medicine that that that it works out really well.

So I think that I think that the, the, transformation that I underwent was this, this idea that the there really are secrets, there really are things that are available in business school that you just aren't exposed to otherwise.

And it's not like the coveted secrets, but you just don't have time to look at them. We just, you know, we're so busy doing the right thing. But do we work through the all?

And then when you get to the CEO level, is very deliberate, you know, very definite, approaches that you just aren't going to be apparent to you. You can muscle your way through it. We're smart people.

We all went to medical school. You got this work ethic that just won't quit. You know, we will. We kill ourselves before we'll give up. But but you know, that's not effective.

There are definitely technical technique ways to do things right. And that's what business school is all about. And when you start to understand those, when you start to understand about value creation, about value capture, about the appropriate way to look at a problem and being able to identify and articulate what problem are we trying to solve here and not focus on the mechanics of it, but focus on the endpoint to look at where we're going to go and how are we going to make this happen.

Ignore what went before, say are there more innovative and more efficient ways because there's so much more than innovative around us today? Tools that didn't exist ten years ago.

We're going to approach almost every problem we face today differently than we would ten years ago, because of the tools we have. When you look at it that way, it's that's transformative.

That changes the way you look at the world of change. When we look at yourself and the idea of becoming, you know, empowered to become a leader and to take ownership of your profession, that's certainly transformative.

So so let me ask you this then. Do you think, physicians should be, owning their practice or should they be, in the in a part of a larger group? Or is that less of a business decision or more of a personal decision?

What do you what do you think about that? Well, that's a great question. It's part of a bigger question, which is, you know, where is medicine going to go?

I believe that I believe that private practice is critical. I think private practice is, you know, counterintuitively, where much of the innovation occurs.

I think that the hamstrings that that bind and tie university departments with layers of bureaucracy sometimes stifle innovation. We see a lot of innovation coming out of the private sector.

I think that the patient care, the quality of care is higher in general in private practice, you know, especially in clinical medicine, maybe not in hospital medicine, of course, it's in a different setting.

But, but there's, there's, there's a lot to a value in private practice, which is I'm fighting why I'm putting so hard to preserve it. But when you, when you get to your question about, you know, should you own your practice, I think that there for a certain personality type, the answer is absolutely yes, because it's only when you own your practice that you can really decide.

Those questions I asked before about leadership, about, you know, what is our culture? What is our purpose? What do we do? What don't we do? Those things are only being able to decided by routinely one person, and then that's the person who owns the practice.

Now, there are ways to own practices that aren't apparent to people, which are different. Right? So there are group practices and people buy in the equity and they have committee meetings and maybe they share some profits.

That's one form of it. But there's a whole nother thing that's happened in the last couple of years. Again, it's like third time in my throat this has happened.

It seems to be maybe better this time, but I'm not convinced yet. And that's the the, the invasion of private equity.

And so private equity now is just gobbling up practices all over the country.

It came on the heels of the ACO with the Obama care that, formed, you know, ACOs, accountable care organizations around hospitals and encourage hospitals to buy up private practices and absorb them into a larger system.

And, you know, the people who that organized Obamacare have now admitted that that was a not a good idea. It has not made medicine better. But in the meantime, a lot of practice has disappeared.

The way that it's happening with private equity is another way for private practices to disappear. They're coming in and buying it, and you sell your practice, and now you work as an employee.

That's ruined a lot of really wonderful practices. It's made some practices better, but it's taken a lot of wonderful practices and taken all the life out of them.

And people are people, you know, you talking about burnout, that's where a lot of it comes from. It comes from not being able to self-determined. It comes from not being able to to really care for your patients.

You've got a patient who would need you to be there for extra time, and you want to spend 15 minutes or 30 minutes with them and neutering you. You have to rotate in a six minute schedule, and if you don't, you get docked.

I mean, that's not good. That's not what doctors want to be. So I think that private practice ownership is important, but there are ways to do it. There's a whole nother wave of ownership models that are coming, a world which we go into a lot in the program, which is, which is basically, coming to ten different names, but, you know, private, physician associations, private practice associations, basically co-ops.

The physicians will come together, they'll keep their private practices. But the former common management company that works with them, instead of them working for the company, and they'll only practices they'll do purchasing, marketing, contracting and other things through this larger organization.

And they're able to maintain their independence but still get scale that they couldn't get otherwise. That's one model. There's other models where people are actually forming private equity groups.

I've done this with former private, our own private equity group. We call it something else. We call a physician equity. The other P. So we have physician equity where we we're coming in and it's value based leadership.

It's not leadership based on purely looking for investors to be happy and come back with the return. It's for bringing joy to physicians where they can practice and own their destiny.

So there's different models out there. That ownership question is a is a big one. But there's different models to be able to own a practice successfully, and still maintain your, your purpose.

But I think that whether it's you that own your practice or your colleagues that on your practice or you doing it, you own it jointly with them, I think physician ownership of medicine is critical.

And that comes, and that critical ownership portion has to come with a leadership style and leadership tenacity, to really drive change in healthcare.

Well, yeah, I'm actually not aware of a lot of these structures that that you talk about and which kind of peaks my interest of it is that, I think you're right.

Private Practice, Ownership, and Equity Models

I've seen a lot of practices get bought up by, by private equity, and then you just see their online reviews just dropped by a star within a month. And I've witnessed it during the pandemic.

There was a there was a big like, mop up of private practices that got bought up by, larger some of the larger systems here, in the private equity as well as, as in hospital systems.

And then, but a lot of them are buying them up just to close them down, too. Right. And so, and it's really hard to watch. And whenever I, whenever I see something like that, I never really know what's really behind, that force.

But you kind of, you know, describe it just now and so I think, I think that the if I'm getting this right, you're seeing a, the future of, private practice should be practiced, practice ownership by the physician of some kind or some entity.

Right. The co-op style you talked about or solo, ownership. So what do you think is going to be, the, the unicorn, if you will, of private practices? What does that look like when it comes to, the private practice that have been in practice?

So, so what are the attributes of that uniform practice that's able to scale, that's able to do well for the patients, that's able to, to keep the physicians happy?

What does that look like? Well, that's a great question. I, I could go on for a long time about that. And we have we actually have entire programs, parallel to positions that, you know, just on things like private equity and whatnot of a code that we put together.

And it's important to, to just mention, I forgot to mention it before saying is that the the programs are exclusive to positions. So in our in a, in the classroom there will only be positions.

And we define that pretty narrowly. We don't they have separate programs for dentists. There's no chiropractors, optometrists, podiatrist. It's for MDS and DIA's in the room.

And the reason for that is that same thing about physicians going quiet when they don't know something. We're used to teaching each other. We're used to admitting what we don't know, something in front of each other.

But as soon as you put some other person in a room, some advice or whatnot, people go quiet. So it's just one little one. The feature of the program to mention is that it's really important that we're doing this together and not with with outsiders in the room, except for the professors, of course.

I think that unicorn, already exists. And, you know, there's a couple of us. There's a couple of them out there. I've created one. We're scaling pretty rapidly.

It addressed a few, a few issues. One is that it has to be appealing to positions at all level of, of their career. So that model needs to be attractive to the new physician who would want to come and work in that environment.

It has to be attractive for the person who's in that environment to want to bring the new physician in and to thrive, and to help them thrive. It's going to be attractive for the person who wants to exit and is looking to retire and get out.

You know what? The reason why private equity has been so successful and taking over practices, aside from the Covid and the financial distress that people went through and that but in general has been that, you know, and I've written about this, but the the group practice structure came about in the 70s when Medicare was approved and medicine started to corporatized.

So the first thing we had was something called HMOs. They still exist, but the HMOs were this this first run at corporate medicine in America. And there was a big antagonism between people in private practice and people in HMOs and in and the people in private practice said, you know, we need to figure out how to fight against this corporate medicine.

So they created a group. Before that, most people just practiced on their own. And so the group came together and they formed a bigger group, and they grew and they scaled and they were able to defend their market in their in

their practice against the big corporate medicine.

But they didn't think about an exit strategy. So when the senior people now are retiring and they want to retire and they say, well, I built this, you know, $50 million a year revenue practice, it's worth a lot of money.

I want to be bought out. The junior partners are saying, well, yeah, but you already did all your work and we've been working beside you. We hope that we can afford to give you a big check.

And so they turned to private equity. Private equity says, oh, we'll give you a big check. And those are the people who work for us. And that's what's been happening now.

The doctors didn't realize that that was necessary. The doctors could have done other things, like a dividend recap or different financial structures to allow themselves to exit and let the junior partners basically take out a mortgage on the practice that they would have paid to the doc, and they could have just paid it over time and kept the practice.

But they didn't know that this concept of asymmetric information private equity uses all the time. This financial engineering services all the time against doctors and it's really kind of frustrating.

But so you've got we had to make it where it was appealing to people who were coming in, who were there and who wanted to exit. So we've done that with the structure that is called physician equity.

The second thing that had to happen is that it needed to have ways where where you have the ability to scale. You know, we mentioned earlier, private practice is important, and I agree with you, but I don't think the solo private practitioner is going to stand much of a chance going forward.

Maybe in certain fields like psychiatry, what's very one on one. And they spent a long time maybe so. But but in in scalable fields, whether it's cardiology or orthopedics or ophthalmology or any field pain, it's these are going to add up all these fields that can scale will scale.

And unless you scale, you're going to be snuffed out. So I think it's necessary to have a structure that can scale and can scale infinitely. Scale for most physicians means working hard.

That's not scale. Scale is bringing more resources so that you can grow without limit that scale. So structuring something that can grow without limit means you have to have good business structures in place, good management in place.

And then the other thing that is absolutely essential to this is to make it where physician values can prevail, where it's about values based leadership.

It's not just about financial leadership, but it's values based leadership. And that structure also has to be part of the system. So all these things I think it does it just does a few different examples around the country where I think you've got some.

So some durable, enduring models that have come out in different fields. And I think that we're going to see this, this, coalescence of this new model of physician equity come through in the next ten years where physicians are going to be able to scale, and there will still be the Kaiser Permanente.

And they're not bad people. They just are different. Right? They'll still be out there. Now. The other the other different organizations will be out there.

They do good medicine. But this is not an environment where the physicians necessarily feel the field. In fact, that's why you're having courses on burnout.

But but to be able to have this, this scalable, values based organization, I think you going to see those careers in

think you're going to see both of them grow and and as a result, we're going to be able to reach more people because you can look around the system in any in any specialty and recognize that we're not reaching all the people in the mission for this next generation has to be how do we actually fulfill the mission?

And it's going to go from, you know, what's in it for me to what would it take if we start to ask that question, it gets super excited. What's what will it take?

Wow. I mean, that's that's so powerful and and and it seems almost impossible to have that uniform practice. But if you say exists, I believe you, you know, you know, my my mother, for example, she's an acupuncturist and she's, she's very successful in her private practice.

You solo by herself. She doesn't even have a receptionist, to be honest with you. But that's that's what she is doing. And, you know, my mother's not getting any younger going towards retirement.

And then the problem is, you put all this energy and work in six days a week and 12 hour days into this, this practice. And you're the solo engine of the practice.

Where does it go from here? And so she has it right now. She's kind of gone through this sort of sense of loss, like what's going to happen, you know, when I start practicing.

Right. This hasn't been really systems that were developed to, to scale this any fashion. And then, and, and it's just been kind of that Soul engine. So I feel like a lot of other practices are like this too.

So recently talk with, with endocrinologist and, and he's 72 and he finally, hey, I'm going to retire. And he sort of holds his guilt that, you know, my and my practice is not necessarily worth anything at this point.

I don't really want to stop practicing. Hey, you want to go another two years so that my office manager can retire with me right. And so I see a lot of that stuff going around.

And it scares me and it scares me is because that I don't I don't whenever people are at that stage of their career and they look back and there's this sense of loss that they've built all this stuff, and it's almost not like it's it's going to waste.

And so and that's, that's the last thing that I want for me, my colleagues, I'm, I'm home in this endocrinologist. Right. So what it sounds like you're saying is that there's a way that we can do this.

Correct? Absolutely. 100%. And, you know, what you're describing is the fact that when you create a practice, you create an asset. That asset appreciates over time.

And yet when you retire, you almost never can recover that asset appreciation that you've created. And in the old, in the old, in the old models, but in the physician equity model, you can't in the model where you've actually created a business which can survive without you, you can retire or continue to either get a payout or get dividends over time.

Because you have an equity structure around that practice. Then you can you can do what we're doing about it. You can get that capture, that asset appreciation and, you know, I would say that if your mom's happy, she's successful.

But, you know, there's different there's different definitions of success. And as we get older there are different definitions of success. So, you know, you can you know, a young surgeon will often define success based on I'm doing more cases.

And, you know, I'm doing more cases than my colleagues maybe, I don't know, depending on what their personality is. They get a little older. It might be where I'm making more money or I've got a bigger practice.

Maybe as they get a little older, it might be that they're actually teaching or putting other people in place to, to, you know, have that succession where we have different stages in life where we're going to define success differently.

And, and it's important to anticipate those. And they have the framework around you that what you grow into them. So I think that that we have to to first ask selves, what's our current definition of success?

What do we think it's going to be in ten years. And make sure that we put a structure in place. It's going to accommodate that. But yes, it's possible.

It's not only possible it's happening, in fact, it's necessary too, because if we don't do it, then we're going to continue on this downward spiral of commoditized medicine.

Commodity. You know, commodity is something we're the only difference in this price, like copper or, you know, anything else. It's just a commodity. The only differentiating factor is price.

When when we if we commoditized medicine where we where we say the only thing that's cheaper, it's a race to the bottom. And that's what's happening in medicine on the doctor side, the commoditized doctors, and they're saying we can just plug any doctor into that situation.

And of course, that's ridiculous. So we need to capture control. We need to capture leadership. We need to be able to stand toe to toe with any business person, know the jargon as well as they do, but have an extra dimension of understanding the medical aspect of it.

So now we can trim them every time. And when that happens, I mean, we've got some amazing success stories from the program. We have one guy right now who's actually on the board of directors of one of the largest company we have in ophthalmology.

That company has never had a doctor. And one of the directors, a big publicly traded company, $12 billion market cap, and they are actually a $40,000,000,000 billion market cap and $12 billion in wealth.

And they are able doctor from the physician CEO program on that board. We've had people who form their own private equity companies. We have we just have $150 million exit last year.

People who who said, you know, I'm going to leave this big clinic I'm in and I'm going to be a chairman of a department, redefined the department to become about global medicine and reaching out to the developing world and bringing ophthalmology around the world.

We've had people who have gone on to start enterprises and new ventures. There's been all kinds of all kinds of wonderful transformations that have happened.

And this is this is because they saw that they could add in so that they could and and, you know, I would I would argue that I could take any ten positions watching this program and put them next to any ten businessmen that are business ladies that they're working with.

And the weight of the scale is going to come way down on the physician side in terms of talent, energy, work ethic, insight, vision.

Scaling Medicine and Building the Future

The only thing that the business people have on us is training. We've got to get that training. Well, that's the such a powerful statement. But it's absolutely true because right now we're flying blind.

You know, most physicians watching this where we're really flying blind. And the worst part about this is I don't think we know we're flying blind. Right. And then so, you just let the turbulence takes you, and you don't know why there's turbulence?

Because you can't see outside the plane. And that's super scary. And so right now, you're right. I think it's a it's a very opportune time to redefine what we are as physicians.

You know, if you look at if you look at the pandemic, you, let's look at how let's look at how the US and how the public kind of handle the pandemic when it comes to interactions with doctors, medical students, residents.

Right. And so you use this military term called frontline or frontline doctors, right? Which I'm not necessarily comfortable with because and you use this military term, these are the frontline doctors and, you know, New York Presbyterian taking care of the patients.

With coronavirus. Hey, we're short on staff. Let's bring in some of the medical students who are not trained in infectious disease at all. That's a knock on Covid, to and then and then bring them in.

And then you have this this sort of this perception is that these doctors are like troops within the military, and there's different waves of attack. Right.

And so and, and I think that's what the, what the perception is. But then who's the general. Right. Who's who's really leading the troops. Right. Is governments is it's large institutions, which generally, yes.

Is the hospital systems right. And we're starting to see this play out where there's a lot of resentment within the physician community of what was portrayed in the last couple of years since the pandemic started. Right.

And that resentment starts from how the the physician community and the medical student community are really perceived. And that resentment also comes from the fact that our lives are being harder and we're being censored and all these different things.

So there's a lot of woe is me mentality that's that's going on. Right. And then here you are saying that this is the best time ever. A medicine. We gotta take advantage of it. Right?

So it's definitely a different philosophy. Look, you look through such a different lens and it's very refreshing. And it's really encouraging for me to know that there's a way and other people have done it.

And once you're empowered and once you see the vision behind it, now you know where to go. You see outside in the airplane, you know you can fly around the dark clouds and not have turbulence, right?

But you gotta be the pilot of that and gotta be the CEO of that. And I think that's a very powerful thing that I got from, from, from our talk, you know, so let's, let's talk about more, more direct things.

So how can people find out more about the physician CEO program. So there's a website. It's the position open CEO position hyphen ceo.com. It has all kinds of information there.

I'm always open for a phone call if someone wants to talk about it and ask questions, I'm happy to talk to them. All the contact information is on that website and, we will be the the program runs on an annual basis, so we run once a year and it will begin again in February of 2022.

So we've had a Covid pause. It's a live program. It's not a virtual program. And the reason for that is that being there, being with each other, that networking aspects of is a very powerful aspect of it.

And so is the idea that you're not home, because when you're home, you're taking calls, you're seeing a patient, you're doing this, you're running off and doing that.

When you're there, you're isolating. You can focus. So that focus and that networking are really, really important parts of the program. So it's all live. It's all on campus.

It's a beautiful facility. It's it's basically first couple floors of things like dining halls and reading rooms and then

lecture halls and then the top couple floors are or hotel.

So you're staying right there in the facility and it's it's right on campus at northwestern. So what physician Hope and CEO people can apply. And you know, of course I'm available to answer any questions.

You know, you brought up a point a second ago. I just want to emphasize people don't know what they don't know. People don't know what they don't know.

And, you know, I kind of bluffed my way through business. I had a business for 25 years, and I figured it out and most of my way through it. But, you know, when I, when I, when I went to business school, who has oh my goodness, I missed so many opportunities because I didn't know what I didn't know.

And so what we want to do is we want to strip that away, give people that knowledge, give them that empowerment, give them that ability to to take control.

It's like Roger Bannister with the four minute mile, you know, before he ran that four minute mile in 1954, people thought it could be. And there were books written about why it couldn't be done.

But then he ran the four minute mile, and a couple years later they were doing it in high school. People just need to know it's possible when you go to a place like Kellogg, you see the people in that room, you see what people are doing and you realize it's possible and then you do it.

Yeah, it's such a great analogy there. It's the home run thing, too, I think, in baseball as well. Right. So, you know, the, you guys want to know more.

The link is actually in the description of this video. So go ahead and click on it. And so I'm going to close it up a little bit. And I guess a lot of the summit members this I'm want to ask you as well, so when did you get your MBA?

About what, ten years ago, you said. Yeah, 20, 2013 was when I was 2011, when I started. Okay. What what do you know now that you wish you knew right after you finished your MBA?

Well, I wish I knew when I was younger that that I needed to earn more. I wish I, I didn't have the arrogance of a position thinking that because I go into medical school, I knew everything.

And in a way, business school is kind of like medical school where you finish and then you start learning, but at least you know how to think and and that was the same way as well.

But I wish, I wish I had known, when I finished business school, that there was really a, the possibility to scale was there that you can that you can scale.

You just have to think big. And if there's anything that that we try to encourage people to do whatever, they come to us, everyone leaves the program with a business plan.

That's that's deliverable. Your deliverable is your own personal business plan, not a theoretical one. And we worked. We have mentors and and then people that work with every person in the room one on one.

But, everyone needs that. Their business plan. And the one question we always ask is, how can you make it bigger and how can you do it faster? And when you when you get people into that mindset, it's pretty powerful.

It took me a while to figure that up, but, that's that's where I am. And, and that we're scaling on some pretty big projects. So it's working. It's better than being on Shark Tank.

That's great. You're coming out with a business plan that's really, worth more than the price of admission. Because, you guys ever been in independent practice?

And and there's a lot of business plans that actually don't make sense. And then you look at your own and was like, well, this really didn't make sense and didn't really project what we want.

And there's, you know, you mentioned something is that you wish you knew that you could scale. Right. And so and so there's a shortcut to understanding that knowledge.

Then I think physician SEO, would be it. So thanks for coming on this. What a what a wonderful talk. And it's really refreshing. And, it's really in just a lot of hope into me.

So I truly appreciate your time today. Well, we live in a wonderful time. The hope is justified, and I know you're going to make great things happen. Jane, thanks for doing this.

Thanks for putting this series together and thanks for having me. And yeah, thank you once again. Go ahead and click on the link in the description and check out physician SEO.

Thank you.