

By Stacey A. Burns

There are many ways for medical practitioners to measure success. But if you're running a for-profit business, success is literally a function of what falls to the bottom line—the amount of money you realize as your return on investment. The physicians and consultants we interviewed for this article felt we could easily encompass what it takes to create a profitable medical aesthetic practice under four broad steps: Prepare yourself to provide good patient care; develop a well-trained support staff; execute an effective marketing/promotional plan; and monitor your progress with efficient business tools. The devil, of course, is in the details. Profit from what these successful business owners shared with us about what they've learned.

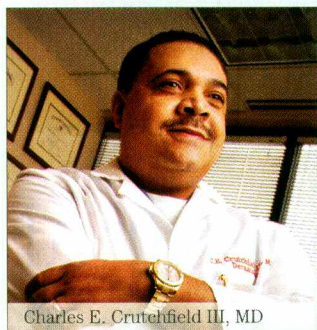
# PURSUING PROFITS



## PURSuing PROFITS

### Step 1. Prepare Yourself

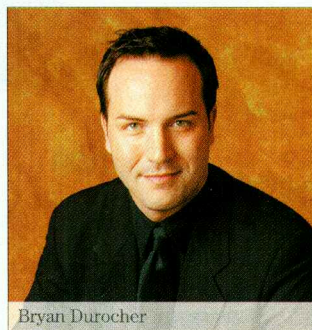
Medical practitioners trained to focus on patient care can feel that striving for profitability is at odds with their basic mission. Charles E. Crutchfield III, MD, medical director of Crutchfield Dermatology in Eagan, Minnesota, keeps his priorities straight with this motto: "Treat the patients first, and the profitability will follow." That being said, he does a great deal to ensure that the profitability follows, which it has. His business has grown over the past five years from 4 employees to 42, and he has logged more than 25,000 patients on



Charles E. Crutchfield III, MD



Paul Mallari, PA-C



Bryan Durocher

his books. "I know that if I treat patients well and they see results," Dr. Crutchfield continues, "it is the best and most efficient marketing I can do for my practice. Every patient becomes a referral source."

In the business of aesthetic medicine that means seeking specialized training in the procedures you offer because, chances are, you learned none of them in your traditional medical courses and practical rotations. Even specialties like dermatology and cosmetic surgery have not traditionally offered training in common aesthetic services like laser resurfacing or dermal fillers. Clearly, no physician should begin offering a procedure until he or she has mastered the skills involved. Having a thorough knowledge of a wide range of noninvasive cosmetic procedures will allow you to address the needs of a wide patient base and improve profitability.

As your business expands, you're also likely to discover that some aesthetic procedures can and, perhaps, should be delegated to physician extenders. Patient care then becomes a function not simply of delivering direct care but of training and supervising other professionals to deliver excellent care. Learning to create detailed protocols and to train assistants in how to execute them can be the determining factor in allowing you to truly improve profitability. You don't have to reinvent the wheel; training opportunities exist for all of your needs.

### Step 2. Develop a Superior Support Staff

Having great clinical skills won't guarantee that your patients will leave happy. Your support staff will play a part in each

client's overall experience. "The No. 1 thing you can do for your business is to provide existing clients excellent service from the very first phone call," says Greg Washington, president and CEO of Patients Unlimited Marketing Consultants, who has worked with physicians marketing cosmetic services for more than 30 years. "If a client has a great experience, you will 'deputize' her, and she will send new clients to you."

That sounds simple enough. Treat your patients well and, voilá, profits. But how exactly do you ensure that clients receive excellent service from the first contact? It starts with

you, of course, but the second most important asset is a well-trained staff. "The staff has to understand patients' needs. They must also be up-to-date on services and products provided at the practice," advises Washington.

Bryan Durocher, a business consultant, coach and president of Durocher Enterprises, an Austin, Texas-based company that provides comprehensive profitability systems to the medical spa and salon industry, recommends training staff in the "dialogues" they will need to convert callers to appointments and existing clients to buyers of additional services and products. He says, "Some of my clients spend 15 minutes a week with each employee to make sure they are coached and accountable."

Are sales dialogues consistent with what is best for the patient? They can be. Good sales dialogues can prevent your staff from overstepping their bounds. Dr. Lorrie Klein, MD, founder and medical director of LK Dermatology & Laser Center and Euro Day Spas, with two locations in Laguna Niguel, California, addresses that concern by saying, "Obviously, the more products our staff sells, the better our profitability, but we try to have a soft-sell approach. We never want clients to feel as if they are being pushed to buy something. We walk a fine line when it comes to having our staff be more aggressive with selling."

Paul Mallari, PA-C, co-owner of Agape Medical Spa and Weightloss Centers in Rhode Island and Massachusetts, ensures that his clients receive personalized attention from a specialized staff member, whom he calls a patient consultant. The consultant's sole job is to educate patients on available services and set up bookings.

"People don't always understand the medical part of a spa. The consultant can explain the procedure they called about and then move on to other services," explains Mallari, noting



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that his best consultants have a sales background, not a medical background. "I don't try to teach sales to the estheticians. They are there to perform treatments. They are not trained to be salespeople and I'm not going to change that. They focus on patient care and the consultant focuses on the upsell."

"Today's customers shop before making a choice," says Washington. "The office leaving the best first impression is likely to be the one a customer chooses. That is why it is so

of staying competitive in today's marketplace."

Mallari surveys 200 of his patients every 6 to 8 months in order to keep a pulse on their interests. He also uses a computerized system to track the top services at his spa and uses this information in his marketing.

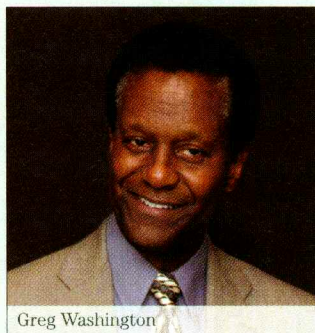
Sometimes being the first in your area with a new product or service can generate enough publicity to jump-start a business. "Current, well-selected technology is an important practice builder," says Washington, but proceed with care. Evaluate carefully before making large investments in the latest and greatest.

"Don't think that you need to buy every laser device that is marketed to you," says Dr. Klein. "And don't feel obliged just because a salesperson treats you well. That's his job. There are a lot of 'Edsels' out there so research well before investing your money."

"I have to be on top of technology and give my patients what they want, which is whatever gives the best results," says Mallari. "Right now, we use Candela GentleLASE and GentleYAG machines as our everyday workhorses. We have been able to upgrade them to provide more applications from the same



Lorrie Klein, MD



Greg Washington

important to make sure the person who gets that first call is responsive and knows what to say to the potential client."

Once you spend so much time, effort and money on hiring and training a staff, what can you do to prevent that valuable employee from wandering elsewhere? Durocher is a proponent of employee compensation being tied to productivity. "If you have one employee who works diligently to build retail and repeat service sales, she should be compensated for those efforts." There are various opinions as to the best compensation programs—whether commission, salary or a combination—for each type of employee on your staff, but everyone seems to agree that some element of accountability is important if you want to build the kind of staff that provides the top-notch customer service necessary to ensure profitability.

Dr. Crutchfield explains, "My employees truly have team spirit. The nursing and reception staffs are involved in hiring. Goal setting and peer evaluations are part of each employee's review. Employees who don't fit in with the team usually leave on their own."

### Step 3. Execute a Marketing Plan

All of the training in the world won't build business if you don't have customers walking in the door. Washington recommends staying on top of what works in your marketplace and keeping a close eye on your patients' needs. He asks, "Is the client base in your area concerned with economy, new procedures, or something else? What is the thing that will create 'buzz' in your marketplace? Offering something that is unique or special to draw new inquiries is a key component

machine. This equates to greater profit margins and simplified user training since it is an upgrade to an already familiar machine." With the purchase of an upgradable system, it may be easier to keep in step with the latest technology and treatment procedures.

Mallari adds, "When we started, I tried to do most of the procedures, but now I'm delegating." With a growing business, delegating is important, so that makes equipment support and training key factors when evaluating what device to purchase. If you have great equipment but staff members who don't know how to use it effectively, you can't expect a very good return on investment. "You don't want to get stuck paying a lot of money for devices that are not successful and/or are underutilized in your practice," says Dr. Klein. These systems are very expensive, and you really should do a thorough evaluation prior to buying."

Dr. Crutchfield actively promotes referrals from other area doctors. "I speak at peer meetings and do an annual mailing to a list of doctors," he notes. "After a referral visit, I follow up with a thank-you note to the doctor with an update on the patient." His biggest marketing endeavor is his award-winning website, which boasts more than 100 hours of content. His staff is trained to track all calls so he knows exactly which of his marketing efforts are giving the best return.

Mallari puts his marketing dollars to work on his website as well, but he also ties it into television ads. Although one recent TV ad cost about \$10,000, because it was service specific (Smartlipo treatments), Mallari was able to track the resulting sales revenue. The \$10,000 expenditure generated somewhere between \$125,000 and \$130,000 in revenue.



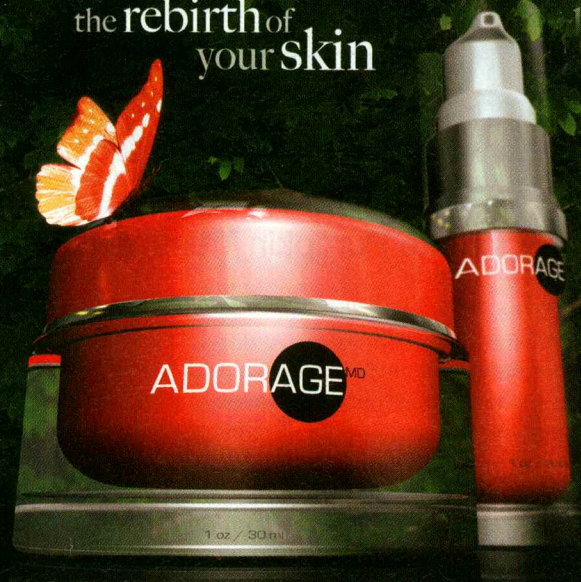
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"The response usually comes through the website. I'd say about 75% of the website response is a result of seeing a TV ad." A special online offer is mentioned in the ad. The client goes to the site and fills out a short info block to get a coupon. Then a receptionist gives the client a call back within 10 to 15 minutes. Mallari runs ads during shows like *Oprah*, *Ellen*, *The Today Show* and *Dr. Phil*.

Another way to build business is by holding special events. Durocher advises promoting not only to new clients, but also to existing clients through VIP membership programs. This gives you a reason to contact your VIPs throughout the year. "Give the membership legitimacy by charging a fee. Then make sure that the benefits of membership will make that fee worth paying from the client's perspective," he explains. "Special VIP events, retail savings, service savings and goodie

## BUSINESS TRAINING RESOURCES

Help with evaluating the profitability of your practice may be as close as the manufacturer of your equipment. In addition to marketing materials and supplies support, the following sampling of companies offer business-oriented programs to practitioners. Some offer the service on a complimentary basis while others offer their program for a fee. Check with the manufacturer of your laser system, or if you're considering a new purchase, be sure to inquire about business support in addition to marketing brochures and training.

**Candela Corp.** offers a representative who will talk with you about your business and develop a "Get There" plan specifically for your practice. [candelagethere.com](http://candelagethere.com)  
800.733.8550

**Cynosure** provides dedicated business assistance with resources to help you build your practice quickly and cost effectively. [cynosure.com](http://cynosure.com)  
(click on Practitioner Center)  
800.886.2966

**Palomar Medical** offers the Lux Club, in addition to marketing support, and suggests that owners and staff complete a multi-topic DVD training series called "Building a Successful Cosmetic Medical Practice" by

Cindy Graf.  
[palomarmedical.com](http://palomarmedical.com)  
(click on Lux Club)  
800.725.6627

**Sciton** offers a comprehensive business development program called Top Flight, which includes the consulting assistance of experts in multiple business planning areas. [sciton.com](http://sciton.com) (click on Support then Top Flight)  
888.646.6999

**Syneron Medical** provides online practice support which includes a business tool to determine return on investment, in addition to training and marketing resources. [syneron.com](http://syneron.com) (click on Physicians, then Practice Support)  
866.259.6661



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bags at educational events are ways to build value into your membership program."

### Step 4. Monitor and Adjust

Durocher points out that no matter what your marketing message or how it

is delivered, a plan to build your retail identity is critical to getting the most return on ad dollars and building a strong loyalty among your clients. A strong identity and retail loyalty ensure that your existing clients will return to you when their product bottles are empty.

"Retail sales are the highest profit center for the medspa. It is like real estate sitting on your shelves," says Durocher. He suggests carrying fewer lines to make inventory easier and increasing vendor buying power. "If a product is not turning a minimum of eight times a year, replace it with something that will sell," he adds.

Mallari does just that. He stocks two name brand lines with 100% markups and a private label line for cleansers, moisturizers and "everyday" products that offer a 300% return.

In addition to tracking retail sales, monitor upsells and repeat sales. When a staff is trained and accountable, you are able to track their progress. "If you don't keep score, how do you know you're doing well?" asks Durocher. "If employees have been trained in the dialogues of retail and how to say the right things to sell products or service series," you will be able to track the number of contacts which convert to actual sales or profit.

Washington cites, "A well-trained employee can have a 55% to 75% closure ratio versus a nontrained staff member at 20% to 25% closure."

Whether you determine that your practice can improve profitability by investing in staff training, revising your retail strategy, adding new services or improving existing equipment, Dr. Crutchfield sums up his approach in this way: "It's not how much it costs. It's how much it makes you."

By the way, just because your medspa is currently profitable doesn't mean it will continue to be. The one constant in the industry is that the next greatest thing will arrive tomorrow and change everything. ■

*Stacey Burns is a freelance writer based in Cedar City, Utah.*

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