Managing Your Practice in Challenging Times
The Aesthetic Meeting, 2009

Your Society to help with education and practice issues today

Webinars
Staff education
Beauty for Life
Annual Statistics
Released Today!

2008

Statistics

### Cosmetic Surgery
*(Surgical and Nonsurgical Cosmetic Procedures: Totals)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Surgical</th>
<th>Nonsurgical</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>2,095,173</td>
<td>1,258,120</td>
</tr>
<tr>
<td>1998</td>
<td>2,772,024</td>
<td>1,006,354</td>
</tr>
<tr>
<td>1999</td>
<td>4,606,954</td>
<td>1,743,154</td>
</tr>
<tr>
<td>2000</td>
<td>5,741,154</td>
<td>8,470,863</td>
</tr>
<tr>
<td>2001</td>
<td>6,839,531</td>
<td>9,251,954</td>
</tr>
<tr>
<td>2002</td>
<td>11,855,013</td>
<td>11,421,750</td>
</tr>
<tr>
<td>2003</td>
<td>11,456,768</td>
<td>11,456,768</td>
</tr>
<tr>
<td>2004</td>
<td>11,010,031</td>
<td>11,010,031</td>
</tr>
<tr>
<td>2005</td>
<td>10,236,537</td>
<td>10,236,537</td>
</tr>
<tr>
<td>2006</td>
<td>9,681,999</td>
<td>9,681,999</td>
</tr>
<tr>
<td>2007</td>
<td>8,491,961</td>
<td>8,491,961</td>
</tr>
<tr>
<td>2008</td>
<td>7,666,695</td>
<td>7,666,695</td>
</tr>
</tbody>
</table>

### Surgical Cosmetic Procedures

- 1997: 972,966
- 2007: 2,079,032
- 2008: 1,766,695

### Nonsurgical Cosmetic Procedures

- 1997: 1,126,177
- 2007: 9,621,999
- 2008: 8,491,961

*Source: American Society for Aesthetic Plastic Surgery*
# Top 5 Surgical/Non-Surgical Procedures

## TRENDS AND DEMOGRAPHIC DATA

**Top surgical and nonsurgical cosmetic procedures among men and women in 2008:**

<table>
<thead>
<tr>
<th>Surgical</th>
<th># procedures</th>
<th>Nonsurgical</th>
<th># procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breast Augmentation:</td>
<td>355,671</td>
<td>Botox</td>
<td>2,464,123</td>
</tr>
<tr>
<td>Lipoplasty (liposuction)</td>
<td>341,144</td>
<td>Laser Hair Removal</td>
<td>1,280,964</td>
</tr>
<tr>
<td>Eyelid Surgery</td>
<td>195,104</td>
<td>Hyaluronic Acid (including Hylaform, Juvederm, Perlane/Restylane)</td>
<td>1,262,848</td>
</tr>
<tr>
<td>Rhinoplasty</td>
<td>152,434</td>
<td>Chemical Peel</td>
<td>591,808</td>
</tr>
<tr>
<td>Abdominoplasty</td>
<td>147,392</td>
<td>Laser Skin Resurfacing</td>
<td>570,880</td>
</tr>
</tbody>
</table>
The Economy and Our Business

As the economy goes down so goes luxury spending – or does it?

Luxury sales are down as much as 35% in some markets, but that still leaves considerable market share to capture...

Is Quality still important?
Consumer expectations regarding brand value went up 20% this year versus last.

Consumers named 441 brands in 62 categories. These scores measure loyalty and are not just measures of awareness or satisfaction.
Non-Surgical Revenue, Rewards and Opportunities

Marie Czenko-Kuechel, MA
Chicago, IL

Managing Your Practice in Challenging Times
Non-Surgical Revenue, Rewards and Opportunities

Nearly a 5:1 ratio between cosmetic medicine and surgery in number of procedures*

Advantages: Experiential Marketing
Buying Options
Co-op Marketing

Disadvantages: Easy Access
Limited results
Cost of business

*2008 ASAPS Cosmetic Surgery Data
Disclosure

Marie Czenko-Kuechel, MA
▪ President, CzenkoKuechel Consulting, LTD.
▪ Paid Consultant, ASAPS
▪ Paid Consultant, Physicians Coalition for Injectable Safety
▪ Paid practice management consultant
▪ Contributor, ABC News
▪ Contributor, Scripps Howard News Service
▪ Author, Quality Medical Publishers

This session is strictly information and is not a solicitation for any of the above business entities or groups

Managing Your Practice in Challenging Times
Cosmetic Medicine: Advantage
Find a Means to Sample

Experiential Marketing:
Testing services
Your practice
Personal fulfillment

Goals: Value
Outcome and Experience
Satisfaction
Retention
Added Services
Cosmetic Medicine: Advantage
Give your patients the world

Multiple buying options:
Individualize/Packaged
Complementary, Compounding

Goals:
Full course of treatment
Repeat treatment
Outcome and Experience Satisfaction
Cosmetic Medicine: Advantage
Manage your Marketing Dollars

Co-Op Marketing:
Minimize expense
Co-brand
Ask for, take dollars

Goals:
Practice/Product loyalty
New introductions
Visibility
Cosmetic Medicine: Disadvantage
Sensationalism does not sell

Easy Access: Competition
False promises, Shoppers
Price Wars
Poor Outcomes/Experiences
Media Attention/Distraction

Response:
Service
Evidence
Education
Visibility

Managing Your Practice in Challenging Times
Managing Your Practice in Challenging Times

Cosmetic Medicine: Disadvantage

Invest Wisely

Cost of Business:
Same overhead
High compensation
Equipment/inventory investment

Response:
Limit financing,
Restructure compensation
Eliminate loss-leaders

Managing Your Practice in Challenging Times
What to Do Right Now?

1. Get involved. See your cosmetic medicine patients. Ask questions, build relationships

2. Look for service opportunities: Incomplete packages, unused gift certificates, added value

3. Stay visible: Hospital, referring physicians and professionals, friends, staff friends, community
Thank You!

Marie Czenko-Kuechel, MA
info@czenkokoiedchel.com

Managing Your Practice in Challenging Times
Audience Poll
What percentage of revenue does nonsurgical/cosmetic medicine make up in your practice?

A) less than 10% --31%
B) 10-25% --57%
C) 25-50% --10%
D) 50% ----3%
INTERNAL MARKETING

Daniel C. Mills, MD, FACS
Laguna Beach, CA
CONSULTANT:
- ALLERGAN
- KCI

STOCKHOLDER:
- ALLERGAN
- MENTOR
INTERNAL MARKETING

CHALLENGING TIMES CALL FOR THOUGHTFUL DECISIONS ABOUT PRACTICE GROWTH STRATEGIES

• Marketing choices are driven by the flavor and style that you want for your practice

• External marketing less “Bang for your Buck” during hard economic times

• In my practice internal marketing has proven to be a cost effective and productive focus—25% of surgeries in 2008 were performed on previous patients

Managing Your Practice in Challenging Times
INTERNAL MARKETING

• **Once you get patients in the front door don’t lose them out the back door**

• **Provide an experience and atmosphere that gains and retains patient confidence**

• **These techniques for closing surgeries make your consult the last one they feel they need**
INTERNAL MARKETING

Managing Your Practice in Challenging Times
INTERNAL MARKETING

Techniques for closing surgeries: make your consult the last one they feel they need

- Provide web access to your web site
- Patient testimonials
- Have staff share personal experience
- Provide information about you as a surgeon
- Realistic expectations
- Confidence that they will be treated as family

Managing Your Practice in Challenging Times
INTERNAL MARKETING

• Establish relationships

-- Capture information to reference at subsequent visits
INTERNAL MARKETING

• ESTABLISH COMFORT AND TRUST
  ~ Relationships built on appreciation as an individual

• QUALITY AND AMOUNT OF ATTENTION BEFORE, DURING AND AFTER SURGERY
  ~ Contact before and after surgery
  ~ Reassurance during post-op doldrums
INTERNAL MARKETING

• **Specific and personal appreciation**
  the patients you are seeing today are also your best source for future surgeries

• **Establish a “Value Added” practice**
  - Assembly-Line scheduling for BotoxDays
  - Breast Aug + Hair Removal = Value
  - “Packaged” Services and/or Products
INTERNAL MARKETING

• **Keeping it in the family—Maintaining relationships**

• **More cost effective to do surgery on previous patients**
  - Less time consuming
  - Less hand holding

• **Stay connected to capture subsequent surgeries**
May all your dreams come true!

Happy Birthday from our entire staff!
INTERNAL MARKETING

Stay connected to capture subsequent surgeries

--Health Screenings
--Implant follow ups
--Patient appreciation Open Houses
INTERNAL MARKETING

• CROSS REFER SERVICES WITHIN YOUR PRACTICE—ONGOING EDUCATION

• UTILIZE UNDERUSED BUT VALUABLE SERVICES TO “SAMPLE” TREATMENT OPTIONS

• CUT DOWN ON PLASTIC SURGERY “ADULTERY”
  Keep patients continually engaged and informed about your services

• EDUCATION WITH “HOT TOPICS”
Be Our Valentine...

Super Sweetheart Savings

For the month of February... Come in for SUPER SWEETHEART SAVINGS!!

Botox= $10.00 per unit (reg.$13.50)
31852 Pacific Coast Hwy. Suite 401, Laguna Beach, CA 92651
32802 Crown Valley Parkway, Dana Point, Ca 92629

www.danmillsmd.com  (949) 499-2800
www.monarchbaylaser.com  (949) 489-0307
www.lagunabeachplasticsurgeons.com

Please let us know if our effort to decrease our carbon paw print is appreciated.

Please consider the environment before printing this email.
Silicone Breast Implants a Good Option for Many Women

Women over 22 years old seeking breast augmentation and those requiring breast reconstruction now have the option of choosing silicone implants. The US Food and Drug Administration had placed a ban on silicone gel-filled implants while studies were done to verify the safety of these implants. It took 14 years to complete the studies and assure the FDA that silicone implants are safe and effective for breast surgery. Silicone implants went back on the market in November of 2006, creating new options for first time augmentation patients and those that had augmentation in the past, seeking to replace their implants. Most patients are very happy with the softer, more natural look and feel of a silicone implant.

[FULL STORY]

Patient Safety Alert: Backroom Procedures Not Worth the Risk

Defining the "gold standard" in aesthetic plastic surgery

Choosing a plastic surgeon is one of the most important health decisions you can make. It is also one of the most difficult decisions, given the vast amount of misleading information from the media, Internet websites, advertisements, and...
Thank You!

Dan C. Mills, MD
www.danmillsmd.com
Audience Poll

Do you provide incentives for returning patients?

Yes – 69%
No – 33%
Reducing Practice Overhead

Mark A. Codner, M.D.
Atlanta, GA

Managing Your Practice in Challenging Times
Disclosure

• Mentor Corporation – Research Grant, Advisory Council
• Quality Medical Publishing – Book Royalties
• Elsevier - Book Royalities
Definition

• Overhead
  – “the general, fixed cost of running a business, as rent, lighting, and heating expenses, which cannot be charged or attributed to a specific product or part of the work operation.”
Definition

• Fixed vs. Variable Cost
  – **Fixed Costs**: do not increase in proportion to increase in production (independent to output).
  – **Variable Costs**: do increase in proportion to increase in production (vary with output).
Definition

• Fixed vs. Variable Cost

<table>
<thead>
<tr>
<th>Fixed</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>Payroll</td>
</tr>
<tr>
<td>Malpractice Insurance*</td>
<td>Supplies</td>
</tr>
<tr>
<td>Utilities*</td>
<td>Accounting / Legal</td>
</tr>
<tr>
<td>Computers</td>
<td>Bank charges / Debt service</td>
</tr>
<tr>
<td>Payroll</td>
<td>Liability / Health Insurance*</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>Medical Surgical supplies</td>
</tr>
<tr>
<td>FFE – furniture, fixtures, equip</td>
<td>Equipment leases</td>
</tr>
</tbody>
</table>

*Mixed Cost (part fixed / part variable)
Managing Your Practice in Challenging Times

- **Fixed Cost**
- **Variable Cost**
- **Total Cost**

Graph showing the relationship between number of patients and total cost.
Reduce Variable Costs

- **Fixed Cost**
- **Variable Cost**
- **Total Cost**

Managing Your Practice in Challenging Times
Managing Your Practice in Challenging Times

Fixed Cost

Variable Cost

Total Cost
You can also reduce fixed cost
Managing Your Practice in Challenging Times
Now how do we do this?
Reducing Variable Overhead

• Bank Charges & Credit Cards
  – Beware of hidden add-ons
    • Swipe it!
      – Entering it manually adds up to 1% fee
  • Base/Effective Rate
    – Visa/MasterCard = >1.63% + 0-25 cents/item
      Ex) We have 1.89% with no charge per item
    – AMEX = 2.9%-3.25% + 16 cents/charge
Reducing Variable Overhead

• Debt Service
  – Refinance your debt structure
  – Short term interest rate of 4% is possible
  – Show them a decrease in revenue
Reducing Variable Overhead

- Liability Insurance
- Health Insurance
  - Renegotiate it
Reducing Variable Overhead

• Medical, Surgical, & Spa Supplies
  – Contact suppliers and negotiate payments
    • Switch to consignment
  – Encourage employees to not waste supplies

Managing Your Practice in Challenging Times
Reducing Variable Overhead

• Equipment Lease
  – Renegotiate it
  – Maybe it is not the best year to upgrade or purchase new equipment
  – But you can get great deals and financing if you do
Reducing Variable Overhead

• Marketing
  – Do not be tempted to advertise
    • Very expensive
    • Only works when repeated
  – If you do choose to advertise do not ruin your reputation to get patients

Managing Your Practice in Challenging Times
Now we are here…

- VARIABLE COST
- FIXED COST
- TOTAL COST

$" # Patients

MANAGING YOUR PRACTICE IN CHALLENGING TIMES
Reducing Fixed Overhead

• Rent
  – Renegotiate if lease is almost up
  – Downsize rental space
  – Sublet to aesthetician, medical tattoo, or dermatologist
  – Negotiate for reduced rent or a few months free rent instead of tenant improvements
Reducing Fixed Overhead

• Malpractice Insurance
  – Ex) We reduced from 3/5 to 1/3 and saved 50% on premiums
  – Check with state tort reform (you might have more than you need anyway)
  – Consider self-funding
    • Ex) Medical College of VA
      – ↑ savings, ↓ frivolous lawsuits
Reducing Fixed Overhead

• Utilities
  – Cut back on expensive office supplies, office parties, and unnecessary conferences
  – Review phone and internet contracts
  – Review janitorial contracts
  – Turning your computer off at night saves 25% of its annual energy bill.
  – Review IT contracts/service...
Reducing Fixed Overhead

• Payroll
  – Avoid layoffs
    • Job sharing vs. layoffs
    • You need your employees
    • Don’t sacrifice efficiency and quality of care
    • Let team work on resolving issues/saving money
    • Consider profit sharing/compensation

“You get what you pay for.”

Managing Your Practice in Challenging Times
Efficiency

• **Staff Efficiency**
  – Keep team spirit/moral
  – Cutting back on water/cokes will not save much money but may hurt moral
  – Reduce non-work related internet usage
  – Price Tag for Lost Productivity: $544 Billion
Efficiency

• Internet Usage
  – Employees average 75 minutes per day for non-business related activity.
    • annual loss of productivity to the internet
      – 1 employee… $6,250.00 per year lost
      – 4 employees… $25,000.00 per year lost
      – 10 employees… $62,250.00 per year lost
      – 50 employees… $312,500.00 per year lost
  – Email, social networking, and chat have greatest impact on productivity
Efficiency

• Solutions
  – Restrict/Monitor Access
    • Costly ($50+ / computer or $3000+ for network)
      – May have serious secondary consequences on employee moral, trust, etc.
    – 23% of employees spend time on the internet because they feel they are not paid enough
      • So keep employee satisfaction and salary up
    – 30% of employees spend time on the internet because they don’t have other work to do
      • Keep them busy
Reducing Fixed Overhead

• Payroll/Property Taxes
  – IRS is willing to let you pay over time
    • There is no minimum percentage taxpayers must pay
    • But current interest rate is 5% annualized compounded daily
    • Can receive up to 60 months to pay off taxes
Now we are here…

# Patients

Managing Your Practice in Challenging Times
Summary

- Increase efficiency of staff
- Avoid massive layoffs
- Everything is negotiable
- You are only as good as your reputation…
- Avoid deep discounting and advertising
- Minimize time out of office and personal expenses
Thank you!

Mark A. Codner, M.D.
Paces Plastic Surgery
(404) 323-1290
macodner@aol.com

Managing Your Practice in Challenging Times
Audience Poll

What is the last thing you would consider cutting back on?

Salary/Benefits – 39%
Employees/Hours – 23%
Rental Space – 24%
Medical or Office Supplies – 14%
Reimbursable Care
To contract or not

Michael C. Edwards, MD, FACS
Las Vegas, NV
Disclosure

I have no disclosures

Managing Your Practice in Challenging Times
Reimbursable Care

Reimbursable care options:

- Medicare/Medicaid
- Managed Care/HMO
- Preferred Provider Organization
- Point of Service
- Capitated Plans
- Workman’s Compensation
Reimbursable Care

Pros:

- Some income coming in
- Traffic through your office
  - Potential cosmetic cases or referrals
- Referral network with other physicians
- Gratification of cancer reconstruction

- Some reduction in overhead
- Keeps your staff employed
- Billing through your surgical suite if Medicare certified
  - You may receive more for facility fees than for surgical procedure fees
- Breast reconstruction coverage is mandated

Managing Your Practice in Challenging Times
Reimbursable Care

Cons:

- Low reimbursement
  - Delayed as well
- Additional employees
  - Verification & Billing
- Paperwork
- Risk of post-operative denial of claim
- Denial of revisionary surgery as “cosmetic”
- Different patient mix in your office waiting room
- Networks
  - Who has access to the network
- Less negotiating power in down economic times
- Interference with the seamless care to your cosmetic patients
- Scheduling conflicts
  - Other surgeons, OR time
  - Hospital-based care
- Lifestyle changes

Managing Your Practice in Challenging Times
A mixed practice of aesthetic and reimbursable care?

- **Breast**
  - Breast reduction (bilateral)
    - 44.55 RVU:CPT 19318
  - Tissue expander:
    - 29.94 RVU
- **Skin**
  - Skin flap fingertip amp
    - 15.47RVU
  - Skin flap BCC nose
    - 16.93 RVU
- **Undervalued procedures**
  - Tram flap 45.98 RVU
  - All Microsurgery
  - Body contouring for MWL
    - Abdominoplasty 21.39 RVU
    - Brachioplasty 24.71 RVU (bilat)
  - Facial wound repairs (ER)
    - CPT 13131 1.1-2.5cm complex wound 6.25 RVU
  - All Evaluation and Management (medical) including emergency room and hospital care
Where to start

- Learn what plans are out there
  - You cannot trust provider lists online
  - Which plans did you work with before?
- A credentialing service can be helpful
  - Can help you negotiate contracts
  - Takes 90-180 days
  - Average cost $3,000

- Should you be an out of network provider?
  - You can balance bill
  - Requires referral source
- Draft a letter to patients
- Retrain your staff
  - Co-pays, deductibles, verification, etc.
  - Consider coding classes for staff
Reimbursable Care versus ?

• Reimbursable:
  – Breast-oriented
  – Hand surgery
    • Workman’s comp.
    • Peripheral nerve, carpal tunnel
  – Wound care
  – Emergency cases
  – Assist a colleague

• Other choices:
  – Expert witness (dubious choice)
  – Speakers bureau for product
  – Clinical research (not much going on here)
  – Volunteer your time and services
    • Large need
    • Enhance your image
    • ASAPS Community Service Award

Managing Your Practice in Challenging Times
Other points to consider

- **Billing**
  - In-house or outside
  - 6-10% cost
- **Pre-authorization** is NOT the same as Verification of eligibility
- **Verify prior** to seeing them online or phone
- Medicare does not pre-certify
- May be extremely difficult to bill for supplies (breast implants)

- **Review the credentialing list carefully**
  - There may be procedures you no longer do
- **Talk with your malpractice carrier**
- **Capitated plans**
  - Not many out there
  - You have to see all comers or reimburse
  - You may never realize withheld funds
Exit Strategy

• Leaving a care plan
  – Know what the policy is so you can plan
  – What about patients you have started to work with
  – It may take 6-12 months to get off a plan
Summary

• Re-entering may allow you to maintain cash flow and keep employees
• It can be a problem: a lot of work for nominal reimbursement
• Be smart about how you do it and try to focus on the better paying procedures such as breast reduction, reconstruction and possible flaps for closure of skin cancer defects as opposed to primary closure
• ASAPS 2009 Practice Management Courses will focus on how to manage the current economic situation (Courses S6, S10, 605-705)
Thank you!

Michael C. Edwards, MD
Las Vegas, NV
**Audience Poll**

How much of your practice is currently reconstructive surgery?

- 13% - - A) none
- 30% - - B) less than 10%
- 20% - - C) 10 – 25%
- 20% - - D) 25 – 50%
- 17% - - E) more than 50%
AUDIENCE POLL

Have you decided to start taking insurance cases in this current economy?

Yes – 52%
No – 37%
Maybe, if things get worse – 11%
Cosmetic Medicine – The Wall Street View

Daniel B. Dubin, M.D.
Vice Chairman, Leerink Swann
March, 2008
Relevant Background and Disclosure

- Vice Chairman and Director of Leerink Swann, a leading healthcare investment bank
- Advisor to life sciences companies and investors since 1996
- Involved in raising over $2.0 billion for clients from 2004-2008
- Leader of Firm’s medical aesthetics advisory practice which has served both emerging growth and Fortune 100 companies
- Founder of MEDACorp, a dedicated network of medical professionals, who educate investors on emerging healthcare technology and policy trends
- Former Instructor in Dermatology at Harvard Medical School
- Former Ambulatory Medical Director of Clinical Dermatology and member of the Clinical Executive Committee at Brigham and Women’s Hospital
- Director of Eleme Medical and NanoBio Corporation
Impact of Current Market on Aesthetics Industry

• Recession
• Consumer Spending Slowing
• Aesthetic Procedure Volumes Down 25-60%
• Financing for Aesthetic Medical Devices Challenging
• Public Company Valuations Suffer
• IPO Window Closed for Private Companies
• Bankruptcy Filings
Aesthetic Energy Company Valuations Decline More Than the Averages

Indexed to 100 as of 30 Jun 06

U of Michigan Consumer Sentiment Drops to 75.0 (was the lowest level in two years)

JPMorgan bids $2/share for Bear Steams

Lehman Brothers Files for Bankruptcy

Barack Obama Elected President

CUTR Misses Downward Revised Earnings

CUTR Lowers 2007 Guidance

Changing Skincare Universe: Consolidation, Bankruptcies, Program Set Backs

Lasers and Other Energy Sources
- Alma
- Alderma
- Cynosure
- Cabochon
- Cellutions
- Ellevira
- Lookin
- Palomar
- Syneron
- Thermae
- Ulthera
- Rhytid
- Sciton, Inc.
- Spectravene

Dermal Fillers
- Sciton, Inc.
- Sientra, Inc.
- Ultrasphere

Treatment for Leg Veins
- VeinRx
- AngioDynamics
- V伊利
- AngioRx

Onychomycosis
- Nomir
- Medical Technologies
- WexeRx

Medical
- Sciton, Inc.
- SkinMedica
- Allergan
- sanofi aventis
- DERMIK
- STIEFEL
- Astellas
- Amira
- Novartis
- Peplin
- Dusx

Device

Drug

Cosmetic

2008 – A Busy Year for Aesthetics Deals

- December 22, 2005 - Allergan Buys Inamed for $3.2 Billion
- March 20, 2006 - Medicis Acquires Rights from Ipsen for Reloxin in the U.S., Canada and Japan
- July 11, 2006 - Johnson & Johnson Buys Colbar LifeScience (Evolence)
- Jan 9, 2008 - Palomar Medical Strikes an International Distribution Agreement with Q-MED AB
- Jan 24, 2008 - Allergan and Clinique Laboratories Announce a Strategic Collaboration
- May 6, 2008 - Stiefel Laboratories, Inc. Acquires the Dermal Filler, Atlean(R)
- June 17, 2008 – Medicis Announces it Will Acquire LipoSonix for $300 MM
- July 7, 2008 - Thermage Announces it Will Acquire Reliant for $95 MM
- Sept 30, 2008 - Estée Lauder Announces it Will Acquire AGI Dermatics
- Dec 1, 2008 – Johnson & Johnson Announces it Will Purchase Mentor for $1.12 Billion

Managing Your Practice in Challenging Times
Further Consolidation Expected

• Aesthetics Companies Seek to Cover all the Bases: Injectables, Implants, Energy Devices and Cosmeceuticals
• JNJ Leads the Charge as Big Pharma and Medtech Companies Eye the Aesthetics Market
• Low Public Valuations Should Continue to Fuel the Consolidation Trend
• Closed IPO Window Causes Private Companies to Seek Merger Partners
Bankruptcy Filings and Financial Distress

- Rhytec files for bankruptcy, November 26, 2008
- Artes Medical files for bankruptcy, December 2, 2008
- Isolagen Warns of Possible Bankruptcy
Innovation in Aesthetics—Creating New Markets

• Allergan Launches Latisse January 15, 2009

• Kythera Announces Positive Phase II Data on its Adipolytic Agent

• Advances in Minimally-Invasive and Non-Invasive Body Contouring and Cellulite Treatment

• Topical and Newer Injectable Botulinum Toxins
What Does this Mean for You?

• Strong Long Term Demographic Trends for Aesthetics
• Deferral of Purchases Leads to Pent up Consumer Demand
• Stay in Front of Your Customers
  – Take Time to Educate
  – Titrate Procedures to Available Budgets
  – Highlight Innovative Aesthetic Technologies
• Manage Practice Expenses Aggressively
• Know Your Vendors
• Monitor Economic and Financial Indicators

Managing Your Practice in Challenging Times
Consumer Sentiment: A Key to Spending

University of Michigan: Consumer Sentiment

Source: Survey Research Center: University of Michigan – Note: Indexed to 100 with Q1:1966 as base

MANAGING YOUR PRACTICE IN CHALLENGING TIMES
Mutual Fund Money Flows – A Sign of Wealth Effect and Stock Market Performance

Source: Investment Company Institute: Trends In Mutual Fund Investing
Leading Indicator: Initial Jobless Claims
Look for Improvement in Residential Building Permit Issuances and New Home Sales
Thank you!

Daniel B. Dubin, M.D.
Vice Chairman, Leerink Swann

Managing Your Practice in Challenging Times
Audiência de Perguntas

O que é a primeira tarefa financeira que você fará após este webinar?

15% Cut back around the office
8% Renegotiate leases and/or contracts
54% Have a strategy meeting with staff
4% Meet with accountant or financial planner
8% Research non-surgical procedures
Can incentives to patients for new referrals be used without sending out gifts every time a new patient comes in for a consult? Are there effective staff incentives for customer service that are separate from surgery scheduling rates?

Dr. Mills – Incentives
- For STAFF: Not commission based, more of a team effort. Birthday parties, gatherings, massages if we hit a particular goal or the practice does well
- For PATIENTS: Percentage off for referrals on Botox or decrease in cost for return patients (skin care services). Aesthetician doesn’t mind cutting down because it keeps the patient in the office.

Marie – Thank you notes are always a good idea for patients who refer often. Comp skin treatments for birthdays, anniversaries and etc…it acknowledges the referral and recognizes them at an important point in their lives.
How do you increase aesthetic business in a high unemployment area of Michigan, working with no advertising/marketing budget?

Marie – For new doctors who have no marketing budget, use your energy and enthusiasm - networking is a great tool. Spend time with people who are in your field and make yourself visible. It takes time, but it’s cost-effective and sometimes, like in the case with hairdressers, you have a captive audience for an hour or so.
Questions for the Panelists

What are your thoughts on radio advertising?

Dr. Edwards – I haven’t done a lot of it, but I’ve definitely been approached. Think about your market – are you country, jazz, rock and roll? You have to think about what kind of message you want to get across – your voice, your staff, patients, or a production piece. Cost of advertising should be down in this economy but you have to make sure it’s worth the money.

Through ASAPS we have an excellent service with hometown radio – available at the Annual Meeting and plays a short ad for your practice in your local area. I haven’t heard it, but I know other people who have heard my ad. The ASAPS statistics that just came out gives you a great platform for the local media and offer your services as a board certified plastic surgeon. Use the opportunity to get your message and ASAPS out there in the media.

Marie – now is a great time to establish a relationship with the media. They are hungry for ad revenue and content; because of lay-offs, they’re looking for qualified information that you can substantiate to cut back on doing research. For print media - make sure you know the difference between editorial (free) vs. advertising (paid article).
How do we deal with non-physician businesses hiring non-plastic surgeons to do cosmetic surgery at significant discounts and breast implant companies selling implants to them at rock bottom prices due to national volumes?

Dr. Codner – You can never promote yourself by keeping other’s down. If non-plastic surgeons are practicing in your area, you should focus your energy on your qualifications and reputation. Emphasize your ASAPS/ASPS membership and what it means.

The public will learn that you get what you pay for – don’t let the non-plastic surgeons set the price. Don’t discount too much cause you’ll never make back your investment. If anything, contact your sales rep/companies and let them know what’s going on to see if they can give you similar discounts.
Should I invest in new laser technology? If so, what kind?

Dr. Dubin – Pay close attention to the new technology for body contouring and cellulite. Also, patients are mindful of downtime in a challenging economy because of concerns that missing work could jeopardize their employment; thus, having a minimal downtime, non-ablative, fractionated option makes sense during these times.
Questions for the panelists

What is the aesthetic society doing to brand its members as the 'go to' providers for cosmetic surgery vs. 'non-traditional specialties' like primary care, ob-gyns, etc?

Dr. Saltz - That’s a great question. We have been developing the Beauty for Life project for two years and it focuses on this – please go to www.beautyforlife.com. Our goal is to educate the public in an interactive program where the patient can get a personalized beauty plan. So, not only will that help them figure out what they want, but also direct them to a board certified plastic surgeon in our society.
Join Us In Vegas!

The Aesthetic Meeting 2009

Beauty and Science A Winning Combination

May 2–7
Las Vegas, Nevada
Mandalay Bay Hotel & Convention Center

Optional Courses May 2–6 Scientific Session and Exhibits May 4–7

REGISTRATION BROCHURE
Already Registered?

Be sure you are not closed out of any Optional Courses you would like to attend by booking your Optional Courses by April 6 to receive a $50 savings off the on-site fees. Seating is limited!

Here’s how to do it.

Go online to www.surgery.org/meeting2009 and review the Registration Brochure. Since you have already registered, please FAX your Registration Form with your Optional Course requests to 562.799.1098 or contact Victoria Ruiz at Victoria@surgery.org.

If you registered by mail you can mail in your course selection or FAX it to 562.799.1098.
Cosmetic Medicine

At The Aesthetic Meeting, 2009!
Sign up for two days of sessions:
Saturday, May 2, 2009
Sunday, May 3, 2009

From Clinical to Business Mastery!
www.surgery.org/meeting2009
Thank You For Your Attention

Renato Saltz, MD, President-elect