Dynamic Chiropractic



YOUR PRACTICE / BUSINESS

Business Building: What's Your Strategy?

PROFESSIONAL SURVIVAL IN 2013 AND BEYOND MAY REQUIRE A SIGNIFICANT SHIFT IN CHIROPRACTIC'S CURRENT REVENUE MODEL.

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I know some in our profession love to debate about whether or not spinal curvatures change as a result of our chiropractic adjustment, but I have a question that hits a little more close to the belt than that: *Are chiropractors capable of change*? I am not speaking of physical change or spinal remodeling; I am speaking of change in the fundamental way we do business as chiropractors. In other words, can we change our revenue model?

Here's why I bring up this question: At this point, it is obvious to most in our profession that the old revenue model is crumbling.Payers are paying less and less for adjustments, and limiting care while expenses continue to increase. Unfortunately, over the past decade or so, utilization has not increased significantly; in fact, some research indicates that the public use of chiropractic has either flatlined or decreased slightly.

Simple economics tell you that if the price of your service is decreasing, the frequency of which it is consumed is decreasing and the cost to deliver that service is increasing, then you have an impending disaster in the works. Thus, our revenue model must change or we will soon face near-total extinction of our profits.

A Viable Solution - and Where It Often Goes Wrong

Although the concept of change is simple, the actual mechanics of what we must do becomes a bit more complicated when we take into account that: (a) We've always done it this way. (b) Most people don't like change. (c) The future of health care is uncertain. In light of these challenges, there is still one viable solution: We must re-engineer our businesses to focus more on strategy and less on tactics.



Unfortunately, the biggest obstacle to this solution is the fact that most chiropractors go about this completely backward. Here's what I mean: Too many of our businesses are driven by opportunity-seeking tactics. We hear about the latest rage in chiropractic (decompression, laser, nasal irrigation – whatever) and we hop right on the bandwagon and hope to ride the profit wave. But there are two fundamental flaws to this approach:

- 1. This causes our practice to be driven by our sales, not our strategy. So, when the inevitable happens and things don't quite work as we hoped, we are off to the next opportunity, dragging our practice (and our staff) 180 degrees in a different direction in its pursuit. Even if our tactics do work temporarily, we don't know how to manage sustained growth because there is no real strategy at the core. We end up just slapping on one tactical patch after another until our practice is a rag-tag mess of a business whose revenues ride like a roller-coaster.
- 2. To survive, a tactical-driven business must stay ahead of the curve. Success is possible for tactical businesses, but you must be an early adopter. If you happen to be one of the first chiropractors to introduce a new technique, try a new marketing scheme or have some sort of new gadget, and can figure out how to promote it, things will be good. Unfortunately, this creates chiropractors who are constantly on the prowl for the "next big thing" because, by design, you must be the early bird to get that worm. And since obviously not everything new works so well, the tactical DC will inevitably drop some good ideas in favor of some newer, but less effective ones.

Even worse, this cycle must continue. The practice must constantly strive to find the newest angle because it lacks a fundamental strategy and therefore, has no cohesive approach to anything and instead gambles its success on whatever novel idea the "wave" of opportunity brings.

Perhaps worst of all, the tactical DC is generally not a good colleague to have next door. They are hyper-competitive by nature because their business rests on tactics – and tactics generally lose their effectiveness over time or with overutilization (because eventually they are no longer shiny new objects).

What We Must Do in 2013 and Beyond

So, we must re-engineer our businesses towards *strategy* to succeed in 2013 and beyond. Our revenue model must change. Put another way, the "old school" style of chiropractic ain't going to work much longer. This will be true (and already is in some aspects) in every sense of our business. Marketing will change, reimbursement will change and the delivery of our care will change. And to adapt to that change, we don't need more tactics, but better strategy.

Our strategy will need to address fundamental business problems mentioned above – e.g., declining reimbursements, decreasing utilization, increasing overhead. *Then*, our strategic response to those challenges should include tactics that address those obstacles; not the other way around.

Think Strategy First

Here's why strategy must come first: Let's say we find a new Internet marketing tool (a tactic) designed to attract new patients, and we put it to use. Now, truth be told, we don't quite know if new patients are the answer to our problem, but since our tactic is so new and attractive, we put it to use anyway. (Sound familiar?)

The tactic apparently works well and new patients come in the door. But we notice there are a few things wrong with these new patients. The possible problems could be many:

You attract a bunch of bargain-hunting cash patients, but you are trying to increase your high-end decompression cases. Patients go away eventually because they found the "wrong" chiropractor.

You attract many patients who have ABC insurance and you're not even on ABC insurance plan, which means your patients have to pay a higher co-pay. They go away eventually because they found the "wrong" chiropractor.

You attract many new patients and are unable to handle the growth. Your older patients who have been around awhile begin to leave; the newer ones stay, but they are less profitable, more work and don't heed your recommendations as well as the older patients who left.

Where did your new tactic get you? In all three cases, absolutely nowhere; possibly, you are even worse off than you started. This is why strategy must come first. Without a strategic plan, you don't have the ability to recognize what is a good opportunity and what you should pass up. Instead, you constantly run around, putting out one fire after another in hopes that someday, you will get ahead (but you get a sinking feeling that day will never come).

What Is the Strategic Plan You Need?

Honestly, I don't know what type of strategy will work best – for you. For some chiropractors, your strategic plan may include the need to enhance what you are doing currently to take your practice to the "next level." This may include tactics such as adding significant additional revenue streams

(by significant, I mean ones that can generate add least five digits. Quite frankly, most offices don't sell enough pain-relieving gels, back supports and the like to call this income significant) to help their clinics grow; some will need these streams to survive.

For others, you need to re-evaluate what you are offering currently and re-engineer your business. Your actions may include taking a focused, systematic approach to making sure that you are being paid for the good that you do. For some, that may be as simple as actually billing for the services that are rendered instead of giving them away free. Others may need to discover that you have reimbursable services you are currently performing, but not being paid for.

Finally, some of you may discover your practice is so completely lacking any strategy of any sort, that you may just need (or want) to blow things up and start again. You will need to reinvent yourself and your practice in order to survive. Then you will be better positioned for future growth and profits.

One Size Doesn't Fit All, But...

As you can see, with the strategic approach one size definitely doesn't fit all. Inherently, most of you can see through the shallowness of such claims anyway. The good news is that you only need one size – yours! In other words, the approach that works best will be a combination of your style, your experience, your goals and your systems formed into a cohesive strategy that allows you to uniquely bring your service to the marketplace.

Once you've avoided the typical tactical shotgun approach to chiropractic and mastered the strategic approach to business instead, you'll drastically reduce competition, inherently create excitement and demand around your passions, and inevitably feel that you are doing much more of what you were put on this planet to do – and profit from it personally, financially and professionally.

For a complimentary copy of "24 Strategic Questions" to ask yourself to help assess your practice needs, e-mail the author at transitions@strategicdc.com, letting him know you read this article in *Dynamic Chiropractic*.

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