

# How to Organize and Operate a Successful Oncology Practice

The key to operating a successful Oncology practice can be separated into three distinct areas of concern:

- A) Human Resource Management,**
- B) Accounts Receivable Management, and**
- C) Qualified Retirement Planning.**

The three parts combine to define the “ABC’s” of operating a successful oncology practice. The common thread that runs through the “ABC’s” is the need to organize, communicate, and hold individuals accountable for their performance. We will explore the proper use of the “ABC’s” in a series of three quarterly articles beginning with “A” – Human Resource Management.

## HUMAN RESOURCE MANAGEMENT

The goal of Human Resource Management is the *ability of the staff to function at its highest level of efficiency and quality of work*. Conceptually, it is the ongoing leadership efforts of management to organize, communicate and hold the staff accountable. These goals can be accomplished with the aid of an employee handbook, formal pay scales, job descriptions, and cafeteria plans.

### Employee Handbook:

An employee handbook is a *decision making document created to protect your practice*. It is a basic communication tool that will improve employee relations and morale while decreasing turnover. It allows you to organize and communicate all existing personnel policies and procedures, and establish accountability standards,

which in turn will decrease employee misunderstandings about pay, vacations, overtime, absenteeism, discipline and safety regulations. Employee manuals should be annually reviewed and adjusted for changes such as: 1) expanded or substantially changed organizational structure, 2) changed management structure or established new organizational goals/objectives, or 3) moved practice to a new location, etc.

### Formal Pay Scales:

Pay scales are established with the help of information from the U.S. Department of Labor and



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Statistics, professional society studies of compensation by staff position, and local area market trends. Pay scales organize and communicate the timing of raises and the level of compensation that the staff may achieve in their current position. Staff then has the ability to improve their capabilities to advance to a higher paid position. Once pay scales are instituted they may be adjusted for changes in market conditions, cost of living, etc. The use of pay scales is a key factor in the staff expectations of raises in their annual reviews.

### Job Descriptions:

Employees are more efficient and accountable to their jobs when they know exactly what tasks they should perform. Job descriptions

are used to organize and communicate a written basis for evaluation, professional goals, and accountability for areas of responsibility. Job descriptions should define job position tasks and be used as a basis for formal job evaluations in annual reviews. The physical standards of the job, including ADA (Americans with Disabilities Act) should also be included.

### Cafeteria Plan:

A cafeteria plan is a written plan under which all participants are employees who can choose to receive cash or other qualified benefits. The most significant advantage of a cafeteria plan is selection. Surveys indicate that individual employees have vastly different preferences for fringe benefits depending on their personal situation. Employees expect a certain level of fringes in addition to cash, and a cafeteria arrangement allows choice, a benefit similar to cash. The advantage for the employer of a fringe benefit cafeteria plan is attracting, motivating, and retaining quality employees. Additionally, the employer can fix the benefit cost for all employees. The employee tax advantage is a salary reduction allocated to non-taxable benefits, which are not subject to FICA taxes. Salary reduction allocations to non-taxable benefits are not included in gross income; therefore resulting in tax savings for the employee.

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