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# UNDERSTANDING ONE'S P&L & BEING A GOOD PRACTICE CITIZEN WITH PLASTIC SURGEON & PROFESSOR, DR. RICHARD BARTLETT

David Mandell:

Hello, this is David Mandell, host of the podcast. I'm excited about today's guest, a well accomplished surgeon, someone I've been able to know and work with for a number of years, and I'm sure we'll have a good discussion. So let me tell you about Richard Bartlett and then we will bring him on. So Richard Bartlett MD is a board certified plastic surgeon in practice for over 30 years, he has been on the teaching faculty of the University of Pennsylvania, New York University and the Harvard Medical School. He is also a frequent lecturer and author of numerous publications and peer-reviewed journals. He trained at Jefferson Medical College and later at NYU where he completed a prestigious plastic surgery residency and cranial facial and microsurgery fellowships, former appointments at as associate chief of plastic surgery at Boston Children's Hospital and associate director of the Cranial Facial and Cleft Lip Palate program consolidate his reputation for providing quality care that delivers exemplary results even for the most challenging cases. So with that, Richard, welcome to the program.

Richard Bartlett:

Thanks, David. Nice to see you.

David Mandell:

Nice to see you too. For those listening to the podcast to listen to us but not see us.

Richard Bartlett:

Right.

David Mandell:

So let's start at the beginning as I like to, where'd grow up? What got you interested in becoming a physician and how'd you end up in plastic surgery?

Richard Bartlett:


Well, I grew up in Pennsylvania in Bucks County, which is a suburb of Philadelphia and middle class community and had a great childhood and good schools and I was always interested in science in some way. I had some exposure to physicians when I got into junior high school and high school. It sort of piqued my interest a little bit. Then I actually, I was a boy scout and when I became an Eagle Scout, part of the program was that you could spend a day with someone who was in the field you wanted to go into. So I got to spend the day with a local general surgeon and I liked everything I saw. It seemed exciting. It was also physical. He did things with his hands. So that really, really appealed to me. So I sort of got that into my mind that that's what I wanted to do. When you're interested in medicine, once you go down that path, someone's telling you what you're going to do every four years, so you come out the other end and you're a doctor.

David Mandell:

Yeah, it's interesting. It's certainly we all know extremely challenging and then nobody would say easy, but it at least is straightforward, meaning you don't meander around saying, "Hey, if I want to be a film producer," it's not really so easy to figure out what the right angle is to get that experience. At least in medicine. Hey, medical school, internship, residency, fellowship, it's kind of laid out for you.

Richard Bartlett:

Absolutely.

David Mandell:

But not an easy path. Okay. So as you were getting your MD and then in residency and fellowship, so you were making peanuts, but something, what was your exposure to business finance investing, wealth planning, the kind of things that you and I have talked about over the years and that this podcast is a back. Was this on a sliding scale? Were you not interested in that or like, "I'm just going to do the medicine, I'll wait for that when I finally make some money?" Or were you reading the Wall Street Journal while in med school and really interested in that? Where were you on that spectrum?

Richard Bartlett:

I mean, my father was a businessman. He was in the insurance industry and he would talk to me a little bit once in a while about investments, but not in a way that really piqued my interest and that I was in training in the seventies and eighties and in college and med school and then


residency in the eighties. Any sort of financial orientation in medical school just did not exist. It really wasn't on my radar screen. My undergraduate degree is in bioengineering, and when you're getting to the end of your engineering training, you have to do some projects and do some feasibility studies, and so you get some of that practical decision-making into your mind, but I ... Well into my general surgery residency and probably even into my plastic surgery residency, I sort of figured that finances would take care of themselves.

No, no, I just really did not know anything. But part of that was sort of ignorance on my part and I just didn't come up in that with that kind of ... Those issues on my mind.

David Mandell:

Well, I think part of it in some ways has not changed a lot. I mean, you could tell me how Harvard does it, but they're still not, I don't think enough. We were always trying to press fellowship programs, residency programs to do a day on business, to do a one-day out of 365 on finance, just so docs have a little bit more training. On the other hand, when you were doing it, just financial information in general as available, there was no internet. I mean, you literally had to watch Rukeyser Wall Street Show on a Sunday night to understand what's going on, or actually get the physical Wall Street Journal delivered to you or go to the library and get it.

Richard Bartlett:

Sure.

David Mandell:

Whereas now, obviously, it's the other end of the spectrum. There's too much information, there's so much noise, people get overwhelmed. Maybe somewhere in the sweet spot was the nineties when I was in grad school where there was enough information, but not too much. But yeah, I think it's still a challenge for folks. This reason we do some speaking to fellowship programs and residency programs to give them some exposure. So they try to avoid mistakes, at least in the early end.

Richard Bartlett:

It is a little better now on our society level, the American Society of Plastic Surgeons. I actually know that you've spoken at their meeting on numerous occasions and they have a senior residence conference where they try to give the graduating residents some orientation now, and it's good, it's valuable. You could say it's a little too little late, but they do get some of that. As you were saying, so the cons, there's too much information nowadays. The pros, it's


easy to get it and they're fast learners. All these residents are very, very bright young people, and so they pick it up very quickly.

But the nature of the teaching that I do right now is that I have a resident standing across the operating room table from me for four hours at a time, eight hours in a day. So we talk a lot and the conversation is all over the place. Are you married? Do you have a dog? But sometimes it actually gets ... They know that I'm in private practice and so they sort of want to pick my brain about how things work and what I will occasionally, even with the sophistication of these new residents, I'll occasionally say, "Do you know what a P&L is?

David Mandell:

Right.

Richard Bartlett:

Many times they don't.

David Mandell:

Right.

Richard Bartlett:

That's like saying, do you know what a bank account is?

David Mandell:

Well, eventually, once you're business, yeah. That's right. But back to when you were on the other side of that table, you probably didn't know either, as we were saying.

Richard Bartlett:

Oh, absolutely not. Absolutely not. Yeah.

David Mandell:

Right

Richard Bartlett:

Yeah.

David Mandell:


So let's go back to that and we're going to get up to where we are today. But let's think about back when you were in fellowship from a career point of view, not so much a financial or investing point of view, how did you make the decision on what job you took first? It sounds like you were in academics almost from the beginning. Just give us a little sense of your thinking as you came out of training in the beginning in terms of-

Richard Bartlett:

So plastic surgery is a big field. People develop interests in one area or another. My main interest at that time was in cleft lip and palate, craniofacial, basically congenital malformations in the head and neck area. Those are very specialized problems and you have to be at a pretty large place that can draw those patients. So I looked at academic jobs, I looked at academic jobs in Philadelphia, New York, but ultimately ended up coming up to ... The main reason that I came to Boston was to work at Children's Hospital in craniofacial and cleft lip and palate. But one of the things that was attracted about the job that I took was that in the practice model, it was a big group, it was the Brigham Surgical Group that I was in. There were hundreds of surgeons, but the business manager would sit down with you and show you how the system worked. Basically you had reports periodically while you were in practice on what you were earning, what your expenses were. It was all very transparent.

So there were jobs that I looked at where you had a salary and next year they'd tell you if the salary was going to change or not, but you had no idea whether you were really gaining any traction in terms of the economics of your practice. So it appealed to me to be in a system where I could see how things were working and you took personal responsibility. If you wanted a $100,000 laser, that's fine, but it's coming out of your kitty. So I like that. Not everybody cares about that, but I like that part of it. I think that even the academic people that I know still like it or having a system like that, because it does, I don't know. It gives you some peace of mind that everything's fair. So that's why I came to Boston to work in that job doing that kind of surgery and I thought it was a good job that paid me fairly to put it the joy.

David Mandell:

Yeah. I think it's interesting you bring that up, but I think there's a couple other real benefits to it. The other one other is it trains you if you ever want to go into private practice to think in terms of, as you're just saying P&L, because you get a sense of what you're earning and what overhead is attributed to you and are you profitable and how profitable. Well, if it's just a black box and it's like you do all this work and we can give you a salary, you might not know that, which I could see it from their point of view, well, it might not give you the confidence to go out and leave on your own. Whereas this system, I think it sounds like you would know, have a


pretty good sense. Obviously it's going to be different overhead if you can do your own private practice versus the academic.

But at least you'd be thinking, "Okay, I'm generating this kind of income and this is sort of my overhead, the way it's being done now, and I understand my profitability." So that transparency is key. The other piece of it I think is that ... I don't know if this came up for you or not, but gives you more knowledge is more power, even if you end up staying in that situation. I mean that there's negotiation power to get paid more or get some more equipment as you were mentioning, or another staff person or more or time, whatever it is, that if you have a sense of what you're, "Worth." In terms of bottom line profit, I think that would give a good comfort level as well to your security and what you could get out of it. Is that true as well, do you think?

Richard Bartlett:

Well, not only that, I make this point to the residents now that it doesn't matter whether you're in private practice or whether you're full-time academic position, you still have to balance the books. If you're the chief of a division or a department, you need to know these things. Your staff would like to have a raise periodically, you have to be able to hire people, you need to be able to pay your bills. You're not going to be the most popular department in the hospital if you're chronically running a deficit. So to understand, I think these principles of just financial management, both personal and professional, are good first principles to running, having a controlled, pretty predictable life. So I think it serves you, I agree with what you just said 100% that it empowers you and that you can be empowered whether you're writing a check to yourself at the end of each month or whether the university. It's good to know these things.

David Mandell:

Yeah. You even mentioned that I think you let it slip there, but I think it's true, it even translate into your personal life, meaning do you run your own household profitably? I know a lot of docs who make a bunch of money and they're like, "I don't know where the money goes."

Richard Bartlett:

Right.

David Mandell:

Now, hopefully the spouse does or somebody does, but sometimes obviously we help clients with a lot of bigger picture wealth management, building their wealth, reducing taxes, et cetera. But sometimes we have to ... Sometimes we even refer them to somebody who can ... An accountant that can get a better handle on. Where is the money going as it comes in? If


you have some discipline in that in a business or a practice or even an academic environment, you're probably going to do a better job of it in household finances too.

Richard Bartlett:

Right. That's for sure. One of the things that I'll talk to the residents about. So when they come to my actual office, I tell them I am a blank slate. You can ask me any question you want. I'll show you my bookkeeping. I will show you the forms we use, whatever, that it's here for you to learn. But one thing that I will bring up with them is that when you do your billing, you have to collect the money. One parameter you can look at to see how well your billing is going is the age of your accounts receivable.

David Mandell:

Yeah.

Richard Bartlett:

It's a principle that if you let those accounts receivable age too long, your ability to collect on those bills goes down significantly. I had a colleague whose wife was in a radiology practice and the age of their accounts receivable was 12 months, which they were never going to get that money. They were never going to collect that money. So it's just a matter of things like that applied to your everyday discipline of running your practice helps you to just keep B boat afloat.

David Mandell:

Yeah. I agree completely and it's a point well made. So it sounded like for a long time, and you can give us his perspective on it, you were kind of full-time academic even with this great business model that Children's or Brigham, however, whoever the legal entity was allowed this kind of transparency. But eventually you made a move to a private practice, but you kept your appointments at Harvard, you still do the teaching, et cetera. So when did that come up first in your mind and as, "Hey, this is something I might want to do?" Then when did you decide to make the move, and how did you execute it?

Richard Bartlett:

So I was full-time academic for about 15 years and I had decided at some point that I wanted to have my own office wanted to control what I was doing in my practice to a greater degree. It really had more to do with control and I had good relationships with my colleagues in the academic departments. So basically I was able to go into private practice and still operate in the same hospitals and still do the same type of work. So if you looked at my case profile from


the week before I went into practice and private practice and the week after, it would look similar. So that was the ability to do that and that pick up stakes and move to another city or whatever was appealing to me at that age. I had some experience because during my time as a full-time academic appointment, I was instrumental in setting up a new foundation at Children's Hospital, a plastic surgery foundation that employed physicians. When we did that, we started from scratch.

So I learned about benefit plans and defined benefit pensions and defined contribution pensions and being HR and being compliant with regulatory agencies. So that was a great, cutting my teeth with setting up that foundation was a great preparation for going into private practice because these things are the same. You need a lawyer, you need a accountant, you need a bookkeeping system. So it was a relatively smooth transition. I'm happy to say that it was a relatively collegial transition as well. That doesn't always happen. I was able to still continue to teach, which it's always been important to me. It's what I enjoy the most in the practice, but I enjoy it more now than I'm the age I'm at because I get to talk to all these bright young people. It's rejuvenating for me. So again, it was a pretty smooth transition and I was able to do what I wanted to do.

David Mandell:

Yeah, that sounds like very fortunate. I think, I mean it's funny because some of the real successful private practices that we've talked to, and so even the folks on this podcast that talk about the word, "Private demics," but they really have come in from the other way. They have a large enough private practice so they can have a fellowship program and they can get some grant money and they can do that, I mean you're at Harvard, so you're at one of the top institutions, but able to shift it so you have more control in your private practice, but keep the things that people I think want often from academics, which is teaching or doing something very specific that you said you couldn't get the patient base if you were just in any ex-town.

You just wouldn't be able to have that many cases of that complexity, what have you, so. I haven't heard this story that you're talking about as much. So I think it is, I don't know. I'm saying it's unique, but the fact that you did it successfully and had a good transition kept being able to even work at the same hospitals and teach the same. I think it's certainly a beneficial-

Richard Bartlett:

Well, I think part of it is just ... This is good advice for anyone who in any situation, I think being a good citizen, and I think that counts for a lot. It still does. Serving on committees and being collegial and taking other people's phone calls and everybody appreciates teaching. I had not heard that term before, "Private demics," but it's pretty clever and it's interesting. So I was full-


time academic and I got my paycheck from the academic department for 15 years and I've been in private practice for 16 years.

I've won three teaching awards through the Harvard Residency program. I won all three of those teaching awards after I was in private practice. So those guys in private practice that were talking to you about private demics, it is true, you can do an awful lot. You can do all that citizenship activity on the national level or on the local level with your regional societies. I'm very proud to be a member of my professional society and I'm very proud of the level of commitment and ethics that my colleagues have. That goes both ways I think when you're trying to be a good member of the club.

David Mandell:

Yeah. Well, again, I mean listen, it happens. You're dealing with people and especially with hospitals and institutions and Harvard and big egos and I spend enough time there to know, if people like you and you do things that help the group, then when it's time for you to get to say, "Hey, listen, I'd like to carve out something that maybe is a little unique," people are going to be more open to it versus if you're the kind of person that people just like shake their heads they have to deal with, but they're talented so you have to deal with them. We all have those kind of people when it comes down to like, "Hey, can we give this guy a break or not?" They're not going to get the same right benefit, It's just the way it works in anything in sports or anything else.

So now let's go back to one of the questions I asked at the beginning, which is in your fellowship, in your residency, your father helped, explain a little about P&L or some business things to you, but finance, personal finance wasn't really where your head was at. You figured it would work out eventually. Now, let's look back 30 years in practice. You've been using some professionals, obviously we work with you at OJM. How did you manage financial decisions? Did you have advisors right from the beginning? Did you do some things, try to be your own advisor? If so, how did that go? Have you used the same people over time? What do you look for in advisors? What advice would you give to that fellow across OR with you about, "hey, how did you find a good accountant or a good wealth manager?" Give us a little bit of what you've learned in your career from coming from a placement.

Richard Bartlett:

No, I first learned from ... I was telling you that the business manager, that large group that I originally went into would sit down with you and go over things and then they would send you ... They'd make sure you got your P&L on a regular basis. But I also learned about ... So we were enrolled in a 403(b), which is the nonprofit version of a 401(k). There were menus of


mutual funds that you could invest in and they didn't have a lot of information for the doctors about that. I don't think it even exists anymore, but I started reading Money Magazine.

David Mandell:

Money Magazine.

Richard Bartlett:

The advice in there, I mean it's the same article as I probably the article that I read 28 years ago. You see a similar article periodically in the Wall Street Journal or whatever about the basics of investing. Don't sell when the market's down and have a core of index funds and things like that. But one of the things that Money Magazine recommended is you just start reading some sort of source of information. It could be the business section of the New York Times or it could be the Wall Street Journal. Sooner or later you will achieve. Now I don't have a business degree and the people with MBAs could run rings around me. But again, on when I'm speaking to the younger people around the hospital, I think they think I have some expertise in these things. Part of it is if you live long enough, you do learn a few lessons, but then running your own business you sure learn a lot, a few lessons.

I don't have any secret sauce for choosing the right advisor. Nowadays when you choose somebody, so for instance, I have a bookkeeper right now that never comes to the office, everything gets downloaded electronically from my bank account and it goes in I've seen this person once, the bookkeeper used to come twice a month to the office and sit at one of the desks and put things into QuickBooks. So I think that if you start with many times your local banker can give you some advice. I think that any other personal relationship that if someone, I say this to patients in terms of choosing their doctor, if you feel a rapport with the doctor, they're answering your questions and you can understand the answers. That's probably an okay person to work with. If they're not, that you don't feel that, then move on, go to somebody else, so.

But I don't think it's that hard as long as you're not too ambitious or greedy or trying to do too much too early. I think all the things that I ... So every older physician used to tell younger physicians going into practice, "Keep your overhead down," and it's still not bad advice. Do things in a logical way. I think that our societies do give some, or I think having the senior residents' conference is a helpful thing. I think that in the Boston area, I have a lot of graduates who will call me and I just had someone today that wanted to get malpractice insurance for one of their physician assistants that they just hired and I'll send them to someone that I know. So it sort of a network that you're always a member of the club. I get emails all the time, "Do you know someone who can do this or that?"


David Mandell:

Awesome. Yeah, I think that's the benefit of teaching. You have this generation and people coming up and certainly this, Richard, but anytime they want to talk to us or get any of our books, they're all free for any of the docs that get referred to us.

Richard Bartlett:

Right.

David Mandell:

Yeah, I think that makes sense. One question on that and then we can wrap up with my question I ask a lot of docs at the end, but with consolidation going on in the field, some of these investment firms, private equity firms, et cetera, they've done it in other specialties. They're starting to do it in plastic surgeon areas. Have you seen that at all? Have any of your former trainees called you up and said, "Hey, I'm thinking about ... I've been approached and maybe I might consider going into this platform?" Is that something that's come across your radar?

Richard Bartlett:

Yes, it has. As a matter of fact, one of my longtime colleagues recently sold his practice to a ... It's private equity, but it's private equity linked to an existing medical practice.

David Mandell:

Yeah, that's typically-

Richard Bartlett:

So I've talked to him about this and I've been learning because I couldn't understand why private equity would want to own a medical practice, but there is some logic to it, particularly if the medical practice has aspects to it that make income other than what the doctor's doing. I see this in some of my ... I have another colleague who a couple of years ago in mid-career, went back to school and got an MBA. I think he learned some of these things when he got his MBA because he's setting up a practice now that has a lot of ancillary services in it. It's the kind of thing that would be attractive to someone else because if it's one doctor and something happens to the doctor or he decides not to work hard anymore, what are you buying?


So I'm learning these things. No one has really approached me about it so far. I'm pretty conservative, so I don't have a lot of some of the ancillary services that other practices have. But I think if you're aware of it, maybe you guide some of your decision-making, even in terms of the name of your practice, the branding that you do, and maybe some of the physician extenders themselves. I think if you cultivate that, you're going to be more attractive to private equity. Plastic surgery practices tend to be small compared to other practices. But I know it is coming. As a matter of fact, at our fall meeting in the exhibit hall where all the vendors are, there was a private equity group there with a booth.

David Mandell:

Yeah, it's coming because we've seen at OJM, obviously we have docs in all every specialty. We saw it in pain management maybe 12 years ago. We seen an ophthalmology very significantly. Derm orthopedics. Some of the other guests, anyone listening who's a regular listener to this podcast, we've had some attorneys on talking about M&A. We've talked to a couple of surgeons with their investment partner or the management company after they've done a transaction. So I just wanted to get your perspective. I know you are conservative, I know you're up at Harvard and I just wanted curious if it's gotten your way and it sounds like at least some of your colleagues, it's coming. So yeah, I think it's good for you to keep your ear to the ground and understand it because as we've talked about every time, every person, the investment bankers, the lawyers, even if you don't do a transaction, but you learn how to make your practice more efficient and more better EBITDA, there's a financial word, you're better off. So there are things you can learn even if you say, "Hey, I never want to go down that road."

Richard Bartlett:

Right. No, it's in the wind for sure. It's in the wind.

David Mandell:

Yeah, I like that. That's great. Okay, so last question. Obviously you trained these young surgeons today. What's the one thing, and you can use two if you want, that you would give them advice that you would give them when it comes to either finances or investing or wealth management or even business/career? Share that with us.

Richard Bartlett:

For finances and wealth management. I think that I would tell them they have to become educated on these subjects if they have no background in it to begin with.

David Mandell:


Yeah.

Richard Bartlett:

It's part of running, as I said before, not only a good business, but running a good life to be somewhat organized. I think that the centerpiece of a lot of practices is the bookkeeping and they should at least learn to read some of the statements so they know what's going on, what's coming in, what's going out. But all this goes hand in glove with making good decisions for yourself. That many times, I've heard this for years and years, the residents are focusing on their starting salary. I tell them, that's might be the least important aspect of the position you look at. I will cite some practices that I say when I was coming out of my training, if they had offered me a job with no income, I would've taken it because the upside was so good. Now, not everybody, when I finished my residency, I had four children and so I did need a paycheck sooner. So some people are little more flexible in terms of their personal overhead, but choose, make good decisions, do something that you like doing.

If you like doing microsurgery, then don't go into a cosmetic surgery practice. I think that's one of the challenges, and especially for older residents, because they get into their mid-thirties and they're so nervous about making the right decision. They don't want to make the wrong decision. So just to give them some perspective, I say that you're every, you're in such a great situation. You're one of the brightest people in your generation. You have this degree from the ones at Harvard are going to have a Harvard diploma on the wall. I said, "Success is not in doubt. Success is not in doubt. You might move, you might change jobs, but these are small aspects to a life. Make good decisions. Go in with partners that you respect that are ethical. Choose to do something you like to do. So you'll have a smile on your face when you go to work each day. Take enough vacation. Not a bad idea to live where your life wife wants to live."

David Mandell:

Yeah. Heard that one before.

Richard Bartlett:

Right.

David Mandell:

So you said a lot of good things, but as we conclude, I want to kind of point out one, actually a lot of great advice there, but I think especially for the young docs and even for those changing jobs early on, because a lot of people do change jobs. I'm not sure how the numbers are in plastics, but across medicine, there's a lot of people who change jobs in the first five years. It is


exactly right. I think back on my career, the starting salary of my first job had to be the least important factor for the success of my career. Okay. I'm not saying it wasn't important to pay bills, right? You need some income and you had four kids. I didn't have any. So if you could make it work, then anybody could.

But I think I mentioned this before in passing, and at some point we'll be coming out with it, but I'm working with a startup with two orthopedic surgeons that is hoping to consolidate information and provide good value to people taking their first job or changing jobs, kind of a consulting service along with the law firm that we're working with. We want people to have good information to make good decisions, but people are so worried about making the best decision. There is no best decision. You go with the best information you can and then you do the best you can.

But one of the things that we're developing is some financial models that are be easy to use to show exactly what you were saying, which is that one job may have a higher initial salary, but the upside of the other with some RVU expectations or reasonable assumptions, overtakes it over. And we're trying to be able to show people, one of the things we do learn in MBAs in the MBA program is present value in future cash flows and help make that decision in a very easy way where people don't have to use a backwards calculator as a physician, but to think longer, to think broader. Not just the first paycheck, but to say, "Hey, what might be the better decision long term?"

Richard Bartlett:

Right, right. Yeah, no, that's great advice.

David Mandell:

So we're working on it. But thank you very much. Excellent advice, great stories, and a very interesting perspective. So thank you so much, Richard, for being on.

Richard Bartlett:

It's my pleasure, David.

David Mandell:

To everybody listening, as I've said before, we will be on another two weeks with another great guest and topic. If you are a physician who has an interesting story to tell or some advice you think you might be impart to your fellow physicians, feel free to email me. I'm always looking for guests for later this season and for next season. So don't be afraid to reach out. With that,


thank you very much for listening. Tell all your colleagues and look for another episode in two weeks.