



## Making Your Medical Spa a Profit Center

By Cheryl Whitman

Are you interested in growing your aesthetic medical practice? A medspa may be the solution (and you might already have one and just don't realize it).

According to the American Medical Association, a medical spa or medspa is a hybrid between an aesthetic medical center and a day spa that features four key components:

- It provides non-invasive aesthetic medical services
- It is operated under the general supervision of a licensed physician
- It has trained and qualified providers perform treatment
- It has onsite supervision provided by a licensed healthcare professional

As an aesthetic physician, you are most likely already offering several non-invasive treatments such as injectable dermal fillers, light and laser treatments, or neurotoxins. This meets the first element of a medical spa.

As a licensed physician in charge of your practice, you already meet the second criteria. However, be sure to check with your healthcare attorney as each state has different laws about who can provide services; some states require a physician, others, allow a nurse. In addition, some states require that a medical director must be on site at all times while other states only require they be available by phone. Also, be sure to check with your insurance company also to discuss coverage based on the services you plan to provide or are providing.

If you have a well-trained, professional staff that currently performs some of your treatments, you meet the third criterion, and lastly, if you provide onsite services in your practice, you meet the final criteria.

Therefore, you meet the criteria of a medical spa. Now, let's look at how to grow that into a profit center.

### Roadmap to Profitability

Whether you are going to be expanding your existing medical spa services or starting up a medical spa from scratch, it's important to develop a roadmap to success. First, talk to your CPA and your attorney about whether or not to set up a new LLC. Then decide on a unique concept, identify the services you will offer, design the space, and write or update an existing business plan. Developing a roadmap to success begins with understanding your competition. Mystery shop your competitors. Look for gaps in their offerings that present an opportunity for you to exploit in your practice. The idea is to understand the competition so you can identify areas where you have a competitive advantage, then include those as you develop your concept, menu, etc.

Your spa concept must be clear and consistent. "Concept" consists of spa décor, ambiance, lighting, etc. The treatments and services your spa offers should be the guideline behind the whole concept. Which begs the question, what types of treatments and services should you offer?

### Quality Over Quantity

To answer this question, focus on your area of expertise and choose quality over quantity. Identify your target market. Satisfied patients are critical to a successful and profitable practice. Trying to be all things to all people is likely to end in failure. Survey your target market or do a focus group. Start with your current staff and patients if you are expanding your practice so you can learn what services they are most interested in. Consider your area of expertise and determine what service offerings compliment your medical practice. Then develop a service menu that clearly articulates those. Limit the number of offerings and price them competitively, at least until your Medical Spa is well established. Too many offerings can confuse patients and trying to provide too many different services can hurt your profit potential.

While your practice may technically meet the medical spa criteria, to be successful, you will also need to meet patient expectations. The medical spa space should offer patients a relaxing atmosphere while presenting an upscale image reflective of the high-quality treatments offered. Most successful spas have a minimum of 1,600 square feet, but preferably 2,500 square feet. This allows sufficient space for a consultation room with a retail product display, a minimum of four treatment rooms, a waiting and reception area and a storage and break area for staff. An architect with spa design experience can help you make the best use of the space you have available.

### The Medspa Retail Business

A medical spa is very different from an insurance-based medical practice. It should offer 5-star customer service. Customer service can make or break your retail spa. Your staff must be friendly, professional, and knowledgeable in addition to being able to perform their duties exceptionally well. Therefore, you will want to ensure your staff is well trained in all aspects of the services you will be offering as well as knowledgeable of the retail products you will be selling. Provide ongoing educational training to your staff either via zoom or in-office meetings. Create an organizational chart and a good compensation plan for your staff.

Including retail products as part of your medical spa is a must. If you offer your own brand of products, even better. Retail sales can easily add 30% to the bottom line, so don't overlook this opportunity to increase your revenue stream.

Keep in mind that the pandemic has necessitated changes in the way a practice operates. Offer virtual consults, contactless intake medical forms, make-up and skincare virtual consults, online retail, online educational videos, etc. The idea is to build these new realities into your plan allowing you to get ahead of the competition.

Additional information is available *The Aesthetic Medical Success System, The Complete Educational Guide to Building, Managing, and Marketing your Cosmetic Practice or Medical Spa*, offers in-depth step-by-step guidance.

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