

# CONSISTENT DEMAND: HOW TO AVOID A FIRST QUARTER DECLINE

Key to avoiding a slow first quarter is to focus on building a consistent patient base and properly marketing your skill and expertise.

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Every aesthetic practice is bound to experience some ups and downs in its revenue stream. But for some practices, regular (and predictable) declines in revenue put a strain on the practice and leave physicians and/or administrators scrambling to attract patients. The first quarter of the year—when patients may still be paying off holiday shopping bills, dealing with difficult weather in many parts of the country, and focusing on other aspects of personal health and fitness thanks to resolutions—is a tough time for many practices.

Key to avoiding this first quarter slump is to focus on building a consistent patient base and properly marketing your skill and expertise so that you can count on returning and new patients even in the first few months of the year. Following are some strategies I believe are important to developing a consistent practice revenue stream and avoiding unnecessary hits against the bottom line. While revenue may still see some peaks and dips, these will be minor and nothing like the deep valleys that some practices report.

### AVOID ANNUAL YEAR-END BONUSES

There are several reasons I have never given year-end bonuses to my employees. For one, a bonus is intended as recognition of exceptional effort. Yet year-end bonuses tend to be given to all employees—the high performers and the so-so staffers. Furthermore, these bonuses tend

to be seen as “annual bonuses,” meaning that employees will anticipate a bonus every year. Rather than a motivation, the bonus becomes an expectation, and if employees do not receive a bonus, there may even be a decrease in staff morale.

Paying out year-end bonuses to your entire staff also puts a strain on your practice’s bottom line, setting you on less solid

footing heading into the first quarter, when some practices face a dip in demand and practice revenues.

A more effective approach may be to provide occasional merit-based bonuses to select employees, if and when they are warranted. You could perhaps award a few in a single quarter or go a full year awarding none. It simply depends on the dynamics of your practice at any given time. You need not publicize that a bonus was given, and it may be wise to require that the recipient not disclose the amount received.

An alternative is a non-monetary reward for exceptional



### DO THIS NOW

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performance. Perhaps a gift card or a gift basket is appropriate recognition for a job very well done. These sorts of rewards recognize employees without placing a strain on the bottom line. Employees have no sense of expectation, and they genuinely appreciate the recognition, making the bonus a true reward and motivator, rather than simply something employees come to think they deserve.

### CONSIDER BASKET BONUSES FOR PRODUCT SALES

Many practices do not offer any bonuses on product sales, and they seem to move ample product. Among practices that offer bonuses on product sales, there are numerous formats used. I have found that a basket approach works best. The idea is that every person potentially involved in product sales gets recognized for their contribution—and is motivated to continue to support sales.

#### AESTHETICALLY SPEAKING

**Basket bonuses.** Rather than pay a “commission” on product sales, tally revenues and split a percentage bonus among all staff involved in sales.

On a regular basis, we look at product sales and then distribute a percentage of the revenues for those sales to all eligible staff members.

In my experience, this has been the most fair and equitable approach. When I bonused only the aesthetician, the reception staff who frequently spoke to patients about products and often checked them out, felt that they were

overlooked. This current system reflects our practice’s team approach to care and encourages all parties to contribute to the patient experience.

### DON’T ENGAGE THE DISCOUNT PRICE SHOPPER

Make it a policy not to disclose procedure and service pricing on your website or to individuals who call the practice. It’s possible your prices are competitive or even better than those of other local providers. But you don’t want to attract a patient driven by low costs. Instead, you want to build a base of discriminating patients who rely on you for your skill and expertise. These are motivated patients who undergo aesthetic procedures to satisfy their personal desires and will be more likely to schedule appropriate follow-ups and perhaps additional procedures. The bargain shopper, by contrast, may never return or may visit at random intervals. This is also the shopper who will likely always try to bargain with you and will certainly leave your practice for the one down the street if a better price is offered.

### CHARGE FOR CONSULTS

Every aesthetic physician should charge for consults, whether or not that cost is applied to future procedures. The rationale behind free consults seems to be to entice hesitant or uncertain patients into the practice where they presumably can be persuaded to undergo procedures. This conflicts with the admonishment above to eschew the discount shopper. Why should a physician spend clinic time seeing doctor-shopping patients, without reimbursement, when many will not actually book a procedure? Worse, the physician offering the free consult may feel pressured to “sell” the patient on some sort of service (even at a significant discount?) just to justify the consult. It’s a tough situation for the physician and the patient.

There are plenty of more efficient and cost-effective ways to educate potential patients and engage the patient who is “on the fence.” For example, hosting educational events in the practice is one option used in many successful practices. Sure, the physician is investing a few hours of his or her time to host the events, but it not time taken

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from billable clinic hours. Furthermore, the physician can educate two dozen or more patients and potential patients in about two hours, versus the eight that may be seen in two hours of clinic time.

#### MARKET YOURSELF

If you don't want the bargain shopper, what patient are you trying to attract? The ideal patient is the savvy patient who has a sense of the outcomes they desire and is looking for a skilled aesthetic physician who will educate him/her about treatment options and lead him/her to appropriate solutions. This is a partner in care who will be active and responsible in following up as needed.

This educated consumer will research products, procedures, and also providers. Be sure your website gives them key information about your training, experience, philosophy, and practice. As you discourage staff from quoting costs, prepare them to answer inquiries about you and the practice.

#### DON'T OVEREMPHASIZE SEASONALITY

There are inevitable trends in demand for procedures. Practices that offer laser hair removal, for example, will almost certainly see a bump in demand as the summer swimsuit season approaches. However, practices should look to seasonal marketing to boost demand, not be the basis for it. Instead, focus on building a base of loyal customers who will provide a consistent level of demand.

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## UNDERSTAND WHAT THEY WANT



To build a base of loyal, consistent patients means building a base of happy, satisfied patients. And making patients happy requires you to understand what they really want. Sometimes, the hardest thing to do is say, “No,” but it could be a positive for your practice. When an established female patient sent her fiancé in for a cosmetic consult, it became quickly evident that he was telling me what she thought he needed, but he wasn't listing his concerns. Finally, I directly asked him what he wanted to address. There was nothing, so I sent him on his way. In so doing, I avoided creating a dissatisfied patient, and I earned the man's trust. Similarly, I have had patients come in on the heels of a divorce or other significant life event. Some of these patients were treated successfully. There were others that I gently suggested take some time to consider their options. Some returned in time. Others did not.

If they don't undergo treatment now, maybe these individuals will want something done in the future, at which time they'll probably come to me. Maybe they'll send a coworker or family member my way. Maybe not. But I don't regret not getting that revenue—or the headache of managing dissatisfied patients.

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patients the ideal treatment to achieve their goals, rather than the ideal treatment to do the best we can on short notice.

At the same time, if patients do present on short notice and you provide service, be sure to use the opportunity to educate that individual on the best long-term course of treatment for their concerns. This usually means that the patient should plan to return at a defined interval for a new therapy or a maintenance treatment. Communicate with patients about their desires and inform them about the treatments you are recommending. This sets appropriate short-term expectations, avoids any sense of “upselling” on the part of the patient, and helps make them partners in their care.

### YOU STILL HAVE TO MARKET

The strategies outlined above may seem to contradict some of the conventionally advocated strategies for practice promotion. These strategies focus largely on employee management and relationship building with patients, but good marketing and promotion will underlie and support these strategies. Keep your established patients on course with regular communications and reminders about maintenance treatments. Be sure that existing patients are well informed about your practice’s full menu of services—especially relatively recent additions.

Every established patient was a new patient at some point, and you must seek a continual introduction of new patients. Word-of-mouth from your existing patient base is invaluable. Use external marketing strategies to target serious potential patients and be sure that your marketing message highlights your skill and expertise and your philosophy of care.

The secret to a solid first quarter, however, is having a solid year, and that means establishing a consistent business characterized by consistent demand. Short-term promotions can offer a bump, but they are not the basis for planning a quarter or building long-term success. ■

## BOTTOM LINE

The secret to a solid first quarter is having a solid year, and that means establishing a consistent business characterized by consistent demand. Short-term promotions can offer a bump, but they are not the basis for planning a quarter or building long-term success.