

## CASE STUDY

# Redesigning a Clinical Physician Leadership Structure for Excellence and Cost Savings

See how we helped a **7-hospital system, including a children's hospital and 80 outpatient clinics** to transform their clinical physician leadership structure

## Phase 1: Quantifying the Opportunity and Readiness for Change



### CHALLENGES

- Organic growth created multiple leadership roles with minimal work effort
- Failed merger attempt, prompting the system to identify opportunities to improve financial performance
- Physician and advanced practice provider unionization
- Cumbersome decision-making and approval processes creating friction
- Growing distrust of leadership among physicians
- Lack of standardization and consistency



### FINDINGS

- Over 1/3 of employed physicians held a leadership role
- Administrative compensation benchmarked below the 25th percentile of the market
- Insufficient leadership time allocation relative to actual workload and administrative tasks
- Lack of clear accountability, expectations, and data transparency for most medical directors
- Lack of investment in leadership development or administrative support

### OUTCOMES:

- Identified key themes relating to **role definition, effectiveness and efficiency**
- Identified savings opportunities of **6-15%** of the total non-clinical inventory provided, equating to **\$1.7M-\$3.5M** in cost savings
- Reductions and eliminations were implemented to ensure **physicians work at the top of their licensure**, generating additional savings
- Identified opportunities to **redesign physician leadership structure**
- **Engaged key stakeholders** who committed to the transformation

# Phase 2: Redesigning the Structure for Leadership Excellence



## REQUEST

- Create additional elimination and reduction through consolidation and restructuring of clinical leadership
- Refine the cost savings and revenue enhancement expectations
- Involve a wide scope of stakeholders to participate in the development of key areas of the project
- Create a standard, market-based compensation plan for physician leadership



## APPROACH

- Utilized quantitative and qualitative analyses to facilitate concurrent workstreams
- **Operations & Administration**
  - Review of job descriptions and employment agreements
  - Market assessment
  - Stakeholder interviews/focus groups
  - Change diagnostic
- **Structure & Culture**
  - Defined excellence to establish a leadership mission, vision, and guiding principles
  - Determined leadership duties and RACI for each role
  - Drafted job descriptions for each role
  - Compiled organizational charts
  - Created compensation and effort rubric

## OUTCOMES:

- Defined leadership **mission, vision, guiding principles**, and leadership qualities
- Conducted **market assessment** identifying physician leader revenue opportunities and alignment between productivity and compensation
- **Updated leadership rubric and job descriptions** for physicians and APPs, clarifying roles, responsibilities, time allocation, and market-aligned compensation

- Identified **projected cost savings of \$8.9M** (30% of leadership spend), with opportunities for reinvestment, as well as \$2.3M in additional revenue enhancement and 24 FTEs (20% reduction in total leadership FTEs) through transitioning leadership to clinical effort
- Completed **change diagnostic** and developed an **implementation roadmap** outlining readiness, risks, next steps, and required investments

Is it time to assess your physician leadership structure?



Contact us to get started



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