

Foundered! Why many practices never reach their full potential and how to ensure yours does

D. Kirk Eddleman

Weatherford, TX

Let's face it, great businesses are managed differently than the majority of veterinary practices. Why is that? A veterinary practice is a business, right? So what is blocking so many veterinary practices from reaching their full potential? Be brutally honest with yourself. Does your practice seem to constantly be looking for solutions to reoccurring problems? Is it weighed down by a general lack of funds, high staff turnover, low morale and the tendency towards crisis management? If any of these apply, your practice may be suffering from a common condition known as Founder's Syndrome, or FS, a serious and life-threatening disease affecting thousands of businesses each year. Founder's syndrome can affect businesses of any size but is extremely common in small to mid-sized companies, including veterinary practices, which have grown rapidly. If left untreated, FS can cause otherwise successful practices to stagnate, decline and even fail. In most cases the symptoms of FS are painfully obvious to everyone inside the practice except those afflicted.

What is founder's syndrome?

Carter McNamara, MBA, PhD, in his book *Leadership and Supervision in Business*, describes FS as a condition in which an organization operates primarily according to the personalities of one or more members, usually the founders, rather than by the organization's mission, policies and systems. Put another way, FS is basically the absence, or more appropriately, the lack of use of organizational systems and structures to manage a practice. Founder's syndrome may involve an individual or a small group of individuals who helped to bring the practice through tough times such as the start-up or a period of rapid growth. These situations require strong passionate personalities who can make fast decisions and motivate people to action. Most veterinary practices are founded by energetic, dynamic entrepreneurs who, while extremely skilled at building a clientele, may not be the best candidates for leading a practice as it grows into a larger organization.

How founder's syndrome develops

For a practice to grow it must continually evolve to meet the ever-changing needs of its customers. As the practice evolves it must progress through several organizational or life stages. Each life stage entails a different style of management. In the beginning stages, the founders usually control everything, often making highly reactive, seat-of-their-pants decisions and using their own intuition to address issues. This style of management works well when the practice is in its infancy. However, as the practice matures, the decision-making process must change to a more proactive, consensus-building style of governance. Control systems, formal lines of authority, policies, procedures, budgets and strategic plans must be established and followed for the practice to progress towards its full potential. This transition can be very distressing for the charismatic and visionary founders who fear that losing control of their organization means certain failure. It is at this point the practice becomes most vulnerable to FS.

Symptoms of founded practice

Founder's syndrome is generally characterized by a crisis management approach to problem solving, high staff turnover, nepotism, a general lack of funds, strong resistance to change in the way decisions are made and continual struggles around the same reoccurring set of issues. Founder's syndrome is frequently seen in practices that have grown quickly into large community powerhouses.

As the practice grows the demands for additional services, more efficiency and more resources increase and problems begin to compound. As a result, the founders demand more from their employees who take on additional roles and responsibilities. But the problems are not due to a lack of effort or ambition. The problems are caused by the employees' confusion about their purpose and their roles within the organization, and from the constant pressure from the founders that does not seem to solve any

of the problems facing the practice. The end result is that no one really knows what is going on or who is in charge. The good employees leave and those that remain take on the traits of the crisis driven founders, or even worse, just “numb out.” They continue to look to the frustrated founders for direction and the practice struggles from one crisis to the next. In these practices, the founders may see the practice as a big “family” (with them at the head). Whenever a crisis arises, the founders make decisions as if they are gathered around someone’s dining room table trying to hold everything together. The practice may have policies and procedures in place but because the founders have more confidence in their own intuition and judgment these formalities are often ignored or viewed as “unnecessary paperwork”. It is important to note that FS is no one’s fault. The founders do not intentionally set out to harm their practices. Further, FS is not an individual problem. It is an organizational condition that sets in because the practice is dependent upon the founders for decision making rather than organizational structures and systems to manage the practice.

Not sure if your practice is suffering from FS? Read the characteristics of FS below or, even better yet, give a copy of this article to your staff. Then hide and watch to see if their heads bob up and down in agreement.

In a foundered practice the leaders, often:

- Make reactive, crisis driven decisions, often without seeking input from others.
- Motivate through fear or guilt, sometimes without realizing it.
- Handpick their employees, often family members or like-minded friends for key roles.
- Count on and promote those who seem loyal and accessible rather than on those with the best qualifications or talent.
- See their employees as working for themselves rather than working for the organization’s mission.
- Inject themselves into routine operational decisions.
- Seem highly skeptical about planning, policies and procedures.
- Sometimes criticize those who suggest the need for rules and systems.
- Have a difficult time letting go of the strategies that helped to quickly grow the practice.

Treating founder’s syndrome

If left untreated FS can become a chronic and reoccurring condition that simmers for years, slowly deteriorating the practice until either the founders leave or the practice folds. The good news is FS is not always fatal if treated aggressively. Below are five steps for treating FS:

1. Recognize the symptoms. The first and hardest part of treatment is extreme realization. The founders must first realize the need to change the way they manage their practice. This means changing from within to develop their own leadership to the next level.
2. Ask for and accept help. Founder’s syndrome is the result of doing what comes naturally. Changing one’s own leadership style can be very difficult because it means changing what comes naturally. Seek an outside mentor. Having a mentor outside the organization will help the founders gain a new perspective about their own leadership style. Further, an outside mentor may be able to point out how the founders’ actions affect the company.
3. Develop the board of directors. As a whole your board of directors can be the greatest source of support in overcoming FS if they fully understand and take full responsibility for the role of board member. Board members must understand their authority lies in the board room. Once outside the board meeting, established lines of authority must be followed. Provide board members with job descriptions and annual training sessions focused specifically on the responsibilities governing the board.
 - a. Develop strategic plans. Strategic planning is the best way to engage the board members and key employees in setting the course for the practice. Focus on two or three

issues facing the practice in the next three months, six months, and 12 months and set realistic goals for the practice to achieve.

- b. Conduct risk management exercises. Pretend one or more of the founders suddenly left the practice. How would operations be affected? What actions would management take? What would happen to cash flow? Who could step in? This kind of “what if?” scenario will help establish systems to manage the practice.
4. Organize systems to meet goals. In any organization, systems (policies and procedures) govern. Use strategic plans and budgets to develop systems that guide management and operations. Then the management team creates the systems to manage the business.
5. Keep morale high. Using appropriate channels, remind employees that the problems associated with FS are the result of the practice’s success and growth. Once employees perceive stability and progress, morale will improve.

Curing FS can be a painful process but the benefits of recognizing and handling the disease far outweigh the pain and hassle of treatment. Once healed of FS the practice will advance once again towards its’ full potential, customer service and the quality of care will improve, profits will grow, and the founders will find they sleep better, have more money in their pockets and more balance in their lives.

Take home message

The ultimate goal of this presentation is to share concepts with veterinarians that can help them improve the business management of their practice. The take home message is that FS is a very common condition affecting veterinary practices of all sizes and that once healed of FS the practice will advance once again towards its’ full potential.

