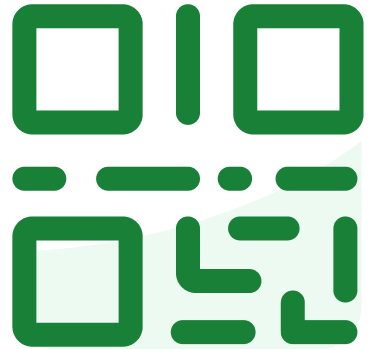


Succession Planning for Pediatric Practices

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**Are you an owner/partner/shareholder
in your current practice setting?**

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Does your practice have a formal succession plan in place?

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**If you do NOT have a succession plan
in place, why not?**

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SUCCESSION

HBO

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Educational Goals

What does succession involve

Why plan for succession

When to think about succession planning

The “how” of implementing succession (transfer of management)

What is involved in making this change work

Common pitfalls and how to avoid or respond to them

What happens after succession has occurred

I WILL NOT discuss the financial nitty-gritty details

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Stages of succession planning

Precontemplation phase (not even considering it)

Contemplation phase (thinking about it, researching)

Preparation (ready for a change and making specific plans)

Action (taking charge, implementing plans)

Maintenance phase (continue forward movement towards ultimate goals)

Prochaska and DiClemente's Transtheoretical Model of Change (1982)

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What exactly does “succession” mean?

Simply defined—a transfer of some or all of one’s roles to another person

- Sole owner

- One partner among a group

Medical practices—like and unlike other small businesses

Complexity—requires a change in the mindset of many people

- The predecessor

- The successor

- Those impacted by the change

Need for any transfer of roles to happen smoothly and efficiently

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Advance Planning for Succession--Why?

PRACTICE

Protecting the future of the practice

Minimizing disruptions—patients and staff

Smooth transition of leadership

Preserving the values and mission of the practice

Minimize legal and financial risks

INDIVIDUAL

Financial interests

Personal and professional interests

“Legacy”

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Advance Planning for Succession--Why?

Expected vs. unexpected need to transfer roles/responsibilities

Urgent need—cannot allow practice to flounder without guidance/control

Expected—conscious decision to relinquish or take on new roles

- Most commonly—desire for a senior member to retire or reduce hours

- Desire of other members of a practice to take on new challenges

Make sure the ‘house is in order’—and fix if it is not

Line up advisors who have a chance to become familiar with practice and people

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Advance Planning for Succession--When?

Not at the last minute!

Actual succession usually takes place “at the right time”—but that is not the time for the planning to happen

Like planning for retirement, planning for succession should be a part of building any new business

Time for discussion and consensus when clear thought and negotiation is possible

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Advance Planning for Succession--What?

Strategic

Tactical

Emotional/psychological

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Strategic considerations

From Day One—there is NO “precontemplation phase”

Build consensus among stakeholders

Regular reviews of policies in place

Identify potential successors

Internal

External

Develop leadership and management skills--mentoring

Define roles and responsibilities

Establish clear transition policies and ownership transfer mechanisms

Team of advisors

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Tactical Considerations

Fear of change

- Can be paralyzing

- Avoid planning for changes during periods of uncertainty

Retirement planning

Shareholders' and employment agreements—executed and reviewed

Timelines and milestones for transition

Gradual vs. immediate transition—different considerations

Responsiveness to staff concerns

Responsiveness to patient needs

Monitoring progress/adjust as needed

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Emotional/Psychological Considerations

Fear of change—failure to address at all

New eyes vs. long experience?

Are you ready for these changes?

Are you ready to move on? Can you move on?

Do you want to move on?

How much of your identity is bound up in these roles?

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Implementing the Succession Plan—the “Action” Phase

Communicating more and better

Changing people vs. changing behaviors

Preconceived notions vs. changing reality

Ambivalence

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Implementing the Succession Plan—the “Action” Phase Goals

Transfer of knowledge base to new leaders

Adequate cash flow

Preservation of enterprise value

Tax efficiency may be an issue

Smooth transition within existing governance structure

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Potential Pitfalls

The “Relinquisher”

- Personality—“monarch” vs. “governor” (Sonnenfeld, “The Hero’s Farewell” 1991)
- Choice of successor—“mini-me” vs. new talent and skills
- Change of heart

The “Successor”

- Personality—confident vs. aggressive vs. fearful
- Inadequate preparation—this is a process
- Change for change’s sake
- “Impostor syndrome”

Others—staff, patients

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Some Personal Reflections

As a “Successor”

As a “Relinquisher”

As someone ready to retire

Preparing for change to a life after power

What will I do when I am no longer in charge?

But life will change anyway, so accept it and plan for it

Consider that succession can be just another word for “new found freedom”

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And, finally....

SUCCESS is a big part of “succession”

The success that has gotten each of us to the point where succession is even an option

And the success that we want to see following succession

- Enjoyment of the next phases of our lives

- Continued viability of the entity we have founded and grown

- Continued success of our colleagues, partners and friends

- Uninterrupted service to our patients and families

- And our legacy of having made a difference

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Thank you

Questions?