

## **Establishing and Managing a Successful Holistic Clinic** **Karta Purkh Singh Khalsa, DN-C, RH**

There has never been a more invigorating time to be a health professional practicing complementary healthcare. Your clients are exploring complementary and alternative medicine (CAM) to help them achieve a state of balanced health and a life of greater wellbeing, you are skilled and ready as never before, and you have natural health resources not even imagined even a generation ago.

Physicians are referring patients to CAM practitioners. Progressive practitioners have created many holistic healthcare centers to serve their communities, expand their practices, amplify their incomes and to achieve something they really believe in.

Natural healing therapy is a hot career these days. But wait—not all this dough is trickling down to therapists, many of whom are still hustling for clients one by one in their little office, and not making much of a salary for being therapists, clerks and advertisers rolled into one. There are many more CAM therapists than there were ten years ago. That's good, in terms of visibility, but it adds a lot of competition. How many of the people you went to school with are making a living with natural therapies today? Even though it looks attractive (you keep the entire fee), the sole practitioner model of business is just about the least efficient way to generate income that we could come up with.

Trend reports tell us that one of the best businesses to start is an alternative health center or day spa. The use of natural medicine in those over 65 has tripled in the last decade. Clearly there's a trend here. The mean salary for a CAM therapist is about \$50,000 per year. Pretty good money, but at some serious risk for a short career and physical stress, and it comes along with some school debt. And remember, for most therapists, this is gross salary, before deductions for rent, supplies, etc. That brings the purported average actual earned amount down to \$39.00 per hour, for an average of 15 hours per week. As an example, the US Bureau of Labor Statistics actually puts the median hourly salary of a massage therapist, probably a career pretty comparable to an herbalist, at \$15.36. Ouch. The annual average, seen this way, is \$29,000.00. You can eat on that, but you won't be vacationing in Hawaii. Still, you're only with actual clients for 15 hours per week. Now let's add the other hours of cleaning up, doing paperwork, promoting the practice... Not to mention the oddball evening and weekend hours. You see where we're headed.

To which, a savvy observer might inquire, then why...? For some, healing is a mission. All in all, are there easier ways to make a buck? Well, if you want to make a federal case out of it, yeah.

Clearly, many holistic practitioners are making progress. And kudos to them! But as far as one can tell, this rising tide isn't lifting all boats. So, how to float your own boat? Not yet obvious? Open a clinic with more therapists and services, thank you very much.

Until very recently, when some business entrepreneurs have stepped in, wellness centers were almost always owned and operated by credentialed health practitioners, such as bodyworkers, chiropractors, acupuncturists, holistic medical or osteopathic doctors, nurses, psychologists, nutritionists or estheticians. Wellness centers offer one stop shopping for holistic healing services.

Having an assortment of practitioners operating together in the same clinic offers better coverage of the schedule, convenient referrals to colleagues under the same roof, the change for a team approach to the case using the combined brain trust and a healing atmosphere for the patient.

This cadre of highly trained specialists will practice at a common office site, probably rubbing elbows all day long. And they better get along with each other, or at least be able to be professional. The credibility of the group practice depends on the reputation of each of its practitioners, so the competencies of every practitioner involved must be ready to stand the test of time. You may be a skilled entrepreneur, but it's your tradeskill in this healing field that allows your customers to sense your authenticity, consistency, and hands-on knowledge—a “manager from a distance” may not resonate with this clientele. Bear in mind, though, that business skills and healing skills might not have much overlap.

### **Make your Wellness Center a Dream, not a Nightmare**

True wellness is that balance that naturally exists within each of us. When we become well, we become whole and balanced again, whether or not we have gone through a disease. Many people who are ill with chronic infirmity may actually be suffering the effects of years of neglect.

A whole lot of people are so done with the “find a bug, use a drug” style of modern medicine. In this era of uprooted families and packed schedules, your clients are eager to discover empowerment and a sense of community, a bond of spirit and feelings. Your group practice can be this heart connection for them, a “safety zone” where they can relax and find support. True, your clinic will generate revenue, that’s a must. It can also become a refuge and a center for relationships.

Anyone who tells you that starting a clinic is easy is either lying or lying. We're all too familiar with the concept of business as a double-edged sword, and the clinic concept is no exception. In fact, the back edge of this rapier is sharp enough to draw blood.

For the record, this is not everyone’s game. Some are better suited to working for someone else, and going home at night to relax. Launching and expanding a successful group practice can be a daunting mission, so you must have a plan and a good dose of grit to help you actualize your vision. It would be great to find yourself, one day soon, working with fellow like minded professionals and successfully developing your own holistic healing center. Not only is the clinic, in fact, a business, it is also a complex balance of commercial organization and fulfilling higher expectations with higher standards. Think of it as a koan of sorts, the sort of adventure that bashes you on the head with its serenely ridiculous fulfillment.

### **At the Starting Line**

The process of creating a clinic from scratch, as with any business, is a long, arduous task, especially in the beginning, when you are working continuously to actualize your vision. Your relationships with others in your organization are seriously important. For your staff, you provide inspiration, creativity, tolerance and tireless optimism, especially in the early months. You, the founder, the motivational powerhouse, set the pace.

To prevent “burn out” in the process, you must develop the habit of listening to your own body’s wisdom and reactions to the pressure. Stress reducing activities like mediation, walking, sufficient sleep and a sense of humor are all healthy necessities, not luxuries, as you lose yourself in your work.

### **It’s All About the Consumer**

CAM is rapidly penetrating all layers of society. But, as they say, some layers are more penetrated than others. Generally, the people who would be interested in visiting your center are college-educated baby boomers, who are still, in the main, under sixty. While they are beginning to develop chronic conditions, keep in mind that they are not yet terribly sick. They will, however, use even more of these treatments as they age.

According to consumer surveys by the research group Mintel, the growing population of baby boomers has created a new trend, the search for longevity and vitality. There is a big new market aimed at meeting this goal.

This generation, formed in the sixties, is used to having choices and questioning authority, and boomers are not going into retirement easily. They are looking for everything from quick-fix cosmetology to life-extension, so you have a lot of opportunities to provide the aging baby-boom population with attractive health and wellness choices, based on your own personal vision.

The Natural Marketing Institute has identified one of the key trends having a significant impact for the next several years. “The Age of the Individual” is a major trend in reaction to mass marketing, a declining trust in traditional authorities, driving a culture of consumer-generated demands, products and services that are “made just for me.” That’s where customized holistic clinics excel.

### **And what do you get out of it?**

What do you mean by success? Is it serving the health needs of your clientele? If so, how much sacrifice are you prepared to endure for them? How about making financial return, job security or flexible scheduling? It’s important to create a good definition for yourself, because it will color all your other decisions.

Your schedule is very important. Many small business people work long, hard, albeit flexible hours. The buck stops with you. A pipe bursts in the middle of the night. Who gets out of bed? You guessed it. As the clinic founder, consider your own personal lifestyle choices in deciding the whys and hows of the marketplace you plan to serve. Hopefully, before you get started, you have a good idea of your ability to withstand pressure and adverse conditions.

A touchy subject—how much profit is appropriate? Most entrepreneurs just barely create a job for themselves. If you don't make additional profit as the owner of the business, after paying yourself a market rate salary (the compensation you would have to pay someone else to do your job), you don't have a viable business. You might as well work for someone else, unless controlling your own schedule and work are the only important things to you. That gets old fast.

Bottom line, do not open the center with the vague idea that you want to “make a lot of money”. Better to sell shoes. A professional practice owner is a businessperson by virtue of being in business, so, saddle up, businessperson! A holistic clinic can do quite well financially, but it comes along with a lot of small business headaches. Those who stick it out are those with integrity and sincerity, and an affinity for healing and helping others, while managing the needs of a diverse variety of people including, last but not least, your own.

A few of the many skills you'll need to develop:

- Goal setting
- Making preparations in written form
- Monitoring current trends
- Communication skills
- Gathering a wide range of feedback
- Working efficiently, so you can still take care of your own health
- Training and delegating
- Getting used to risk
- Computer jockey
- An open minded attitude toward a range of healthcare approaches

### **Therapies—Menu or Madness**

Herbs, homeopathy, hydrotherapy, hypnosis? Which therapies will you want to work into the selection of your clinic?

You may want to decide on therapies to offer, and then match practitioners to the clinic menu. Or you may want to create a good mix of colleagues, and be less concerned about what, specifically, each one does in the treatment room. Many successful group practices have only herbalists.

What philosophies do you want to represent? Would you allow Venetian love juice therapy on the marquee, if you really, really liked the therapist? (“Maybe if they brought in an avalanche of cash,” your subconscious pipes up.) Seriously, how far is too far? Medical astrology, tarot, intuitive health readings? How about in-office holistic breast implants? Herbal breast enhancement? You need some guidelines before you assemble your team.

Will you offer classes? How about a holistic learning center with adult education sessions? Spa facilities, hair salon, gym, juice bar, babysitting? Overnight accommodations? These all sound plausible, and all have worked somewhere, sometime. But you can't do everything.

Bottom line, you'd like your clinic to be the Swiss Army knife of holistic care— always just the right tool for the job.

### **Prepare to Begin Preparing**

Start by arranging preliminary consultations with professional advisors, which should include, at the least, your attorney and your accountant. Interview several, to find a good fit.

Start your business plan yesterday. Get a rough draft on paper. Staring some big numbers in the face has a way of encouraging realism. Construct your plan so that you can update it each quarter. Use modern software to make this part straightforward. Take classes. Read books. Investors need this plan to make sense of what they will be investing in.

Start with a formal six-month action plan, and a longer version, a two year plan. If you're at all typical, when two years roll around, your business won't look at all like your plan, but you will be ready to roll with the punches.

### **Capitalism**

You will need money to capitalize your dream. Unless you have ample cash in the bank, or a rich aunt, be prepared to apply for a loan, for which you will have to give a personal guarantee (also known as house equity, my friend).

Whatever you estimate to be your financial needs to start the business, multiply it by ten. You can always pay it back if you don't need it, but it's always better to have more money than less. You'll need enough money put away to sustain you for six to twelve months, as a reserve fund. Start with more than you think you will ever need.

If you create a clinic from scratch, you'll need to purchase equipment, hire staff and fund marketing efforts. You can start small and expand it slowly, and make it your baby. Otherwise, consider purchasing an existing center. The client base is already established, and all the details have been worked out. This looks better to a bank than a startup, too.

Sources of Startup Capital:

- Credit Cards. High interest, but a tried and true method for entrepreneurs
- Automatic Credit Line. Your checking account likely has an automatic credit line already available for your use
- Second Mortgage. All too popular these days. Usually pretty to get, and has tax advantages. Make sure to pay it back, though, or you'll be sleeping in your clinic.
- Revolving Charge Accounts. For office furniture and supplies
- Life Insurance Policies. If you don't plan to die soon, cash in your life insurance policy's cash value

### **Get Real or Get Out**

In the beginning stages, you have no genuine basis for planning a budget or making financial projections, so it's critically important to keep meticulous records. Be smart- create a budget and stay right on top of your income and expense, and make monthly, or even weekly adjustments. Stay out of hot water by cutting expenses or hustling up more business if things start to slow down.

Most small businesses show no profits for quite a while after opening. During the first year, you are getting your feet on the ground. In time, you will be able to take a regular paycheck. Start to pay yourself a small salary, but keep your business in the black. As profits build, bump up your salary as the business can sustain it. Get your accountant's take on this area.

### **There's no "I" in Team**

Discreetly begin to talk to other CAM practitioners about who would like to become part of a multidisciplinary clinic. It goes without saying that they should share your basic philosophy. Carefully sniff out their reputations with other colleagues. There's nothing quite as miserable as wrangling a crew of egotistical therapists, who, like fishermen, are forever "carping" at each other.

A licensed physician in your group could lend additional credibility to the team. And with a physician involved, insurance may cover the adjunct services if the physician refers for them.

Once your new money generators are ensconced in their new offices, how do you get money out of them? You can lease spaces to a variety of qualified practitioners and collect rent based on the time they use of their space, say \$100 per month for use of the room all day every Monday. This rotating shift use of the same treatment room provides less risk for you, as the room rent is spread out over more therapists.

You can split the treatment fee as a percentage. Both methods work pretty well.

Working for an hourly wage, no matter how high, is limited. To make money, you need profit. For your ambitious achievement, you will make profit from other's efforts. So, what else can you do to increase profit without working harder? Of course, the more rooms you rent, the more income you make. Yet there are other services that do not involve selling labor by the hour (also called individual client therapy). Let your investment create return. Make money with your money, not with your hands.

Consider having a large classroom that you can use for center sponsored classes, or rent out for extra income. Few people come for therapy on Sunday morning, but a local meditation group might find this time perfect, so your classroom need not sit empty. This sort of ancillary income can be very valuable to offset the ups and downs for clientele. One common rule of thumb is that your floor space should be occupied at least 70 percent of the time your premises are operating. If you include special equipment to provide additional innovative offerings, you may be able to add to the income without involving much of your own hands-on time.

It will provide billable time for new services. Sauna, steam cabinet, infrared, heat treatments—all make money just by being turned on.

The goal is to seek out ways one can, say, put in half the effort and get three-quarters of the desired result, as opposed to the Martha Stewart method, where one seeks out ways one can gain a 10 percent better result by doubling the effort put in.

### **Live and Die on Cash Flow**

Now hear this. Your business cash flow will be the first thing to put you out of business. You can have the most amazing service in the world, but if you run out of cash, it won't matter. In business the rule is, "You retire on your profit, but you live and die on cash flow."

Cash flow in a nutshell: "Do I have enough cash in my bank account to cover my expenses?" Think of your self as a juggler with several balls in mid-air. Income waxes and wanes, but rent, taxes, staff salaries never take a break.

If you want to be in business next week, maintain a cash flow spreadsheet, and use it. Be brutally realistic. Be conservative with your expenses and, on paper, underestimate your income. Your cash flow projection is, by design, a worst-case scenario. If you're sure you can stay in business when things are slow, then you know you'll be in great shape in the best-case scenario.

Some solid practices can help. Don't spend everything you make. Put money in a reserve savings account every month. Really. No, I mean it. Two thirds of holistic therapists went out of practice, at least for a while, after 9/11.

Deduct legitimate business expenses. Take that moment to record your automobile mileage for that business trip. It accumulates and pays off.

### **Roots and Shoots**

Where to put down roots? Two strategies seem to work. Be the big fish in the little pond, or distinguish through excellence. If you move out to Nowheresville, you will capture the market for holistic health services. Want to cut down on competition? Be the only clinic for 100 miles around.

Maybe you like a little rough and tumble. An area where there is a lot of competition raises the awareness of natural healing, and you can rise to the top of the heap through superb service and results.

Many holistic clinics are destination businesses, but it doesn't hurt to be near some concentrated humanity. You can set up within walking distance of office buildings with a few thousand stressed out office workers inside, or near a large retirement community (soon to retire masses of baby boomers make this one sound pretty good) or next door to a successful natural foods store. Of course, your services must be tailored for your audience.

Buy or lease? Answer: lease. Don't trap yourself until you know how the wind blows. And don't over commit to too much space. Better to be so successful you have to move than to struggle to pay rent on empty treatment rooms. Make a profit earlier. That feels good. And spending a few bucks on an attorney to help with contracts, such as your lease, can be the best investment you ever make.

### **Let 'em Know You're Here**

OK, you're in. You vacuumed up after the office warming party. Where are all those clients? Unfortunately, they don't grow from seed. But you can plant some marketing seeds that will bear fruit, if you pay attention to marketing.

Media, be it print or broadcast, is generally not economically viable for natural healing service businesses. You don't offer a low priced, volume product. You need relatively few clients, but they will be paying substantially for your valuable services. You attract them one by one.

What does work, over and over, is public speaking and networking. Find venues to speak. Hundreds of groups in your town need regular speakers at their meetings. Civic groups (Rotary, Chamber of Commerce) have weekly meetings and want to hear someone new. Support groups, corporate interest clubs and hobby groups are all fair game. Teaching classes gives you the chance to make some immediate money for your time, and bring in clientele, too. Look for community colleges, continuing education venues, libraries, parks departments and church groups. Work your way up to conferences and corporate meetings.

## **Acting Out in the Office**

Professional success is 5% inspiration, and 95% perspiration. You might be the best healing technician in the world, but your business will largely succeed or fail on the way you run it, not on what happens in the treatment room.

Through trial-and-error, you will have to set up policies and procedures for running the place. Who does the dishes? The laundry? Ask around and find out what has worked for other centers. The procedures for dealing with the clients should be well thought out and reevaluated regularly.

Consider offering a free initial visit. That gets a lot of the administrative details out of the way, and gives each of you a chance to wiggle out of the relationship, without financial pressure. Then, schedule first therapy appointment. Set a reminder to call in advance to confirm.

It's amazing how many practitioners do not schedule follow up appointments while the client is standing there. Don't be shy—they can say no. It saves a lot of future phone tag. Recommend the treatment interval (one week, one month, etc.) right there. They want your advice. Schedule the next appointment, give 'em a friendly check in follow up call and check in again with an appointment confirmation call. You have to be intuitive about not being intrusive, but more people appreciate the connection than those who are bothered by the pestering.

Call no shows and cancellations. They usually still love you—they just forgot, and were too embarrassed to call back. Charging a “no show” fee? Some do, some don't. Just make real sure they understand, and agree to, your policy before you lay the big penalty on them. Giving a break for the first time or two, if they are not a chronic offenders is usually well worth it in appreciation. And for the chronic offenders (you know who you are), have a serious talk and just be straight about your needs. Usually they'll cop to it, and even take the sting of the no show fee. They even reform...sometimes.

If you provide natural medicines, salves or other at home doodads, call for refills if your client is about to run out. People who space out on their vitamin refill tend to feel their results sliding and forget why they came to you in the first place.

Give your clients a lot of attention and help with their schedules to be able to show up. Remember, you only get paid if they come to your center and receive treatment. It may seem excessive, and even unnecessary, but any help you can give them to keep them enrolled will pay off substantially in client retention and future referrals. Keep in mind that each satisfied client is actually hundreds of sessions of future referrals. Constant support equals success—balance it with your output per dollar of income. File your clients in three categories. “Has appointment” is the client with a booked schedule slot. Give them a reminder call 1-2 days prior to that time. “Needs appointment” is that client who no showed or did not reschedule at the last session. Give her up to three calls to reschedule. “Inactive” is for those who don't respond to the three calls, move away, or disappear in a puff of mist.

One of the trickiest questions is how much to charge for a session. Strangely, most therapists undercharge. In an effort to be (pick one) humble and serving, non-materialistic, spiritual or competitive, the services get undervalued. Your clients would have paid more, had you asked. Canvas your local market thoroughly and set your prices accordingly. Value-added services, such as an Ayurvedic spa specialty, command a higher fee. If you choose to donate services to charity, do it in another venue, not by underpricing yourself. You deserve to make a good living. Don't let your personal issues, or distorted business ideas, get in the way of your financial success.

Credit is another tough issue. Offering credit may bring in business you might not otherwise get, and most people do (eventually.....) pay their bills. But what a headache. If you do offer credit, stay right on top of the collections. Establish policies, such as a maximum of two sessions on the credit balance, and stick to them. Remember we said that “cash flow is king”? Nothing saps your cash flow like a large accounts receivable balance. However, you should arrange to take credit cards, which are like cash today.

## **Referrals Float the Boat**

Create prearranged relationships with other practitioners. Refer to them, and make it clear that you would like referrals back (within ethical limits). Refer for only limited service (for example, chiropractic—hands on spine manipulation only). Your client is not an expert on natural healing, and is likely to take any or

all suggestions from any or all parties. Sometimes that means that they slip away from your practice for reasons that do not make much sense or really support their healing progress.

### **Dispense advice—and Products**

In many, if not most, CAM practices in America today, the dispensary represents one of the most significant profit centers in the office. Yet this vital area remains intimidating for the majority of holistic practitioners. One of the critical issues is that many therapists have ethical concerns about selling things other than direct therapy to their clients, citing scope of practice and concerns about appropriateness. But we're talking about a multipractitioner clinic here. What if the acupuncturist sells Chinese herbs? Or the chiropractor sells orthotics? Maybe you would sell relaxation CDs.

While admittedly challenging for the small clinic, mastering the art and science of on-site dispensing can increase the success of the practice substantially, and not just financially.

Patients actually appreciate having the dispensary on-site. They know they are getting the specific items that the practitioner intended. With one-stop shopping, they eliminate the often-fruitless trek through the neighborhood, searching for the elusive obscure vitamin or cervical pillow. If they actually leave with their recommended item in their hand, they are much more likely to comply with the suggestions of the clinician.

Here's how it goes. Improved compliance equals better results. Improved results equals improved profits. The additional profit center increases net revenue. If the client is going to hunt it down and buy it anyway, why shouldn't you make the profit?

A discussion of the dispensary requires special attention to patient demographics, patient education issues, design, physical layout, organization, packaging and dispensing methods, item selection, stocking the inventory, inventory control, marketing selected inventory, such as nutritional products, and day-to-day management. The items could include dietary supplements, physical therapy and lifestyle aids, such as special pillows or topical products, including salves and ointments for the clients.

Make sure your selections are professional quality. Usually it gives a better impression to stock product lines that would not be available in retail outlets. Consider offering something for everyone who might come through your clinic. Seasonal items work well—neti pots for the allergy season, for example. Selling books, physical therapy aids, aromatherapy supplies and salves can round out the selection.

Investing inventory is the trickiest thing about a retail sales area. Monitor it carefully and rotate out low sellers.

### **You're Successful, but just How Successful?**

Monitoring your policies and procedures gives the greatest possible benefit—improved client care for least expense and effort, and maximum profit. Your criteria are those elements of the care program or business practices that will be measured to determine quality and efficacy. Your standards are the practice objectives that have been previously established, against which practice is measured.

Use an “audit cycle” to track results.

Audit Cycle:

Identify problems/issues → Set standards/goals → Assess/measure quality → Review results against standards → Identify strengths and weaknesses → Decide on necessary changes → Implement change → Monitor effects of change

Use “Tracers”. These are examples that you can track through the clinic, more or less formally, to represent your current level of success.

1. Choose a condition amenable to treatment (Constipation, not migraine)
2. The condition should be well defined and easy to diagnose (Hypertension, not fibromyalgia)
3. It should have a high prevalence (Stress headache, not autism)
4. The progression and development should vary with treatment (Sinus congestion, not multiple sclerosis)

Periodically, conduct audits on selected topics to assess how you're doing as an organization.

Additional audit topics:

1. Buildings, facilities, equipment
2. Client ratio
3. Caseload monitoring

4. Service agreements with clients
5. Referral procedures and results
6. Individual protocol review
7. Practitioner efficacy/ efficiency
8. Client satisfaction

### **Bullseye!**

Think about the future. Therapists burn out, and you will have physical stress. If you have a plan for how you will mediate these years of stress, you can go the distance.

What usually works best is to start small, focus on a specific clientele, and pursue the vision of the clinic owner—you. Growing organically is probably safer, as it gives you the opportunity to make mistakes on a small scale and correct problems before they become too expensive. Feedback from the marketplace is the only true measure of business success.

Your clients are there because they want change. They expect your clinic to help them. While not every client is a perfect match with your team, on the whole, you should be able to create a successful relationship with most of them.

You are there because you want to spend your days working with people who are involved in health and healing. It will provide you a good living, too. With careful planning, and some key intelligent decisions, you can build a business and a life that helps you be healthy, happy and blessed.

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### **Resources**

#### **Books**

#### **Presenting**

Weissman, Jerry, *In the Line of Fire*

Weissman, Jerry, *Absolute Beginner's Guide to Winning Presentations*

Weissman, Jerry, *Presenting to Win*

#### **Business Concepts**

Gerber, Michael E., *The E-Myth: Why Most Businesses Don't Work and What to Do About It* (and other "E-Myth" books by Michael E. Gerber)

Holloway, Colleen, *Success Beyond Work*

Roseberry, Monica, *Marketing Massage*

#### **Ethics and Personal Development**

Benjamin, Ben E., *The Ethics Of Touch: The Hands-on Practitioner's Guide To Creating A Professional, Safe And Enduring Practice*

Taylor, Kylea, *Ethics of Caring: Honoring the Web of Life in Our Professional Healing Relationships*

Davis-Floyd, Robbie, *From Doctor to Healer*

#### **Internet**

Business Plan Software <http://bplans.com/>

*Business Mastery, 3rd Edition: A Guide for Creating a Fulfilling, Thriving Business and Keeping it Successful*, by Cherie M. Sohnen-Moe, 1997, Sohnen-Moe Associates Inc.

*Biz Plan Builder®*, Jian Software