

# Insights

## Recruiting Success Tips for Progressive Practices

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For years, many experts have predicted the disappearance of private medical practices in favor of hospital-employed arrangements. In fact, a 2019 Merritt Hawkins study found that 45% of final-year medical residents were open to hospital employment. This compares to just 36% in 2014 and 22% in 2008.

Although many communities have seen a significant migration of physicians to hospital employment, progressive practices continue to attract and retain new graduates. The following impact recruiting results:

1. **Consistent Effort.** Private practices need a consistent effort to identify top talent. More typically, private practices will undertake a search only when they are desperate for help. Even then, they often start the process too late and rely on word-of-mouth referrals. In contrast, hospitals have staff and consultants who focus on recruiting as an ongoing business function. Groups need to make recruiting a routine and consistent priority, even if they do not hire a recruit every year and are not currently in the market.

2. **Strong Administration.** A physician group needs a strong leadership team dedicated to recruitment. Practices should not rely on the physicians to get to it “when they have time.” Doing so often results in delays and mixed and inconsistent approaches, resulting in the loss of opportunities to hospital systems and more proactive groups.

3. **Clarity of Organization.** An easy to understand practice structure and a clear strategic plan are both critical to successful recruiting. Practices with complicated “pod” arrangements, or with confusing expense allocation methodologies, are often unattractive to new physicians. This is especially true when compared to simple W-2 hospital employment arrangements. Even with detailed explanations and hand-holding, new graduates usually don’t fully understand the intricacies of the advancement process, much less a complicated practice organization where the path to partnership is hazy.

Instead, keep it simple, like a flat salary and bonus, with clear metrics for partnership. Provide compensation examples with realistic numbers. Even more helpful are conversations with other physicians at the practice who have gone through the same process, especially physicians who recently went through the recruiting process themselves. Welcome questions, including from a physician’s attorney or financial advisor. Don’t make the recruit feel awkward about asking for more detail or enlisting the advice of outside advisors.

4. **Practice Equity.** Practice ownership opportunities are a real driver for many physicians. While the financial rewards of ownership may be important, many recruits are just as interested in the option to “choose their own destiny” and not be controlled by a health system. Explain exactly what partnership means. How often do the partners meet to discuss business issues? What do the partners discuss and decide? What additional job security does partnership provide? What is the additional income? Hospitals often cannot match this benefit.

A low cost buy-in is also critical. Partnership opportunities are meaningless if they are too expensive. The old model of charging hundreds of thousands of dollars for partnership is not viable when the other option is a hospital or another practice with little or no buy-in requirement.

5. Ancillary Opportunities. Although the initial wave of hospital-employed physicians were often allowed to retain their outside surgery center and other ancillary investments, hospitals have typically not been as flexible for new physicians. Private practices have a significant advantage over hospitals who are more restrictive. These opportunities are often significant sources of physician income. Don't make promises, but be sure to provide details of these possible opportunities.

With planning, private practices can compete with hospitals, but it takes deliberate forethought and consistent effort to make it happen. If you would like help making your practice more attractive to recruits, please contact **Thomas N. Hutchinson** or **Andrew W. Breck**.