Re-release: From Function to Value: Why Startups Pay for Physician Expertise Transcript

(Transcripts are generated by AI and may contain errors)

Why startups pay for physician expertise

Welcome to the Startup [music] Physicians podcast, where we explore how doctors lead healthcare innovation. Please like and follow our show to join our community [music] of physicians contributing to meaningful change.

Hey everyone, welcome back to Startup Physicians. [music] I'm your host, Dr. Allison Kurfman, and last week we walked through seven startup functions where physicians can add incredible value. If that episode got your interest and now you're thinking about what functions you could support, today we're going to go a little deeper because knowing what you can do is only half of the equation. The question that naturally follows is why would companies pay for these services? What is the true value?

And startups don't hire physicians because they're nice people that happen to know medicine. They hire physicians because they can solve expensive problems that no one else can solve. And quite honestly, any startup founder that is working with a limited budget, they're always looking at the return on investment of hiring anyone. And so today I want to show you exactly how the functions we discussed last week can translate into the language that startups actually care about, which is measurable business impact.

Every dollar that a startup spends on external expertise will fall into one of three value categories. It will be to help them make more money, to help them save money, or to help them reduce risk. And here's what's remarkable. Your clinical skills naturally drive results in all three areas, often simultaneously. So I'm going to take you through real examples of physicians creating a lot of value through revenue growth, cost optimization, and risk mitigation. Before we explore how physicians create value, let me share this framework that really shapes how I think about my expertise in the startup world. So, every startup, regardless of what they're building, is trying to fight three fundamental battles.

The three value categories startups care about

So, number one is revenue growth. How do we make more money? How do we get more customers or patients? How do we increase adoption rates or close bigger deals or expand into new markets? So, this is all about scaling the business and driving sustainable growth. The second one is cost optimization or efficiency. So, how do we do more with less? How do we build smarter products?

How do we avoid expensive mistakes and prevent costly rework? How do we streamline operations? And this is about efficiency and preventing things that can affect profitability. Sometimes this bucket is one that kind of makes us not feel great as physicians because the whole concept of can you do more with less might remind us of some of the pressures we feel from this culture of health care these days that feels like it puts a lot on the backs of the frontline workers. And I want to emphasize that this cost optimization isn't always like trying to ask people to do more and offering them less resources. It's more along the lines of like how can we use technology to optimize different steps in the process? How can we, you know, provide more support in one area that actually can really reduce the amount that you need somewhere else? And so, this is a very kind of operational bucket of of value.

And then the last one is really important in health care, which is risk mitigation. So, how do we protect what we've built? How do we avoid having issues with regulatory or compliance issues? How do we prevent patient harm and protect our reputation um and stay compliant with evolving standards? I've talked about risk in relation to other industries that, you know, if you were going to launch new marketing product and like the worst thing that could happen is like you might lose some Instagram followers or um you know, waste some money that you don't get a return. Okay, that that's bad for a business, but in healthcare if you take a risk that was not a good risk to take or maybe you weren't even aware of it and somebody was harmed. I mean, these are people's lives we're talking about. And so, risk mitigation is really important. It's part of why I really take it seriously to be such a you know,

critical driver for patient safety. Um and so, I think that risk mitigation is a really important bucket for us to understand. Now, here's the breakthrough insight that most physicians miss. Your clinical skills directly impact all three of these areas in ways that can be very valuable to startups.

So, the problem is we've never been taught to think about our skills in business terms. So, we think in terms of patient outcomes, but not necessarily business outcomes, but they're very intimately connected. So, today we're going to explore each of these three value areas and show you exactly how physician expertise drives measurable results in each one.

And you'll see real examples of physicians creating significant business impact and you'll start to recognize your own value in completely new ways. And so, when we move on to other thoughts about like strategic networking or generating leads or identifying companies that you can help, having this core understanding of the value you can create is super important for you as you start this journey. So, let's get started. Value one is revenue growth. This is one that is, of course, the lifeblood of any business.

So, this is helping startups make more money by increasing adoption, building trust, driving sales, growing contracts. And physicians actually excel at revenue generation in ways that might surprise you.

Every day, you take complex information and make it trustworthy and actionable. You build credibility from the moment you walk into a room. You guide decision-making and you help people move from confusion about something to confidence. And these are actually the skills that you need to drive revenue growth. So, going back to some of the functions, marketing and brand credibility is one of the most powerful ways that physicians can help drive revenue.

Revenue growth

Um I have a friend who was actually in episode nine of this podcast, Dr. Tanya Altmann, who is a pediatrician with a large following in child health and safety brands actually actively seek her out to act as a spokesperson. But, here's what makes her so valuable. She doesn't just deliver their message, she actually helps craft it. So, when a product depends on gaining the trust of parents or pediatricians, she can really deeply understand what resonates because of her day-to-day clinical practice. And she only takes on clients that she genuinely believes in, which makes her endorsements incredibly authentic and effective. And marketing is really the lifeblood of a business because it's what leads to sales and revenue. And a company that can't produce revenue can't continue to exist. So, when physicians help a company craft messaging that truly connects with the right patients, parents, or even health systems or doctors, this is really directly impacting the bottom line. >> Another function that really contributes to revenue generation is business development, which we talked about in the past how important it is to have a physician at the table, particularly when companies are seeking health care contracts or funding. And this is where physicians can really create massive impact. And it's one of the easiest areas to demonstrate value because truly growth strategists and business development specialists really command high fees. So, at my first company we paid a lot of advisors who were really connected to health plans and Medicaid plans, and they could help us really understand the needs of the payers and their operations, and they could make direct introductions for us and bring credibility to our pitches and make it be a warm introduction instead of a a cold outreach. And I actually do this sort of work regularly now. I can connect companies with a lot of people who need their product or could potentially contract with them, and I often have a seat at the table when they're pitching for fundraising or trying to close contracts. So, the clinical perspective that I bring can add credibility that makes the difference between closing a deal and not closing a deal.

Business development and healthcare contracts

And I don't want to give myself too much credit cuz quite frankly, I really deeply rely on the other experts at the table who are experts in the contracting models or in the business models. When it comes to the clinical model, they really need a clinician who's able to not only read the slides for the pitch, but then provide patient stories and provide context for all the follow-up questions related to the actual clinical model. I'll give you a concrete example of how physician insight also can drive revenue through products design and development.

So, if you remember back to another podcast that I did with an actuary named Isaac Addae, it was episode 22, it really illustrates this point. So, he said that his team was working with an organization that was focused on better care for musculoskeletal deliveries, so spine surgeries and back surgeries, which is about 10 to 12% of Medicare costs. So, it's a huge market opportunity. And they spent several months building financial projection models, but the numbers just were not adding up and it wasn't making sense.

And finally, one of their board advisors brought in an orthopedic surgeon who they said, you know, what, he's been in this field forever, let's have him take a look at this.

Product design and clinical insight

And that surgeon started asking a lot of questions about considering a different pathway because, you know, these actuaries didn't actually recognize how the patients were moving through the system. And the team realized they didn't even know that such pathways existed. And he said that several months later, working with that clinician and the others he brought on board, they had a completely different model. And the value proposition became really clear across spinal surgeries, back pain management, and physical therapy integration. And he said by the time they were done, the potential savings in the market were north of several billion dollars for the broader Medicare population. And what he said on that podcast episode is like, this is the kind of thing that physicians assume we know and we have zero clue. And these are brilliant people in their field, they are unbelievable at, you know, both in startups or actuaries or payers, they have a really clear lens of how they look at things. And sometimes you need to bring in that other perspective of someone with real-life experience operating in these very, very complicated systems because healthcare is just not straightforward. And so, that's an example of a physician whose clinical insight didn't just improve their product, it revealed an entirely different revenue opportunity that was potentially worth billions. And that's to me the power of clinical expertise in product development. So, when you help a startup understand the real patient journey, the actual clinical workflows, or the true pain points that need solving, you're not just being helpful, you're potentially unlocking massive revenue opportunities that they otherwise wouldn't see. So, moving on to the second value lever, which is cost optimization. I will say this is the one that I don't spend as much time on. I think that there are some people who are really, really great at um being operators and creating efficiencies, but I want to talk a little bit about it because helping startups save money by building smarter and avoiding waste can really prevent expensive mistakes. Physicians are natural cost optimizers because we're constantly working within resource constraints while maintaining quality outcomes. So, every time you've streamlined a workflow or eliminated redundant steps or found an efficient way to deliver care, you've demonstrated cost optimization skills and these are very valuable to startups. So, one of the functions that I'll bring up here is clinical research and validation. So, that's um something where physicians can actually save companies a lot of money by um helping improve their outcomes.

Yesterday I met with a company that reached out specifically about this challenge. Their entire question was about how to use their initial beta testing and pilot programs to show outcomes and demonstrate success to future clients. So, this is something that I've dealt with a lot from companies that often they'll have a direct-to-consumer app that are being purchased by individuals and allow them for some more beta testing, but their real target market is health plans and employers, which would be much larger groups of people and bigger contracts.

Cost optimization

And they need to really extract the best outcomes and data from their current users to win these much larger contracts. And without proper validation and the right clinical measurements, they could spend millions of dollars trying to scale a product that doesn't actually deliver the outcomes they're promising. Understand exactly Understanding exactly what to measure clinically and making sure that they're measuring the right things could be the difference between landing multi-million dollar contracts and and not landing those. So, the clinical validation work prevents costly pivots and failed product launches while positioning them for significant future revenue. And going back to another function of product design and development, we talked about how that can increase revenue, but from a cost perspective, it's about preventing expensive mistakes before they happen.

Clinical validation and outcomes

And so, I think that one of the things that we can do when we're doing product design is continue to pair it down over and over again until the economic model fits the actual demand and and what you can get paid for it. And so, if you can actually make a model more efficient by really asking questions like, is this stuff necessary?

Is there a better way we could do this? Could we use technology for this piece of it? Could we make it less heavy on like actual human input? Those are all things that can be cost-saving. Another function, customer and user insight, can prevent one of the most expensive mistakes that startups make, which is building a product that nobody wants or workflows that nobody will adopt. And so, you live these pain points every day in the healthcare system, and so you know exactly what makes patients confused or what might not work in a traditional healthcare system or what tech features can be helpful versus annoying. And every time you've used healthcare technology and thought, "Whoever designed this clearly never worked in a hospital." you're identifying the exact insights that could save a startup from expensive rebuilds and failed launches. So, when startups build solutions without the clinical input, they often have to completely reconstruct their products after launch. Like, I have certainly seen companies that maybe didn't have the strongest clinical model, but they did get contracts, and then they were scrambling to create the model once they were already up and running, and it ended up being a lot more expensive and is hard for the company to kind of get their footing after that. Another cost reduction function is strategic advisory roles, um and that's like the the seventh function that I talked about last week. So, from a cost perspective, it's about helping teams make smarter resource allocation decisions. And when I think about how I actually did this at Imagine, I built our clinical advisory board. So, while I do sit on multiple advisory boards, I wanted to give you guys the other perspective of why would someone actually pay to create an advisory board? And we were specifically recruiting physicians with really diverse expertise.

Avoiding expensive product mistakes

So, we looked for people with, you know, behavioral health or health policy or rural health, health equity. Like, we wanted to have a lot of diverse viewpoints on this board because and we wanted to pay for those perspectives because we wanted to help them look for issues or problems that may be coming down the road or things that we might not be seeing. And so, this also will fall into the third bucket that we'll talk about for value, which is decreasing risk, but it also can help improve your costs if you're able to identify, you know, better ways of doing things. The key insight here is that sometimes preventing expensive mistakes is more valuable than generating new revenue.

And startups operate with limited resources and can't afford to waste money on wrong directions. So, physician advice can really help them to optimize what they're doing. And then the last value lever, which is really important um in health care, is risk mitigation. So, this is helping startups survive by avoiding patient safety issues, regulatory trouble, and protecting their reputation in a highly regulated industry.

Health care is one of the most regulated industries in the world, and startups operating in this space face risks that could literally destroy their business overnight. And physician expertise in navigating these risks is not just valuable, it's often essential for survival. And these are things that you absolutely know because you practice patient safety every day. And so the first one that I will talk about is the idea of clinical product development. I know that we talked about it in the context of increasing revenue and decreasing costs, but decreasing risk is one of the really solid ways where physicians can contribute to companies that are trying to get a new model off the ground and really taking an assessment of their model and looking for areas that where could something fall through the cracks? Where could this be What could be a problem that could um arise from the way that this model is built? And what are the guardrails we need to put on this because if something bad happens to a patient in a company, it's it would be of course devastating for the the patient and the clinicians involved, but it it could be the end of the company. So, mitigating risk by really advocating for patient safety and helping companies see their blind spots is where physicians can add enormous value. Also, looking at kind of more regulatory like policy work, I want to also point back to um one of my former podcast guest who uh was really working on with companies during the infant formula shortage crisis. She said that she really wanted to encourage the FDA to open the borders and take a look at international formulas because there were some international formulas that had really good options, but they weren't available in the US. And meanwhile, we were having this massive shortage. And she ended up um being able to work on a policy and regulation around that to help get other international formula formulas approved by including them in the FDA proposal.

Risk mitigation

And so, the business value here, her clinical expertise and policy knowledge literally helped create a completely new market opportunity for companies that had these international formulas. And companies that were able to navigate that regulatory pathway were gaining access to that market. And another example of decreasing risk is the clinical research and validation from a risk perspective can also ensure that products can really with withstand regulatory scrutiny, avoid safety issues. So, you don't want to be a startup that's making clinical claims without proper validation. And so, you want to make sure that you're compliant. Um and physician involvement in healthcare technology, you know, we think a lot about these new tech solutions that are coming to market, particularly with AI, and we immediately jump to like all the bad things that could happen. And I think that's normal and that's really natural for us as physicians to think about the things that could go wrong and a lot of us stop there. I see it a lot in discussion groups where physicians will say, you know, I don't think this is going to be a good idea for health care cuz it's going to cause this and that and this and that and we just shouldn't do it at all. And honestly, I think that's a a not great perspective because other people who don't see those risks will just carry it forward.

Patient safety and clinical guardrails

And so I really encourage physicians to get involved in the areas that they feel like could be risky so that they can help provide that guidance. And I think decreasing risk is a huge area of value that physicians can provide and we have a very unique perspective to provide that value. So all together, the pattern that I want you to see is that your clinical expertise can create measurable business value across all three dimensions, whether it's growing their revenue, optimizing their costs, or mitigating risk. And some of these happen simultaneously. And when you prevent a medication error, you're demonstrating risk management that's worth a lot. And when you streamline a patient process, you're showing ways to optimize a process and make it more efficient. When you help a family understand and commit to treatment, you're really demonstrating the same communication skills that can drive revenue in a marketing or business development environment for a startup.

This is just my encouragement to you that you actually hold some of these skills already and you're not just a subject matter expert, you're a multi-dimensional strategic asset who can understand how to drive business outcomes in one of the most complex and regulated industries in the world. Your expertise can drive measurable business value through revenue growth, cost optimization, and risk mitigation. These are the things that really determine whether startups succeed or fail, and it's a really clear framework by which founders who are hiring advisors can really measure what is the return on investment, what is the value of investing in a clinical advisor. I want you to understand these value drivers that matter to all companies and help you give a framework to see it clearly. >> [music] >> So, let's change the future of healthcare together, and thanks for listening. I'll see you next time. Thanks for listening to the Startup Physicians podcast. [music] This community was built for doctors who want to contribute to the future of healthcare. We offer support for physicians [music] who are ready to make the next step towards building the career they've dreamed of. Visit startupphysicians.com [music] to learn more.

Why physicians should engage with healthcare innovation

And if this episode resonated with you, share it with another friend who needs [music] to hear it. Let's change the future of healthcare together.