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Wendy Lewis interviews four leading practitioners from across the country for their top tips on growing a successful aesthetics clinic, and some of the pitfalls to avoid

Calculating return on investment

In today's competitive market, running a practice is all about return on investment. Even the most novel marketing strategy or most clinically beneficial treatment has to add value to the bottom line in one way or another to warrant bringing it onboard. Practitioners are faced with hard choices relating to return on investment (ROI). ROI is a financial metric that can be used to evaluate the expenditures of a business. Determining ROI typically involves assessment planning, data collection, and finally, data analysis. ROI is a general purpose metric for evaluating capital acquisitions, projects, programs, marketing initiatives, and staffing.

The large investments made, both in terms of funding and staff and physician time, for all forms of patient acquisition (clinic marketing, online and print advertising, public relations), capital equipment, payroll and staff training, and other day-to-day expenses must be carefully...
evaluated to determine the benefits to the practice. Staying on budget and the need to demonstrate the value of these initiatives are the primary drivers for the increased interest among practitioners in evaluating return on investment. ROI can be determined to measure efficiency in the use of funds, or overall profitability.

Ask yourself these questions: what do we get back for what we spend? Do expected returns outweigh/justify the costs? For example, a result greater than zero would indicate that your returns exceed your costs, whereas a negative ROI means that costs outweigh returns.

**Non-revenue generating investments**

However, not all expenses can be measured with a sufficient level of accuracy. Rather than measuring returns solely on cost effectiveness, factors such as staying competitive are also used to determine the overall returns that a new investment brings, such as capital equipment, technology or a physician extender. It is difficult to calculate how you justify a tactic that may be critical to your practice remaining relevant in the marketplace.

Before you consider the financial impact of any potential investment, you also need to evaluate the nonfinancial aspects of it. This is especially important for investments that do not directly generate revenue or lower operating costs, since the nonfinancial considerations of these investments may weigh more heavily on your decision.

Ask yourself if this investment fits with the practice’s overall business strategy, goals and priorities? For example, if your marketing strategy is to focus on attracting younger patients, updating your waiting room and investing in online marketing and social media are strategically in line with your business plan.

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Let’s turn to our four successful practitioners from dermatology, plastic surgery, and facial plastic surgery for their candid comments and honest recommendations.
What has given you the best ROI for growing your aesthetic practice?

Dr. Youn: The best investment I have made is in Internet based advertising. Specifically sponsored search advertising. This strategy is essential to drive traffic to your website and attract new patients. Google analytics allows you to stay on top of how your ads are performing. Another helpful strategy for us has been using the ConstantContact.com platform to send email newsletters to patients and keep them informed about news in the practice. The platform is very user-friendly so we can do it ourselves and it allows us to track open rates, click-through rates, bounces, and patients who have opted out. It is ideal tool to manage your database and is extremely cost effective.

Hiring a nurse injector in my practice has proven to be a great investment. I now have one full time and one part time aesthetician, one part time RN injector, and one part time PA injector, and will consider adding more in the future. Our physician extenders are instrumental in keeping patients in my office and make a small profit. In my practice, I don’t have enough time to personally treat all the patients I would like to, and the extenders keep patients in my practice and keep them happy. In order to make it worth the patients’ while, I charge less for my extenders’ time than I do for my own. My aestheticians perform skin care consultations and chemical peels ranging from superficial to moderate depth, including the range of ZO® Medical Peels, as well as laser, IPL, and radiofrequency treatments. Our physician extenders perform all the energy-based treatments, except fractionated resurfacing, which I do myself.

Dr. Taub: In my practice, superior technology bought at the proper time has been very rewarding. Second generation Fraxel® ReStore, Coolsculpting®, and Ulthera® are good examples of technology that have been successful for us. Surprisingly, laser treatment for psoriasis turns out to have a great ROI. For IPL, I particularly like Syneron’s ELOS for superior consistency of results. There are no disposables and this continues to be a mainstay in the practice even though the device has been paid off many years ago.

Among the staffing choices we have made, hiring and training physician assistants has been a great addition.

Recently finding that using acne surgery codes for microdermabrasion has made our aesthetician swamped with new patients.

Amy Taub, MD

We also added dedicated cosmetic coordinators, which has worked out very well for scheduling procedures.

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Dr. Schlessinger: Solutionreach.com is an automated service (known as Smile Reminder in the dental community) that reminds patients of appointments via text or email, has been very worthwhile. The best thing they offer is to recall older patients who haven’t been in lately. In the past year I had over 700 patients who were ‘saved’ by this system. Often they come in and say, ‘You texted me and that’s why I made an appointment’. It also has a ‘review’ email that is sent to all patients and generates a review section for our website.

Getting on top of patient reviews is also very important in today’s world. One of my staff members is using the reviews to ask patients to go to sites such as RateMD and others to review us. That has been instrumental in raising our scores. Before I asked for reviews via Solutionreach, I wondered if my patients really liked me or not, as we had some negative reviews on various sites. Once I checked Solutionreach, results I realized that about 99% of my reviews were ‘Excellent’ or ‘Very Good’. If I do see a review that has an issue, by and large we are able to make the patient happy.

TouchMD® (Alphaeon) also allows us to market to patients via a touch screen in the office. It has generated quite a bit of interest so far. I am not sure it has done everything it will eventually do, as it is new and we are still working out how to present everything on it (some customization is necessary), but it has saved my staff quite a bit of time so far and that is always welcome.

Dr. Kim: Internal marketing is a must. It’s inexpensive and targeted to a group who already knows and trusts you. Events and promotions always work better to a known group of customers. Search engine optimization is another key factor. Ranking highly for relevant keywords on major search engines is critical in the digital age of consumer research.

David W. Kim, MD, FACS

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What has not worked for you or has been a waste of time and money?

Dr. Youn  Most types of advertising (other than internet), such as yellow pages, radio, TV, magazine ads, have not worked out well and were not worth the spend. Purchasing expensive technology in hopes that ‘if you buy it they will come’, has also not worked out well for us.

Dr. Taub  Light treatments for acne, and for that matter, anything out of pocket for acne has not proved worthwhile in our practice. Similarly, laser liposuction was not really embraced by patients. Although I loved the experience and miss it dearly, I lost a considerable amount of money trying to scale up our clinical research division.

Dr. Schlessinger  My Coolsculpting® machine has not led to any significant increase in business over the past year. Initially it was a reasonable money-maker, but we now have about seven of them in my small town and it hasn’t been doing well. I worry that the company has put it in too many installations.

Dr. Kim  In general, non-targeted campaigns (promotional mailers, general newspaper ads, etc.) are expensive and yield relatively low-return. We have found that marketing campaigns are more successful when targeted towards a group that is more likely to be interested in your services.

Don’t listen to all the companies without reaching out to your friends and colleagues to make sure they agree. The average sales person isn’t your friend. They have a job and want to sell. Be careful.

Dr. Youn  New physicians should focus on word-of-mouth by doing good work first. It may be more beneficial to work in a hospital, rather than in a private center. If they see you perform good work, then word will spread throughout the hospital. If you do good work in your office, then word will spread only within your office.

Buy new technology very judiciously. Don’t believe every word sales people say since they just want the commission. Ask your colleagues what has or has not worked for them, and talk to physicians who have purchased the system before you buy.

Setting up a good website with superior quality before-and-after photographs is an essential marketing tool for all aesthetic practices, especially when you are just starting out.

Dr. Taub  A big priority for us has been the continual attendance at multiple meetings and discussion with colleagues of best practices and procedures. This educational process and evaluation of what is in the marketplace never ends, and it is a critical part of what makes practices successful. For younger physicians in particular, learning, listening and making alliances will prove to be invaluable.

Dr. Schlessinger  Don’t listen to all the companies without reaching out to your friends and colleagues to make sure they agree. Companies will sell you anything and lead you to believe that you are the problem if it isn’t working. Sadly, this is a common tactic. While you can trust some individuals, the average sales person isn’t your friend. They have a job and want to sell. Be careful.

Dr. Kim  Above all, master your craft, do good work, and care about your patients. It is futile to pour time and money into marketing or promotion unless you have a quality product to promote!