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Section I

Core Principles

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1 Basic Management Principles for Audiologists

Brian J. Taylor

Abstract

Audiologists spend four years of their post-baccalaureate education learning the essential details of diagnostic and rehabilitative audiology, yet when they enter the workforce they are often called upon to operate a business. Many audiologists learn quickly that the skills and expertise required to evaluate the auditory system do not equate to running a sustainable business. The purpose of this chapter is to provide clinicians, imbued with technical knowledge about Audiology, several practical insights about the daily operation and management of a clinic. In wide-ranging detail, topics such as how to run a staff meeting, how to coach staff and how to use key performance indicator (KPI) data to make business decisions are provided in this chapter.

Keywords: effective management principles, four essential behaviors of managers, key performance indicators (KPIs), productivity, efficiency, benchmarking, executive dashboard, business culture

1.1 Learning Objectives

- To understand the basics of effective management of an office staff and culture.
- To hone the ability to select a group of key performance indicators (KPIs) that help improve and sustain an audiology practice.
- To effectively manage an audiology practice using KPIs and benchmarking data.

1.2 Introduction

Businesses do not manage themselves. It takes people to make them hum. Even though low-cost, high-speed computers make it incredibly easy to generate reports about your business, and computerized audiometry

and hearing aid-fitting algorithms are a ubiquitous part of clinical practice, basic management skills are necessary for creating and sustaining any business. As this chapter outlines, basic **effective management** skills are about hiring, coaching, and retaining good people—people who can administer, oversee, and run all the elements of a business from back office accounting and scheduling to how clinical time with patients is allocated. Managers do not have to be experts in any of these areas, but they must know how to draw the best performance from each person on the staff. The tasks that define management are the lifeblood of any practice, and many times they are simply ignored by people with the title of manager who often have the very best of intentions. Effective managers, as this chapter will explain, take the time to build strong relationships with their staff. The by-product of these professional relationships is trust, which in turn leads to improved financial results and higher patient satisfaction. In addition, effective managers are passionate about incremental improvement. The best managers expect their staff to become better at a wider range of tasks and responsibilities. This means managers have to be good coaches and delegators.

Another substantial part of effective management is putting **key performance indicators** (KPI) data to good use. KPIs are important in managing any sustainable business. KPIs are yardsticks. Like any good measurement tool, KPIs help us gauge performance and identify areas that need extra attention. This chapter provides audiologists, especially those with little formal business education, with a working definition of effective management using KPIs. A major theme of this chapter is that a relatively small group of about a dozen KPIs are an essential part of managing a successful audiology practice. The most useful KPIs for managing retail-oriented and medically oriented practices will be defined. Best practice benchmarks and how to use them to hire, coach, and train your staff are also covered.

1.2.1 Avoiding Assembly Line Thinking

With the advent of modern technology, particularly computers and automated software, it has become commonplace to rely on “assembly line thinking” to manage a business. “Assembly line thinking” is best described as a penchant for creating a finely crafted process to accomplish the myriad of tasks involved in running a business. The assembly line, courtesy of Henry Ford’s desire to make the automobile available to the masses, is an example of sheer efficiency that still amazes nearly a century later. The growth of American industry during the last century lies in its wide scale adoption in just about every other business over the past 100 years, including health care businesses, like audiology and hearing aid dispensing. We have applied assembly line thinking to just about every area of life. In addition to health care, public schools, restaurants, and even airport security have adopted these practices. On its own, process-oriented assembly line thinking is helpful in running an audiology practice; however, without paying careful attention to the people overseeing the assembly line, this narrow view of management is shortsighted and ineffective. No matter the processes required to run your business, as this chapter aims to point out, it is highly motivated, competent people that run these processes. In short, if you want your business to be more efficient, pay very close attention to who you hire, how you coach and train them, as well as who you retain in your business. To get better results, which in the long run must be the mantra of any manager, focus on improving the quality of the people who comprise your staff. At the end of the day, managers must be good at two things: getting results and retaining the staff that generate those results. Without results generated from good staff, your business will never turn a profit or achieve a high standing in the community.

Pearl

The two most important aspects of effective management are getting results and retaining the best staff to obtain these results.

1.3 The Four Essential Behaviors of Effective Management

All businesses exist to create and serve customers. No matter how skilled you are, your business would cease to exist without customers. To generate the revenue and profits essential to keeping your business open, effective managers know they have to coax high performance from their staff. In an

audiology practice, where we usually refer to customers as patients, high performance comes in many forms: It is the front desk staff filling your schedule with revenue-generating opportunities. It is your ability to price your products and services properly so that customers perceive the value. It is the ability of other clinicians or your staff to listen and appropriately meet the needs of their customers. The list goes on and on, but the important point is that the results in your business are defined by the performance of the people who comprise your staff, and their performance, in turn, is defined by their behavior.

When we use the term *behavior* we mean their moment-to-moment activity: how they answer the phone, what they say to patients, and their tone of voice when discussing test results. All of these are observable behaviors that eventually culminate in results. It is the responsibility of managers to define and teach to their staff these behaviors that result in superior performance and results. Results, of course, are revenue and profits, and patient outcomes. But from a manager’s perspective, stellar results are nothing more than the by-product of outstanding performance. The key point is that results are driven by the behavior of everyone in the business. By definition, if behavior is observable, then you can measure it. Thus, a **KPI** is nothing more than a means to measure behavior. Because there are dozens, perhaps hundreds, of behaviors associated with performance, there are dozens, perhaps hundreds, of KPIs that could be measured. Another important facet of effective management is prioritizing the KPIs that are most critical to results. Prioritizing KPIs is discussed later in this chapter.

Pearl

Behavior = Performance = Results.
One primary responsibility of a manager is to define the behaviors that generate improved performance and ultimately lead to peak results.

If you believe that behaviors are the key to results, then it is helpful to identify a group of behaviors that constitute performance. There are key behaviors of each staff that need to be defined by managers, but more fundamental is defining the effective behaviors of managers. For managers, there are four key behaviors that are believed to result in better performance. Let us examine each of these key drivers of effective management behavior.

- *Know your people.* The better you know the strengths and weaknesses of each person on the staff, the more likely you are to obtain a

higher level of performance. Beyond knowing the work-related strengths and weaknesses of each staff member, knowing your people entails *really knowing* your people. Know the names of their children, know their hobbies, and know what makes them tick as an individual. The manager behavior that encapsulates knowing your people is the ability to conduct weekly one-on-one meetings. Taking 30 minutes per week to meet with each staff person to genuinely chat about the prior week's events and the upcoming week's tasks is a great way to practice knowing your people. A big part of being an effective manager is creating an atmosphere or culture of trust. Trust is the glue that holds a staff together and the way to foster it is to get to know the people on your staff—know them on a personal basis, not just as an employee. A strong, personal relationship will foster trust, and trust will drive results.

- **Talk about performance.** If results are driven by day-to-day performance, then it is logical for managers to want to discuss all aspects of performance. It is imperative for managers to deliver ongoing feedback to staff about their performance. If you are a manager, feedback is nothing more than sharing your opinions and thoughts about day-to-day performance and behavior. If you desire a high-performing staff, you have to talk about the details of how high performance looks to each person on your staff. Feedback is the vehicle that allows managers to continually talk about performance in a constructive way. There are two types of feedback and both are important. One is positive feedback. It entails communicating to staff about the beneficial things they are doing. For example, when you observe a staff person working well with a patient, let them know. You might say something like, "I really like the way you made eye contact with that patient. Keep it up." Feedback is not really praise, rather it is simply communicating about behavior and performance. When you catch your staff doing something good, tell them about it.

The other type of feedback is called constructive or personal adjustment feedback. Managers who have trusting relationships with their staff—those who conduct effective one-on-ones—can deliver constructive feedback in an effortless manner. Constructive feedback is all about helping the staff improve. You are simply using your observations to communicate

about their performance in a nonthreatening way. Let us say that you observed an audiologist spending too much time talking and not enough time listening with a new hearing aid patient. You might say, "I noticed that your last patient was rolling his eyes when you did all the talking the last 5 minutes of the appointment. He looked like he had some questions and you left the room quickly. I know we are really busy today, but what could you have done differently?" Allowing the audiologist to talk/assess their behavior in a nonthreatening way is a great way to guide the staff to incremental improvement. When delivered in a constructive manner among trusting staff, this type of feedback can be effortless and effective. As a rule of thumb, positive feedback should be delivered as much as constructive feedback.

Pearl



Role power. Almost all businesses have an organizational chart. Human beings, to work together in an organized manner, rely on them to get things done. If you are above someone on an organizational chart, that person is your direct report and you have role power. By virtue of your role, you have leverage in the relationship with your direct reports. Role power allows the manager to get things done, but it is easy to abuse without thoughtful consideration of those reporting directly to the manager.

- **Ask for more.** When people are in their comfort zone for a long period of time, they often become complacent. Managers have a fiduciary responsibility to the business, one that goes beyond any personal friendships with others in the business, which staves off complacency in your staff. This does not mean managers need to be ruthless, but it does entail that managers encourage staff to move beyond their comfort zone. This can be accomplished by working directly with staff to develop new skills or bring new procedures into the clinic. Asking for more needs to be part of routine, ongoing development of staff. Coaching is the tool that managers use to encourage staff to strive for professional growth. When you hire people that want to improve their skills, coaching is relatively easy—the manager works with the staff to identify a new skill to acquire and the appropriate coaching is found. Keep in mind the manager does not have to do all the coaching. Seminars, workshops, and other forms of coaching can be used to help staff acquire a new skill. It is simply up to the managers to help identify the coaching

and how the new skill will be utilized in the business to improve results.

- **Push work down.** Pushing work down is another term for delegation. A big part of effective management is running an efficient business. An efficient business is one that does more with fewer resources. It is a business that matches the skill level of the staff to the right task that needs to be completed. For example, an audiologist should spend as much time doing the things needed to generate revenue that cannot be done by other staff. If the audiologist who is busy seeing new hearing aid patients is constantly interrupted to clean and check hearing aids, when other less qualified staff can legally perform that same task, the work ought to be pushed down to an assistant. To optimize patient satisfaction and revenue generation, managers need to be on the lookout for tasks that can be pushed down to staff with less credentials. Audiologists need to determine what the top half dozen or so activities they do on a daily basis contribute to the most revenue generation, and all other activities need to be pushed down to staff with lesser levels of formal academic training. For example, if state licensing allows, much of the routine work associated with cleaning and checking hearing aids could be pushed down to a technical specialist, thus freeing time for the audiologist to see new patients.

Taken together, these four activities—one-on-ones, feedback, coaching, and delegation—form the backbone of effective management. Getting results from top-notch staff, the ultimate objective of managers gets easier when they are executed. Even though you may have an advanced, doctoral-level degree, effective management is mundane work done consistently. One of the most common activities, the staff meeting, is often done in an ineffective, haphazard manner. Let us examine how the effective manager conducts a staff meeting and why it matters.

1.4 The Weekly Staff Meeting

The purpose of a staff meeting is to communicate to the entire staff. Unfortunately, too many managers do not take the time to think about how a staff meeting should be conducted. Without proper planning and execution, a staff meeting is a colossal waste of time. Imagine a staff of 10 people. If all 10 staff make \$50 per hour and the meeting lasts 2 hours,

you have expended \$1,000 of fixed costs and diverted resources from revenue-generating activities. This does not mean staff meetings are not important. They are critical for several reasons, but it does mean they need to be carefully planned and executed. First, effective staff meetings, ones that are interactive and last an hour or less, need to consist of 10 or fewer employees. As a general rule, if you have more than 10 employees on your staff, you should break them into smaller groups with separate managers. If you have a large staff, say 10 or more, you can all meet as a group maybe once every 3 to 6 months, but the smaller subgroups could meet every 1 or 2 weeks.

Second, weekly staff meetings need to have a set time frame (e.g., 60 minutes) with a set agenda. Weekly meetings should occur at the same time each week (or month) so the staff can anticipate and plan for them. The staff can work together to set the agenda, but someone needs to be the designated leader of the meeting. The manager may choose to delegate a different staff member run each monthly meeting. The meeting needs to start on time and the leader of the meeting needs to ensure that all topics are covered within the designated time frame. In addition, the meeting leader is responsible for making sure everyone gets a chance to talk and that tangents are held to a minimum. This often requires the leader to table topics that go over their time allotment. Third, following the meeting, the leader should email a brief summary of the meeting “to-dos” and “next steps” to the entire staff, along with a reminder of the time of the next scheduled staff meeting.

Finally, it is important to think carefully about the content of each staff meeting. If you have 1 hour every month, you may only have time to talk about two or three agenda items. When devising the content of the meeting agenda, it is helpful to identify areas that impact the entire team. A simple rule for addressing each item on the meeting agenda is to remember *what*, *why*, and *how*.

- What is the topic everyone needs to know about or discuss?
- Why is it critical to the team to discuss it?
- How will the agenda item be implemented or used by everyone on the team?

If you cannot answer these three questions, it is probably best to deal with the topic in your one-on-one time. Team meetings are necessary, but they are often mismanaged. Now that we have covered some of the basics of effective management, let us move into KPIs and how they can be used to manage performance and results.

1.5 Using KPIs to Do More with Less in Your Practice

Pick up the sports section of the newspaper (or, better yet, open the ESPN app on your smartphone) and check the box score of last night's baseball game between the Chicago Cubs and Milwaukee Brewers. Even though the Brewers won, you notice three Cubs had multiple hits in the game and their starting pitcher gave up only two hits over the entire nine-inning game. Upon a closer reading of the box score, however, you see the starting pitcher also had two wild pitches and the shortstop had two errors. What the box score did not tell you, however, was these four miscues occurred in the same inning and directly lead to the Cub's defeat in the final inning of play. You really needed to be at the game or watching on TV to appreciate the intensity of the action as the game unfolded in that final frame. The magnitude of the human errors that lead to the dramatic downfall of the Cubs last night simply could not be captured by the box score. This baseball analogy shows the advantages and limitations of using numbers and statistics (in baseball, the box score is used to summarize many of these stats) to capture performance. The baseball box score is an example of how KPIs can provide valuable insight into activity and results, but when these activities and results are viewed from afar, they do not tell the complete story of the performance of individuals and teams.

You do not have to be a baseball manager or even a fan to appreciate how numbers can be used to evaluate performance. The objective of this section is to show how KPIs can be used to better manage your practice. In simple terms, like a baseball box score or your new car's dashboard, KPIs are nothing more than a set of numbers used to evaluate the activity, behaviors, and performance of individuals working within your practice. After all, no matter how sophisticated your business, people run your business and KPIs, when properly utilized, are a proven approach to providing better patient outcomes, maintaining your best staff, generating more revenue, or being more profitable. Rather than making rash, gut-level decisions about your practice, a targeted set of KPIs allow you to make rational decisions about your practice, decisions based on facts. The use of KPIs in the decision-making process leads to less chaos and better results. Ultimately, however, success in your business still boils down to the human element—someone, usually a manager, deciding what KPIs to measure and how to use those measurements to guide the day-to-day operations of the practice. From this standpoint, even though a group of numbers

(i.e., KPIs) may seem dry and boring to many, they summarize the crucial activity in your practice.

As previously stated, KPIs are very similar to the stats you see in the box score the morning after the baseball game. The box score, like the one shown in ► Fig. 1.1, provides you with important insights about who played well and who did not. Once you are familiar with what the numbers mean, you simply glance at them and you quickly surmise what happened in the game you missed. However, there are important limitations of KPIs that must be considered.

People, usually managers of the practice, must chose the set of KPIs that provide them with the most actionable information. Further, managers must be able to quickly evaluate KPI data, trust that they are representative of daily activity, and use them to guide their decision-making. There is a process to establishing and using KPIs data that will be covered in this chapter. This process is often referred to as “data-driven decision-making.” Most of us would agree that

Cartwrights	AB	R	H	Doubledays	AB	R	H
Pierro, Evangline, 2b	3	1	1	Carson, Kitty, ss	4	1	2
Yuska, East Texas, 2b	0	0	0	Collett, Ark. Mo., ss	1	0	0
Yuska, West. Ark., cf	1	1	0	Belanger, E. Shore, 3b	5	1	1
Springer, WT-NM, cf	1	0	0	Jackson, Eastern, c	3	1	1
Denoff, Penn. State, lf	5	1	1	Burky, Cot. Sta., c	2	0	0
Martuscello, Ga.-Fl., ss	5	1	1	Wilder, Mt. State, c	0	0	0
Coulter, N. Car. St., cf	1	1	1	Hauer, Ariz. Ass'n, 1b	3	2	2
Rand, Tar Heel, cf	1	0	0	Mozer, Western, 1b	1	0	1
Sawyer, Northern, cf	2	0	0	Zimmerman, NE Ark., lf	4	0	1
Jenkins, Co. Plain, 3b	3	1	1	Strott, Pory, cf	3	1	2
Yoter, Ariz.-Texas, 3b	2	0	0	Huffman, Virginia, cf	1	1	1
Lowe, Pioneer, 1b	2	0	0	C. Smith, C. B. Col., 2b	3	0	1
Byrnes, Mid. Atl., 1b	2	0	0	Eck, Appalachian, 2b	1	1	1
Bengough, Intern., c	1	0	1	Nestli, Piedmont, cf	2	0	0
Schang, Can.-Am., c	1	0	0	Pellomas, Ohio St., cf	2	0	0
Gehrwl, Inter-State, c	1	0	0	Ruether, Pac. Co., p	0	0	0
R. Smith, Southern, p	2	0	0	Kuttel, West. Int., p	1	1	0
Callahan, Three-I, p	2	0	1	Hutchings, S. Eastern, p	2	0	1
Perry, South Atl., p	0	0	0	Webb, Texas, p	1	0	1
Total	35	6	7	Total	39	9	14

Score by innings:										
Cartwrights	—	6	0	0	0	0	0	0	0	0—6
Doubledays	—	4	3	0	0	0	0	0	2	*—9

Errors—Jenkins, Rand, C. Smith, Yoter, Collett. Runs batted in—Denoff, Martuscello, Coulter, Lowe, Bengough, Pierro, Hauer 2, Zimmerman, C. Smith, Jackson 2, Webb 2. Two-base hits—Denoff, Strott, Mozer. Home runs—Jackson, Hauer. Stolen bases—Coulter, R. Smith. Sacrifice—Pierro. Double plays—Martuscello, Pierro and Lowe. Left on bases—Cartwrights 10. Doubledays 6. Bases on balls—Off Ruether 1, off Kuttel 4, off Webb 2. Struck out—By R. Smith 2, by Kuttel 3, by Hutchings 6, by Callahan 3, by Webb 3. Hits—Off Ruether 5 in 0 inning (none out in first), off Kuttel 1 in 3 innings, off Hutchings 0 in 3 innings, off Webb 1 in 3 innings, off R. Smith 7 in 3 innings, off Callahan 4 in 4 innings, off Perry 3 in 1 inning. Winning pitcher—Kuttel. Losing pitcher—R. Smith. Umpires—Johnson (Southern), Moore (Eastern), Anderson (Western), Carpenter (International). Time—1:59.

Fig. 1.1 An example of a baseball box score. From Taylor B. Using Key Performance Indicators to Do More with Less in Your Practice. Semin Hear. 2016 Nov; 37(4):301–315.

making decisions about your practice, such as what model of hearing aids to dispense and what prices to charge are critical to long-term success; the real challenge, however, is choosing a group of KPIs that will help us make those decisions and then effectively coaching better performance from our staff.

In addition to choosing a set of KPIs that will enable you to operate a more efficient practice, managers must be aware of the possibility of over-relying on KPI data. For example, you will find managers who like to spend inordinate amounts of time analyzing their KPIs. (In reality, you are probably more likely to see managers who do not pay any attention to KPIs.) With the advances in low-cost, high-capacity computers, it has never been easier to generate data about the operations of a practice. This can lead to paralysis through analysis, an easy thing to do when there are so many variables to measure. After all, with today's computers, dozens of metrics (KPIs) can be obtained, often in real time. Even though many practices are awash in this sea of data, effective management of people is still critical to long-term success. This chapter will focus on why the human elements of managing people within a business complements the specific KPIs you decide to measure. In other words, how you use KPIs to manage your staff is more important than the exact KPIs you measure. Yes, KPIs are important, but an effective manager selects the KPIs that provide the most salient information about the goals of the practice and manages the people in the practice to better meet and exceed those KPIs.

Before going any further, let us stop and discuss the importance of efficiency. You may have noticed in the previous paragraph the term “operate a more efficient practice.” It is important to have clarity about this term. Today, audiologists, especially those in private practice, face stiff competition. Big-box retail stores, large integrated medical centers, and even the internet are all existing business models that compete head to head with private practice audiologists. They are formidable competitors because many of these upstart challengers are more efficient than private practice audiology. In this context, efficiency simply means they get more done with fewer resources. In other words, they can maximize their profit by reducing their costs, relative to a private practitioner. For example, large retail chains and other big corporate entities have more buying power. They can easily use their economies of scale (i.e., dozens, if not hundreds, of locations) to command a very low wholesale price for hearing aids that they resell. Other large entities might have a recognizable brand that allows them to greatly reduce the need to rely on costly advertising to bring customers to their stores. Buying power and brand

recognition are two variables that allow large players to operate more efficiently.

Pearl



The KPIs you manage depend on your business model. There are four types of audiology business models. Note how the number of KPIs changes with the type of business model:

- Retail: KPIs focus on hearing aids.
- Medical: KPIs focus on testing/diagnostics.
- Managed care/insurance: KPIs focus on the amount and timeliness of third-party reimbursement.
- Mixed: a combination of the three models.

The question for the private practitioner though is, how can you get more done with less, especially when it is difficult, perhaps even impossible, to compete head-to-head on wholesale price and brand recognition? The answer to this question rests with offering consumers with hearing loss and communication difficulties value. Creating value and doing it efficiently require differentiation of your professional services. For the private practitioner, the path to greater profits rests with the ability to do more with fewer resources. KPIs are simply the instruments needed to ensure this goal is met. It is the responsibility of the manager to establish the KPIs needed to accomplish the goal of doing more with fewer resources. Some of the dimensions of “more” and “less” that could be applied to the private practice are summarized in ► Box 1.1. The key to profitability is maximizing the “more” category while reducing the “less” category. You do not need to have a formal degree in business to understand this definition of efficiency; as long as you select and manage the right set of KPIs, you can do more with less.

1.6 Vision, Culture, Goals: The Foundation for KPIs

Since KPIs help a practice define and measure progress toward their goals, it makes sense to spend some time discussing goals. As most professionals know, a goal is a specific, measurable, actionable, realistic, and time-bound statement of what a practice expects to accomplish. Because a practice needs to cultivate satisfied patients and the revenue that comes from them, most goals (and their accompanying KPIs) are focused on two variables: patient satisfaction and revenue. If you want to learn more about developing your own set of goals, there are several sources of