

The Top 5 Characteristics of a Successful Physician Practice “Platform”

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In recent years, the physician practice management space has exploded with an infusion of billions in private equity capital. If you are a practicing physician, there is a good chance that you have already dove head first into the private equity movement or know colleagues that have. Consolidation of smaller groups into larger groups is happening very rapidly and shows no signs of slowing any time soon.

With such a flurry of transactions taking place in 2019 and into 2020, physicians can easily get lost in the "hustle and bustle". Many are clamoring to get on the train before it leaves the station. But before you board that train, wouldn't you want to know where it's heading? Who's the conductor? Are the tracks in place? What bridges are there to cross on your upcoming journey?

The Bloom Organization has navigated transactions across a broad spectrum of groups in urology, pain management, orthopedics, ENT, GI, ophthalmology, primary care, and multi-specialty. Although every deal has its own unique facts and circumstances, we have observed characteristics that the most successful physician group platforms have in common. After careful consideration, here are our top 5:

- Executive Leadership – Many groups have strong physician leaders, which is a necessity, but many mid-size and large physician groups lack a well-rounded “C-Suite” of executives – mostly because the group simply doesn’t have the budget to afford them. Furthermore, practicing physicians just don’t have the bandwidth to devote the time to scaling an organization. But with the influx of private equity, so has come the influx of management talent.

- Practice Management & EMR Systems – Physician practices have been plagued for years by poorly built EMR systems. In order to deliver the best value to the patients and payors, there has to be the systems that produce the data to prove it. We are now observing groups investing millions into the systems that will become the backbone of the preeminent independent physician groups in the future.

Physician Recruitment Plans – One of the recurring questions in the early

- development of a new platform is ‘How is the group going to attract the next generation of physicians?’ Groups that are clear and concise about what they offer (not only financial but quality of life) to the next generation of physician associates are winning the day.

A Robust Acquisition Pipeline – Many successful platform groups have picked the “low hanging fruit” from the existing physician base – and there is only nominal

- profit growth to be had in ancillary business, payer contracting or operational efficiencies. Rather than focus on internal growth, the key is to leverage the platform’s proven operational model and apply it to underperforming groups – and that’s where a robust pipeline from which to acquire comes in.

Capital Funding – Last but not least! Historically, capital investment by independent physician groups is virtually zero when compared to regional health system

- behemoths and well-funded ventures such as [Haven](#) (backed by the dynamic trio of Bezos, Buffett, and Dimon). The private equity boom in physician groups means physicians now have a “checkbook” that empowers them to be leaders in transforming healthcare.

Do you agree with our list? Should something else have made the top 5? Start the conversation on our [LinkedIn page](#).

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