

Mentor Solutions has made an ongoing commitment to provide you with strategies and management techniques that can help you make your practice everything you've dreamed it can be. A big part of our dedication to this goal is the publication of our monthly e-newsletter, *Mentor Solutions Insight*.

The August edition of Mentor Solutions Insight features an excellent article on the importance of having a strong customer relationship management (CRM) software program. You'll learn what to look for in a CRM program, and how to utilize it to enhance and drive your marketing program in today's electronic business environment.

This month you'll also benefit from our third installment of, *Mentornomics*. You'll receive an economic update as it pertains to the plastic surgery industry, and learn how you can use strategic pricing to create goodwill with patients during this time of economic challenge.

Of course we'll also share news with you about industry events and promotions that can help you build a stronger brand, which is always an important part of setting up your practice for long-term success.

Our hope is to always deliver information you can learn about today, so tomorrow you can begin to take your practice to the next level and make it one that sets you apart from your competitors.

Regards,  
Layli Sobhani  
Director, Marketing for Mentor Solutions

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## **MENTORNOMICS**

### **Using Strategic Pricing To Create Goodwill With Patients**

*By Susan Hopkins, Senior Director, Global Marketing & Sales Operations*

Trying to understand today's mixed bag of economic indicators and how they impact your business is a challenge. For example, the economy shrunk 1% during the second quarter of this year, which doesn't sound good. However, it was a better-than-expected showing, and many leading economists see it as a strong signal that the recession is finally coming to an end.

Federal Reserve Chairman, Ben Bernanke, has been on the record saying he believes the recession will end later in the year and many respected analysts think the economy will begin to grow again during the third quarter.

Having been involved in several business turnaround situations, my perspective is that the initial recovery from tough economic times is often not a steady climb. Instead, indicators will move up and retreat back down before they sustain a steady growth pace.

I believe many plastic surgery practices are probably in this up-and-down stage right now. Last month's column addressed the importance of having a clear value story. How you price your services is also very important. So, let's take a look at some strategic pricing ideas that could complement the value-story strategies discussed in this column last month.

#### **Economic Indicators That Impact Aesthetics**

First, let's take a look at current economic indicators that directly impact plastic surgery practices. The indicators that most clearly correlate with aesthetics are GDP and personal income.

The GDP declined 1% during the second quarter of 2009 according to the “advance” estimated released by the Bureau of Economic Analysis.<sup>1</sup> However, The Conference Board had forecast a decline of 2.4%—so a 1% decline is actually good news. They’re predicting minimal growth next quarter and 2% to 3% growth in the GDP for 2010. <sup>2</sup>

There is a strong correlation between plastic surgery procedures and personal income—but little correlation with disposable income. Personal income was down by 1.3% in June after rising 1.4% in May. However, the May increase in personal income was heavily influenced by the government’s stimulus plan. When you exclude this special factor, personal income numbers for May and June were pretty much unchanged.

The bottom line is, people with money are still spending it. And the fact that plastic surgery procedures correlate with personal income means the services you offer rank high in terms of how your patients prioritize their needs.

Still, you should assume that even people with money to spend are “value seeking” in today’s marketplace, whether they are shopping for cars or have determined now is the time for the aesthetic procedure that is going to make them feel better about themselves.

### **Opportunity to Create Goodwill Through Strategic Pricing**

We all recognize that, given patients these days want to get the most for their money, pricing is important. Across-the-board price cutting, however, may not be your best strategy, *even if you see competitors cutting their prices*. In our current price-sensitive environment there are pricing strategies you can employ to complement your value story and create goodwill with patients.

#### *Subtract the cost of consultations*

This is an easy way to offer a relatively painless discount without devaluing your services. For patients who pay for their consultations, simply offer to deduct the price of the consultation from their surgery when they agree to schedule. This is a simple gesture to let patients know you appreciate their business, and it doesn’t look as though you are price cutting out of desperation.

#### *Reward patients for their flexibility*

Consider offering 10% discounts to patients who are willing to schedule their surgeries on short notice when you’ve had a cancellation, or when there is a convenient opening in your schedule you’d like to fill. If patients are willing to be flexible with you, offering some flexibility with your pricing can be a win-win.

#### *Provide discounts on low-cost procedures purchased with more costly procedures*

Another easy way to build patient goodwill is to provide discounts on procedures that are low cost to you, but high value to your patients and that patients undergo/purchase together. For example, when women pay full price for breast augmentation, you may want to offer a discount on additional procedures such as PREVELLE™ SILK or other facial filler treatments.

#### *Round down*

This is straightforward strategy that patients always appreciate. When you sense pricing may be the final sticking point with a prospect—offer to reduce the total bill by \$200 or \$300 dollars off your normal price as a simple goodwill gesture. It may be less of a discount than your prospect was hoping for, but the fact that you are gracious and proactive about it could make the difference in converting that consultation to a procedure.

#### *Offer a time-limited discount around a special occasion*

I bet you and your staff can think of a special occasion your practice can celebrate. It can be the five-year anniversary of your practice or even an upcoming holiday or event. So be creative and build a special offer around such an occasion. For example:

*To celebrate our 12-year anniversary, we’re offering a 15% discount on our surgical fees when you schedule and have your procedure performed by October 15, 2009.*

I'd like to thank Dr. Richard Greco for sharing some of the pricing strategies described. Many of these have worked for his practice and they may work for you too. He adds this advice, "Avoid long term devaluation of your pricing structure and practice. Look for ways to meet the patient part way. Offer the patient a consideration or accommodation that is time limited and allows you to stimulate your practice, but retains your long term reputation and value."

Overall, the economy is showing positive signs of recovery, and people are willing to spend their personal income on plastic surgery procedures because they place a high value on them and the satisfaction they will get from looking and feeling better. However, getting good value for their money is also essential to their satisfaction.

Pricing strategically will build goodwill with patients and enhance your value story without devaluing your services.

1. The Bureau of Economic Analysis, July 31, 2009
  2. Growth and Flexibility in Mid-Markets, the Future of Mid-Markets in the Economic Recovery. Bart van Ark, Vice President and Chief Economist, The Conference Board, and William Dunkelberg, Chief Economist, National Federation of Independent Business, July 1, 2009
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## Evaluating your software—Does it work in the new “retail” environment?

It's important to remember that in today's business climate cosmetic patients are making a retail purchase and have many options. They're in control of the buying process. They determine what and where they are going to purchase, and when. They expect quality surgical outcomes and positive emotional experiences. Thus, the service your practice provides is key to your marketing strategy.

Your practice must always adapt to the changing expectations of potential customers. Your ability to adjust your service and communication to meet patient needs is tied closely to an increase in surgery volumes through the compounding effects of retention and referral.

Utilizing customer relationship management (CRM) software enables your practice to align its goals with diverse patient needs. To maximize your effectiveness, CRM software should allow you to:

- Implement a patient-centered process that aligns practice service with patient expectations
- Recognize that service is a form of marketing and execute a team approach to patient care and communication
- Launch internal marketing campaigns and communication programs to existing and potential patients
- Use your appointment schedule to optimize opportunities
- Measure, manage and refine business processes to pinpoint revenue opportunities and create predictable success

### Define a sales management process

To create an effective sales process, you must first understand the underlying consumer buying process. As potential patients evaluate your practice, they move through a series of *yes/no* decisions. At each point, patients either progress to the next stage or exit your practice. To maximize your efforts, you need to respond with a communication strategy that meets changing patient needs at each stage.

Your software should enable you to define your interaction and communication tactics, and automate follow up--yet still be customizable for each patient. Implementing this strategy increases conversions and surgical bookings. The system is a win-win in that you meet your goals, and patients have their need met for a more in-depth level of communication.

### Execute your strategy with a team approach

The second step in this service model incorporates your entire team. As patients move through decision stages, different staff members interact with them and contribute to creating a winning service experience.

It's vital that staff members recognize the importance of their role in the overall patient experience. One staff member cannot capture patients on her own. Your software should track the key staff member at each patient interaction and enable you to measure results, so you can compare outcomes and find winning combinations. You can use this analysis to test and refine your sales management processes. Examples include telephone quality improvements, scheduling effectiveness, and nursing impact at consultation or in peri-operative care.

#### Implement cost-effective internal marketing campaigns

In today's digital world, internal marketing is a must because you need to communicate directly to your patients in real time. Your software contains a gold mine for new and future revenue. When utilized, it can provide you with an immediate, cost-effective mechanism for promoting special pricing, office events or new services. You can incorporate flyers, letters and marketing documents that complement your existing marketing message and branding strategy. This is an easy, cost-effective method for maintaining communications with patients and increasing revenue during slower times.

#### Optimize your time

Use your scheduler to provide patients ample opportunity to connect with you and your staff and to meet revenue goals by maximizing resources. Additionally, your scheduler should give you the flexibility to manage patient flow by providing the appropriate balance between consults, pre-ops, follow-up visits, etc.

#### Pinpoint revenue opportunities

You must be able to measure and manage sales strategy effectiveness and break it down into key components that impact revenue. A wealth of data is gathered as your patients progress through your practice. It should be utilized to celebrate your team's success and identify missed revenue opportunities. By monitoring key business metrics, your software allows you to assess your practice and to take positive action to improve business outcomes.

Remember, *if you can't measure it, you can't manage it. If you can't measure it, you can't improve it.* A few data points your software should evaluate include:

- Conversion statistics (procedure, staff, physician, timeframe)
- Marketing (actual income, return on investment, activity per source, conversions per source)
- Income analysis (forecast and analyze sales, revenue per hour, discounting)
- Process evaluation (segment sales process by stage)

Effective CRM programs help your practice thrive in the cosmetic surgery market. When implemented and used correctly, they're the most powerful tool in marketing and managing your practice.