



WHITE PAPER

Medical Practice Organizational Structure

The purpose of an organization chart is to depict the skeletal structure of the practice, including the functional relationships between, among, and within the specific components. An organization chart provides a point of reference and improves the flow and direction of communications. It allows people to see how they fit in the big picture, increases efficiency, and maintains a balance in the practice.

The development of good structure for organizations has been a concern for managers throughout history. Medical practices have both structure and process. The structure refers to the formal organization and the plans, schedules, and procedures that hold it together. Structure is the instrument by which people formally organize themselves to carry out a task. Process represents what actually goes on: what is done, how it is done, and the way individuals or groups behave and carry out their perceptions of the assigned tasks. The structure can be seen as the anatomy of a practice, and the process as the practice's physiology.

There are six key aspects of an organization chart.

1. Division of work.

When too many people share responsibilities, it wastes time and resources. When staff is stretched thin, tasks are not completed on time. By referring to an organization chart, each person in the practice can determine what his or her responsibilities are. Because of this, the medical practice functions more efficiently.

2. Line of authority.

An organization chart is characterized by a rigid, formal structure of authority relationships in which the authority and the responsibility for performing each specialized task in the practice are legitimized. Authority is impersonal, since it is vested in the position rather than in the individual holding that position, and this is reflected in an organization chart.

3. Flow of authority.

Authority flows from top to bottom on an organization chart and defines the hierarchical structure of the medical practice. This accounts for the pyramidal shape of most organization charts.

4. Span of control.

The span of control concept of organization structure refers to the number of subordinates who can effectively be directed and coordinated by one supervisor. As the number of subordinates in each echelon increases, the shape of the organization chart changes from a tall pyramid to a flatter one.

5. Delegation and decentralization.

These are structural concepts that are closely related to the span of control. Delegation is the assignment of responsibility and the transfer of authority for directing and coordinating task performance to one or more subordinates by a supervisor. When this is done, authority is in effect decentralized, or removed from the single central position it once occupied. Continued decentralization has the effect of transferring authority and responsibility relationships to successively lower levels of the organization, widening the span of control at the higher levels.

6. Departmentalization.

This is a natural consequence of specialization and division of labor. As specialization increases, division of labor naturally results in the formation of organizational segments, usually referred to as departments. The larger a medical practice becomes, the more departmentalization it requires to facilitate the specialization of activities. In very large practices, the basis for departmentalization may vary at different levels. Although departmentalization is necessary in every practice to provide specialization, it usually poses problems in coordinating activities.

ABOUT ABISA

ABISA offers advisory services to help clients formulate strategic direction and advance healthcare business initiatives. As a trusted source for strategic growth initiatives, ABISA enables physicians to concentrate more of their time on patient care. For more information about our services, visit www.abisallc.com.



P.O. Box 1465

Valrico, FL 33595

www.abisallc.com

info@abisallc.com