

Shifts Happened...Time to Optimize Your Practice!

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KEYWORDS

- Branded technologies • Consultation markers
- Consultation takers • Commoditization • Facial cosmetic
- Microblogging • Noncore cosmetic physicians
- Noninvasive services • Profitable practice
- Search engine optimization (SEO) • Shrinking profit
- Social media • Surgical incubator

SURGERY AND MARKET SHIFTS

According to ReportLinker and other credible research organizations, the cosmetic services market would reach \$40 billion or more by 2013 with a compounded growth rate of 5.2%. Cosmetic surgery product demand (eg, dermal fillers and laser dermal resurfacing) created by manufacturers and suppliers will drive this movement. In addition, a growing list of less-invasive procedures, products, and home devices is also expected to create new challenges and consumer awareness regarding the benefits of seeking a specialist for the consumer's facial surgery needs.

The current frenetic shifts in the cosmetic surgery marketplace resemble the changes that reshaped refractive surgery (laser-assisted in-situ keratomileusis [LASIK]) for solo ophthalmologists. The expense of the requisite technology forced the ophthalmologists who provided LASIK surgery to aggressively advertise, resulting in the procedure becoming a retail service offering. Now, minimally invasive surgical (MIS) procedures and nonsurgical services have created a new business front for those with the latest and the "hottest" technologies added to highly efficient operations to make profits at commodity prices by using effective marketing. With smart marketing, the

advent of new technologies, and the dwindling reimbursements from medical insurers, business-savvy cosmetic specialists and non-core cosmetic physicians are taking advantage of the opportunities to enter the cosmetic services market. Use of à la carte facelifts, lasers, and fillers now allow postponement of full facelift procedures and present a new opening for more competition and a new marketing front that never before considered facial surgery. According to the ongoing statistical reporting by the American Society of Plastic Surgery, facial procedures for the eyelid and nose and facelifts are collectively the second most popular surgical procedures after breast surgery in America.

STEPS FOR YOUR STRATEGIC ACTION PLAN

Facial plastic surgeons must take steps now to secure their practice with internal and external marketing before any further commoditization of the specialty. The laws of commodity (better known as the laws of supply and demand) serve the consumer and will shortly take place as a varied clinical labor pool, and competition increases. True and false perceptions in the form of equipment wizardry, posh venues, and availability will decrease the fees paid by new and current patients. Thus, the consumer is in control.

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We are now observing the effects of commodity (supply and demand) in the current promotion of surgical and nonsurgical fat resolution procedures in the pushing of price and credit before mentioning the physician's name and credentials. Shrinking profit margins, new competition, branded technologies, and new surgical techniques are here to stay. There are now irreversible shifts for all consumer-paid medical services. These shifts will not reverse themselves in the near future, so it is time for cosmetic surgical specialists to enhance their practice's bottom line and ensure market share. Smart practices can flourish with ongoing relationships and a commitment to affordable, ongoing, incremental facial surgery calibrations presented with a personal touch and well-trained staff that can market the practice.

Starting with the recent recession, consumers sought cosmetic services that offered immediate gratification, that is, a quick fix at lower prices. We observed many facial specialists who responded by creating medical spa-type operations within their practices and advancing skin care services. In the process of maintaining cash flow from this market, some physicians entered into problematic relationships with aestheticians and other practice extenders who lost sight of the main mission of the practice: performing surgery.

STEP 1: FOCUS 45 YEARS AND UP

Focus on the significant facial surgery market of patients 45 years and older in and outside of your practice because they have

The funds to pay for cosmetic services

Few stable investment options and are prepared to make an investment in their bodies

[Q10] The belief that they need a specialist to operate on the most visible part of their body

Concerns that the results of facial surgery are both a highly personalized and usually the result of a compounded set of procedures

Requirements that may require fine-tuning. This population is less inclined to look for bargains and more inclined to inquire about specific credentials and avoid discounts

For the aforementioned reasons, we find the facial plastic surgical specialist in a unique position, momentarily exempt from the full impact of the current shifts, new competition, and the effects of commoditization. In fact, we expect that true

facial specialists with a strong-branded Internet strategy will greatly benefit from the promotion of minifacelifts, consumer shopping, and any necessary fine-tuning that might result.

STEP 2: TRIM THE FAT IN MARKETING

Until the recent recession, many practices overlooked the opportunities to optimize the cost of overhead. The focus, historically, has been on the topline practice income. Many tried to offset the business downturn by presenting the same services using the same expensive marketing methods, including discounts, specials, and the use of Yellow Pages and print media. Comprehensive, thoughtful, and discriminating adjustments are needed to take advantage of the shifts in the consumer's criteria for selecting medical cosmetic specialists. Up until 3 years ago, a typical successful cosmetic surgery practice within our client base generated \$2 to \$2.5 million a year and worked on a profit margin of 30% to 35%. This typical client would spend \$40,000 to \$60,000 per year on advertising with Yellow Pages and received a 4- to 6-fold return on their investment. Apart from patient referrals, Yellow Pages was one of the most reliable sources of new patients. In addition to this expenditure, the typical client would spend an additional \$20,000 to \$30,000 on other forms of promotion, including staff training and, sometimes, electronic and print media.

Today, those same clients budget no more than a total of \$35,000 to \$50,000 for practice promotion and achieve a 10-fold or more return. The new-found efficiency is achieved through an intelligent integration of Internet promotion along with other less costly promotional programs based in social media marketing, which is enhanced with staff trainings. To address the current shifts and the need to cultivate the facial surgery portion of your practice, allow for a marketing budget that is at least 8% to 12% of your expected income for the next 12 months. Moreover, according to our observations of our clients and prospective clients who contact us for assistance, we see the following important changes taking place:

- Demand for facial surgical and nonsurgical cosmetic procedures has been strong during the economic turnaround and continues to be strong through 2011.
- Overworked staff are expected to market services without proper training on phone skills and Internet-response protocols.
- Fees are being cut to bring in more patients, with reduced profits to the practice, instead of focusing on promotion of branded procedures, unique procedures, added-value

[Q1]

offers, and creative internal marketing programs.

- There is a significant reduction in the use of Yellow Pages and print media and an increased use of creative marketing on the Internet. We recommend that the use of Yellow Pages be retained but spending no more than \$500 to \$750 per month.

STEP 3: FEATURE QUICK RESULTS SERVICES THAT CREATE MAJOR SURGERIES

We are now observing 3 types of facial specialists:

1. Passive surgeons who expect the “good old days” of living on the income from generic surgeries that attracted patients who paid a large fee for a service but were usually one-time customers
2. Compromised surgeons who see MIS procedures as a temporary holding pattern for patients who need beauty enhancements but currently not able to pay for big, highly invasive procedures
3. Proactive surgeons who are cultivating surgical branded niches

We work with a significant block of clients and with prospective clients in hard-hit recession areas such as Michigan, Florida, and California who have been using various techniques to succeed and minimize their losses. In fact, some have done well during these changing times. How could this happen? What are they doing that others had overlooked? Most important, what should you do?

As the demand for major surgical services flattened, the income opportunity for noninvasive or minimally invasive procedures, affordability, quick results, and minimal downtime grew.

STEP 4: USE FILLERS AND SKIN ENHANCERS AS SURGICAL INCUBATORS

For the better part of the last 10 years, facial fillers and skin enhancement procedures were performed by doctor extenders in the medical spa part of the aesthetic practice. Many doctors failed to keep track of the schedules, expenses, and the actual referral from this part of their businesses, resulting in lower income levels from this significant stream of income and further loss of opportunity to introduce additional services to their new and current patients.

The passive surgeons view nonsurgical services like fillers and light treatment modalities as “loss leaders” and relegate these patient retention treatments to ancillary service extenders to include

nurses, aestheticians, and others. Often, these extenders are paid incentives, occupy floor space, and serve the same patients the surgeon sees. In today’s tough economy and cosmetic surgery marketplace, these extenders become the practice’s own built-in competition. To avoid this problem, our clients have created robust internal marketing strategies to serve as the foundation for staff training on how to grow this portion of the practice into a surgical incubator. We strongly suggest avoiding commissions and incentives as employee motivators.

We have found that when staff and ancillary extenders work as practice builders and have been properly trained, they serve as entrées to larger services and function as a continuum of the practice’s surgical offerings. However, we find that these staff are simply not used efficiently. We have found in some instances that the extenders’ concessions with the practice were actually major internal competition to the surgeons. As a result, some practices make the bigger mistake of overreacting and cutting out medical spa offerings. Some physicians now even triage these patient services by outsourcing them while their surgical schedules shrink.

Noninvasive procedures are not only an important revenue stream but a function that, with a doctor’s hands-on involvement, creates important benefits to the practice. The time the doctor spends with the patients can generate more surgeries. When the office personnel work closely with the doctor in administering the medical spa services, the personnel receive the benefits of better training and education to transition patients to more advanced services.

Checklist to Make Your Medical Spa Offerings Surgical Incubators

1. Do not continue to push services that have limited demand just because you have an equipment lease to pay or special training to do a procedure.
2. If your medical spa or nonsurgical procedures are provided in a noncontiguous facility, move these functions into your main office and use employees, not contracted outsiders, to staff this important function.
3. Seek out marketing and financial assistance from your suppliers to promote their brand if you must, but ensure that your brand, and not your supplier’s brand, is the center of all of your promotion.
4. Carefully select, orient, and train your practice extenders. Do not allow unorganized

[Q12]

performance such that the surgery mission is forgotten. Train and retrain.

5. Avoid the overuse of discounts, and consider the use of added-value specials.
6. Pay your staff a good salary, and avoid paying individual incentives to extenders and staff who provide medical-spa type of services.

The most glaring factors that seem to have insulated the successful practices from the economic shifts are

- Training and motivation programs that limited staff turnover
- Creation of solid income streams from MIS or noninvasive procedures that serve as surgical incubators, not just use these procedures as an ancillary income stream
- Extension of added-value offerings to surgical services versus discounts
- Use of limited and well-timed special offers tied to events and minimal use of price discounting
- Using a doctor's hands-on approach, working closely with their practice managers on every detail of the practices marketing
- Use of some level of a business and marketing plan as a reference. If you need help, call the experts in. You make more profit from increased income and fewer mistakes

STEP 5: GROOM YOUR STAFF, TRAIN THEM, AND GIVE THEM TOOLS

The 2009 downturn was painful to surgeons who invested in facilities and equipment to handle the expected sustained surgical volume growth. But it has been even more painful to patients who lost jobs, lost savings, and sometimes lost home value that they were using to finance their cosmetic procedures. They still want and need to have their facial or aesthetic rejuvenation requirements met.

In our retrospect of the first decade of 2000, we were surprised to find surgical clients thriving in New England, Louisiana, Florida, Michigan, and California, even after 9/11, Katrina, and the recession. This was possible because of trained staff.

The recent recession and recovery caused practices to cut back on staff and reduce marketing cost (ie, investment). In some instances, one or both of these actions might have been warranted. Specific clients and nonclients whom we spoke with, who did well during the challenging time, did some creative pruning but did not make deep cutbacks. Most of them eliminated part-time

personnel and used staff who had extra time on their hands to execute internal marketing programs, including contacting other noncompeting health care providers that would participate in a reciprocal referral program. Almost all made only minor downsizing adjustments to their staff configurations. Those who did downsize prepared with cross-training of their staff to ensure continuity of services. If changes were made, they were done to replace staff who were not performing well. Most practices reported that the core staff, who did the selling for the practice, remained.

Further, the marketing budgets were refined to move expenses in media advertising to more robust Internet programs integrated into internal marketing programs such as announcements to special events in the practice and a programmed series of premium, added-value offers. Almost all practices used the funds that were shaved from the media budget to increase the number of programs to train and motivate their staff—yes, motivate staff. Many of our savvy clients understood that although their staff might be happy to just have jobs, it was smart to use some of the downtime to motivate and inspire staff with retraining and online group Webinars on special topics like social media marketing.

The staff is the practice's most important sales agent. Only the staff can sell the doctor. Only the staff can execute the details of the marketing programs. Over the years, we have discovered that there are still many doctors who do not like to think of their practices as selling services, although they are now in competition with auto sales, travel programs, entertainment, and other expensive consumer diversions reaching for the same discretionary dollar. As we witnessed, the practices that did well viewed their practices as sellers of services and prepared their staff to do so.

Checklist for Better Results from Staff

1. Set up breakfast or lunch learning sessions with your staff to ensure that they are thoroughly grounded in all of your key service offerings.
2. Cross-train staff to create stronger individual capacity in each employee and to create backup skills, so if cutbacks become necessary, they can efficiently execute jobs previously handled by someone else.
3. Use your staff to execute internal marketing programs, such as routine patient education seminars and Health Insurance Portability and Accountability Act (HIPAA)-ready e-mailing lists. Do not overuse this opportunity. Try to schedule a patient education seminar at least

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once a month, with e-mailed announcements sent out no more frequently than once a month. Overuse or underuse of either of these programs backfires on the practice, with your practice being classified as an e-mail spammer and patients viewing you as desperate.

4. Identify other health care providers who are noncompetitors to create reciprocal relationships, such as orthodontists and optometric shops.
5. Again, promote your practice brand and not your suppliers whenever possible.
6. Get all staff members marketing-ready with business cards.

STEP 6: PROPER USE OF INTERNET-DRIVEN MARKETING INNOVATIONS

Maximum and economic marketing results within a reduced budget can only be achieved from integrating Internet technologies into a customized practice marketing action plan and strategy. The Internet is not a stand-alone marketing tool. If it is treated as such, it certainly gets out of hand as Yellow Pages did in the past. The large advertising budgets of just a few years ago have been slashed by 30% to 50% or more. The savings vary depending on the original marketing budget, the degree of specialization of the practice, the market size, maturity of the practice, the current marketing programs in place, and the practice's tenure on the Internet.

To achieve an effective integrated Internet marketing strategy, your requirements should extend beyond your Internet service provider or a Web design firm. The marketing skills of your practice manager or that of a consultant who understands the current marketing technology and the details of your practice's operation and the interface to your office information system are now critically needed.

The following are a few practical examples of Internet integration of marketing programs that reach beyond even the most effective Web site.

First, at least quarterly, or more frequently, hold patient education seminars. These seminars are a key internal marketing device. As an example, the practice's planned seminar schedule should be announced with precision and be coordinated with your other practice promotion. The Web site should present attendance incentives and e-mail data-capturing devices that are HIPAA-compliant. For an already well-established program, more robust results are attained with a combination of the use of a HIPAA-ready, patient e-mail contact list broken into the patient's area of cosmetic interests and social media marketing.

Second, from your internal HIPAA-compliant patient list and lists generated from your Web site and social media, you can generate targeted e-cast (sometimes called e-blasts) that are supported with special landing pages on your Web site. Using this approach, you avoid offering special discount offers to the general population of your practice.

Third, the use of social media marketing can be an inexpensive and targeted medium to promote your services and brand to help you protect your practice's market share. A spin-off search engine optimization (SEO) bonus result is achieved with microblogging and posting to some of the social media sites like Facebook and Twitter. This can be done without you being required to become an active social media participant.

In summary, routine patient communication opportunities that are spin-offs from the promotion can be created using advanced social media technology that tie into your Web sites that produce remarkable results at a nominal cost.

Checklist to Enhance the Productivity of your Internet Investment

1. Create your practice's marketing action plan and strategy as your first step to launching your Internet marketing program. The marketing action plan should address branding your Internet program's interface with other promotional programs and budget.
2. Start your Internet marketing by first making your current patients your frequent users, causing early results and your SEO to be positively affected. Look up into your old patient files, and convert old pre-HIPAA patient information to HIPAA-compliant e-mail addresses. The time and effort for your staff to do this produces immediate results from just the contact process. This program is cheaper than anything that you can do to create more patients other than the Internet.
3. If you have only 1 Web site, add an additional Web site focused on the branded, specialty area of your practice.
4. If you do not have a patient education program in place, start one now. Use your Web site as a sustaining source of new attendees by running a seminar at least once a month. Do not worry if the attendance is low for 1 or 2 of your seminars. Just announcing the seminars to your patients will make your phones ring and e-mails come.
5. Commit to the use of social media and microblogging of practice events and to announcement of

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new services, responses, remarks to events, and news about emerging technologies.

SUMMARY

The facial cosmetic specialist has both a special opportunity and challenge to thrive by capturing market share, avoiding the effects of shifting supply and demand. Facial plastic surgery specialists now need to audit their practices to discover the flaws, excess expenditure, and opportunities in operations and marketing. The results are improved market share, avoidance of price discounts, and increased bottom-line profits for practices focused on facial cosmetic surgery.

The facial cosmetic surgeon is a true specialist who represents the last bastion of cosmetic specialists who can be paid in full for the services they provide, if they are smart managers of their practices.

[Q18] Why should the facial cosmetic specialists repeat

history and lose their marketing as the dermatogens lost the skin care market to other specialists?

The Internet promotional power must be integrated in every facet of the practice's marketing strategy by experts who understand the practice's operation and the consumer's buying mindset.

The essential practice areas to focus on are

- An integrated Internet marketing action plan and strategy
- Service promotion that features branded services and quick results options at competitive prices
- Focus on staff, training them and giving them the tools they need

It is time now to visit each one of these areas of opportunity and find the excess expenditure, improve market share, and increase the bottom line. Track results using the practice indicators of income, expenses, and new patient sources.

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Q15	Please verify edit to the sentence “The marketing action plan...”
Q16	Does edit preserve intent in “Commit to the use of...”?
Q17	The word “fat” has been changed to “excess expenditure” in the sentences “Facial plastic surgery specialists...” and “It is time now to visit...” Does edit preserve intent?
Q18	In the sentence beginning “Why should the facial cosmetic specialists...” should it be “dermatologists” instead of “dermatogens”?

Thank you for your assistance.