



# A Business Plan is Your Recipe for Success

A coach wouldn't think of going into a big game without a detailed game plan, and you shouldn't think of going into the medical spa business or expanding your practice into that arena without a detailed plan, either.

A solid business plan provides the foundation for almost everything you'll need to address, from staffing to financing to your menu of services. And, taken one step at a time with an expert in the medical spa business industry and an attorney, it provides a painless and logical path to success.

I always recommend that physicians or business owners consult experts already involved in the industry, because it's just common sense to get your advice from people who do these plans regularly—say two to three plans a week—as opposed to perhaps your regular accountant or attorney who may devise one business plan a month.

Working with someone with experience gives you the head-start knowledge of a veteran to move forward in a timely and cost-efficient fashion. As the owner of such a consulting company, I tell my clients, “We are not general practitioners. We are the brain surgeons of medical spa consulting.”

Of course, the best plans may, and often do, change. So, the first rule of forging a plan is to think of it as a kind of flexible blueprint that you may have to change along the way to accommodate zoning laws, bank financing requirements, environmental regulations, even your services or treatments menu.

The most important function of your business plan will be to project the finances of the venture. Set yourself a minimum of six months to go through the steps of the process, and just as you do when you build a house, add on a generous cushion of time for construction delays, permit processing, financial paperwork.

“We identify a wish list,” says Doug Sce, vice president of business development for Beautiful Forever. “Then we put a price tag on it.” That price tag is what your bank or financial institution will be looking at to determine if you can afford your venture. A good rule of thumb is to present a two- or three-year plan.

Your detailed plan should address all the components of your business, starting with your physical plant. Are you planning to merely renovate, or expand your present facility? Are you a new owner starting from scratch and looking to buy a building? Are you a physician looking to partner with an already existing venture that is interested in adding the “medical” to “medical spa?”

Are you, like New Jersey fire captain Brian Boele, a savvy investor with an eye for a hot trend? Boele researched the medical spa industry for a year, and decided it was “a promising new industry which would provide important benefits to a health and youth-conscious society.” But he didn't know the process and turned to experts for a step-by-step plan.

Physicians already involved in the aesthetic treatment business, i.e., plastic surgeons, cosmetic dermatologists, are the most likely to expand their practices into the medical spa business, but more and more entrepreneurs are partnering with nonphysicians to offer full-service medical and aesthetic service centers.

Nina Howard was well established in the aesthetics industry as owner and director of two businesses, the Bella Nina Spa and the Bella Nina Institute in Ann Arbor, MI. She recently attracted the attention of a local plastic surgeon who wanted to team up with her to expand the aesthetics treatment side of his practice. The physical process of adding his clientele to hers and setting up the administrative end of the deal has been in the works for six months, during which time Howard consulted with industry experts.

“I wanted someone to tell me what to expect from a business relationship with a physician,” she says, “how to set it up to be a win-win situation, cover the legalities, tell me what the structure is for setting up the partnership even though it's not called a partnership. I felt if I did my homework in the beginning, and got the additional expertise, I'd be much better off in the long run...”

Many physicians find the medical spa industry an exciting way to pursue an investment opportunity as well as redirect and revitalize their present careers. Even though they have established practices and may not have to start the process from scratch, it doesn't hurt to still draw up a plan and tick off the “must-haves” and “must do's” item-by-item.

For some physicians such as Dr. David Friedman, a world-renowned laser treatment expert who resides in Israel, expansion was more about adding patient service than about adding to his bottom line. “[For me] the major impact on the practice is not the direct additional revenue from the medical spa procedures, but rather that we are able to keep the patient within the practice, so that when the patient needs or is ready for the more advanced procedure, they will naturally turn to us for further care.”

Whether you have an established business or practice such as Dr. with a financial history, or are just starting out in setting timeline and bottom-line expectations, here are the most important considerations to include in your plan:

## 1. Location.

Consider a medical spa a retail business. You will be selling “services” to clients, both medical and aesthetic, and, most likely, retail products such as private-label skin-care lines. You need to be conveniently located and offer parking and business hours that fit into your clients' schedules. That can mean heavy lunch-hour business, weekend and some evening hours. A safe, well-trafficked location, such as in a strip mall, has proven to be quite successful. Of course, the actual design of your interior and exterior can be as minimalist or as luxe as your budget and tastes dictate.

## 2. Demographics.

Match your service menu with the demographics of your location. If you choose a more upscale location, you may offer a more esoteric menu of services and treatments that carry a higher price tag. Location and demos go hand in hand. “We want to be sure the demographics of the area support the idea of people having disposable income for this kind of service,” says Sce.

## 3. Competition.

Sounds basic, but you need to know your competition. The medical spa industry is booming, so people have choices. Make sure you know what exists in your area, what niche you may fill in what's missing, and avoid saturating an area and cutting into your profit margin. It's that old supply and demand rule.

## 4. Revenues.

These must be determined before you commit to a lease. Make a detailed assessment of what your costs will be daily, monthly and weekly. This will also help determine your menu, your staffing and the fees you will charge for client services. This important step should be your guarantee for profitability.

## 5. Services.

Take all of the above items and factor them together to determine your treatment/service options. After you've done that, your expert will help you determine exactly what equipment you need to buy or rent to be fully operational.

## 6. Products and Retail.

This can be a particularly successful source, often adding as much as 40% to your bottom line. Take the time to meet with an expert to determine what inventory you should carry, based on your present clientele or that expert's recommendations.

## 7. Financing.

Your advisors will walk you through the line items to give you a realistic cash flow, cost and asset analysis for presentation to your financial institution.

## 8. Marketing.

Advertising and marketing are often overlooked items that are necessary to be addressed in the process. How you market your business may be governed by existing privacy regulations for the medical profession, but it's a good idea to factor in the costs of newspaper, phone directory, billboard announcements—however you choose to say “We're in business” to your project blueprint.

And, as I said at the beginning, your business plan is a work in progress. For your initial financing, it needs to be detailed down to the kind of countertops you'll be using, but remain as flexible as you feel after a massage to allow for future ideas or plans.

“An owner may decide he wants a bigger space, or a more luxurious design, so we tell people that even when we finish work on a plan, it's a fluid document to be used as a blueprint to continue to develop the business,” says Sce.

You don't go to the grocery store without a shopping list. So you shouldn't approach your business without a plan to take you expertly through the process to enjoy the fruits of your labor and a winning investment.