

It's Time to Invest

Today's down economy is a window of opportunity.

BY SHAREEF MAHDAVI



Each year, a word or phrase emerges that encompasses my current thinking about refractive surgery and its role in society's marketplace. In 2006, I explored the theme of *quality for Cataract & Refractive Surgery Today's* columns. In 2007, *customer experience* dominated

most of the topics I covered. This year has been busy with the preparation of new offerings (see *The Premium Experience Network*), so I will take a bye for 2008. For 2009, the word that I think will stand out is *investment*. With the current economic turmoil (we have moved well past turbulence), you may find it a bit ironic that I would advocate investing in anything considering the serious downdrafts that have reduced the value of homes, stock indexes, and many individual retirement accounts.

Although refractive surgery's bright spot this year has been the growing demand for premium IOLs to correct presbyopia, 2008 has also been marked by a slowdown in the overall demand for LASIK, which will finish at 20% to 40% below the procedural volume of 2007. Given that we are in a down cycle, now is the right time to invest in two specific areas of your practice. The first investment should be an internal focus: look at your practice and be willing to refine the assets to better meet the emerging paradigm around consumers' behavior. The second requires an external focus: look at how you describe to patients their investment in refractive surgery.

THE PRACTICE

Many practices I interact with are telling me that they are struggling in the face of the softening demand for refractive surgery. Their instinct tells them to "cut, cut, cut" in all areas of the practice that they do not consider vital to the delivery of care. Expense cuts include those soft skills needed to improve customer service

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levels as part of enhancing the customer's experience. "We just can't afford it" is a common lament. Oh really? This logic assumes that the inverse is true, namely that you can afford to focus on the customer's experience only when times are good. But, my intel says otherwise, as rising procedural volumes give a sense of "everything's just fine," and a complacency sets in that takes the pressure away from striving to be better.¹

Let's face it. Some practices will really suffer and may not survive the latest body blow to the economy. Those that take the path less traveled and seriously invest in their practice, however, will be handsomely rewarded. This claim is backed up by significant research that has measured customers' satisfaction across numerous publicly traded companies that found that those with higher rates of customer satisfaction provided shareholder return that was considerably higher than the benchmark index to which they belong (eg, S&P 500 index).²

How do you create higher customer satisfaction in refractive surgery? It's not by doing better procedures (the outcomes are already excellent) but by staging an improved customer experience. This act of staging experiences has four specific requirements that can be summarized into the four key assets of the successful organization: people, process, passion, and product (B. Palmisano, oral communication, October 2006).

PEOPLE

The typical refractive practice is loaded with ophthalmic tenure among its staff—employees who have

learned to do a good job of checking patients in, performing diagnostic tests, counseling candidates on the pros and cons of refractive procedures, and assisting with surgery. They are the front-line workers who perform many of the service-based activities that compose the practice's operational flow. But, this mix of talent is too often grounded in medical expertise so that it lacks balance in the newly required retailing know-how needed to effectively serve customers (which is what patients become when they pay directly for services).

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The current economic slump is forcing many practices to trim staff hours and/or headcount. It is, to be blunt, a good time to get rid of bad employees, loosely defined as those who are unwilling or unable to adopt the “customer centric” mentality that differentiates experience economy workers from service economy personnel. As you re-evaluate your staffing needs, seek to retain and hire those employees who “wow” your patients on a daily basis, who go above and beyond to meet patients’ needs, and who don’t know the word *no*. Each surgeon knows in his gut which employees fail to fit such a description, yet he often lacks the courage required to part ways. I hope the current financial stresses force this issue to the surface, as I firmly believe it is in the best interest of the practice and the affected employees to help unmotivated, troublesome, and/or unprofessional staff members to move elsewhere in their career. No one practices this better than Zappos (Las Vegas, NV), an online shoe store with a 4-week new employee orientation. At the midpoint of that initial training, the CEO addresses the group and offers anyone in the room a bounty (\$2,000, at last count) to leave the company then and there. The 10% of employees that take the offer are doing the company a big favor by leaving the establishment and not infecting the remaining strong employee culture that has vaulted the company’s revenue.³ I dare you to try this in your practice and see who takes you up on it.

PROCESS

The processes so firmly in place inside the operating suite are in many ways lacking outside it. Processes are the “rules of engagement” that are designed to take

care of customers while they are with your practice. Deconstruct into discreet steps or stations each part of a patient’s “visit,” such as telephone counseling/scheduling calls, reception, testing, one-on-one counseling, doctor time, surgery, and postoperative visits. Within each one of these stations, you and your team should create three lists to answer the following questions:

- What should we never do?
- What should we always do?
- If we had the resources, how could we “wow” the patient?

This exercise will put you on the path to developing procedures that will improve a patient’s overall experience. For example, *never* yell the patient’s name from the examination doorway. *Always* walk up and greet the patient and then bring him to the examination/appointment area. *If time allows*, offer to clean his spectacles while he is worked up. Quite simply, there is no substitute for working on the basics if you want to improve your customers’ satisfaction. No shortcut or silver bullet exists that will cure bad processes.

PASSION

Because of the results achieved with refractive surgery, you would expect your patients to become almost evangelical about the remarkable procedure they just underwent and how it changed their lives. That expectation is unrealistic when you have employees who do not enjoy their job, complain about how they are (mis)treated and how “catty” the workplace can become, and resent being paid at (or below) market rates for their job. Poor employee morale cannot be hidden from customers, who may detect it instantaneously yet often do not complain because of the historically low standard of customer service within the medical profession. Consider for a moment the legacy term *waiting room*, and you will begin to understand what I mean.

How does a practice install passion into its culture? It is by making training and skill development a regularly scheduled part of its operating procedures and by recognizing and rewarding employees’ behavior that is above and beyond when acknowledged by your customers. Allow trusted employees to use their brains when they enter the office and get rid of those who are “cancerous” to the morale of the team. If you take care of your staff, more than likely, they will take care of you. Abuse your team, and you will suffer the consequences.

PRODUCT

How do we best define the procedures that compose refractive surgery? Are they goods, services, or experi-

TABLE 1. TIME SPENT WITH DIFFERENT PURCHASES ON A COST-PER-MINUTE BASIS

Purchase (with key assumption)	Cost Per Minute
Personal trainer (1 hour session @ \$80.00)	\$1.33
Dining out (fast food at \$5.00 for 5 minutes, fine dining at \$120.00 for 2 hours)	\$1.00
Netflix DVD rental (1 month @ \$20.00, typical usage of five movies)	\$0.03
Movie (\$10.00 for a 2-hour film)	\$0.08
Cell phones (monthly contract covering cell phone and e-mail) (The cost is \$100 per month for voice and e-mail [eg, BlackBerry ^a])	\$0.03 to \$0.06
LASIK (\$5,800 spread out over 16 hours per day for 10 years)	\$0.08 to \$0.09
LASIK (same as above over 20 years)	\$0.04 to \$0.05

^aBlackBerry (Research In Motion Limited, Waterloo, Ontario, Canada).

ences? It all depends on your point of view. LASIK, at its core, is a service, an activity performed on demand by a surgical team. But, if you promote LASIK in a way that devalues the service component (eg, all doctors are the same), then LASIK becomes commoditized and looks more like an undervalued good than a highly valued service. On the other hand, if you work to personalize and customize that service so that patients perceive it as unique, memorable, and “designed just for me,” the service gets elevated to the realm of experience. In addition, unique and personal customer experiences are what will differentiate your practice in the long term.

BAD NEWS IS MISLEADING

Having covered the key assets requiring investment in the practice, let us now shift to further exploring this notion of experience and how—by changing the way we characterize the nature of the investment in LASIK—you stand a much better chance of connecting to the needs of customers and increase the likelihood they will put their money on the table, in spite of all the bad news regarding the economy.

Today’s evening news makes it seem that no one is spending money. This, coupled with a decrease in in-

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quiries regarding LASIK, may lead some to conclude that the LASIK market is dead. This perception is misleading, however, as people continue to go to work, still go out, and live their lives. It took a doubling of the price of crude oil during the past 12 months to yield a drop in gas consumption for the first time in 20 years. People are not stopping what they do; they are just doing it less—be it driving, dining, vacationing, purchasing gifts, etc. We are in a downward cycle in consumerism, which hurts retailers. Because retailers are desperate to sell their goods, they often reduce their service component (eg, fewer staff members) and, in the process, diminish the shopping experience. As I write this article in mid-October, I have already begun hearing advertisements from retailers trying to lure me

THE PREMIUM EXPERIENCE NETWORK

With premium LASIK and IOLs emerging as standard offerings in refractive surgery, many practices are seeking ways to enhance their image as a first-rate provider in their community.

To address this need, SM2 Strategic (Pleasanton, CA) is launching a new offering, The Premium Experience Network, which is designed to give surgeons and their key staff members the confidence and tools needed to charge premium fees as part of staging a memorable experience for their patients.

This is a members-only, subscription-based Web site that is available to practices that believe in the need to improve patients' and employees' overall experience as a means of differentiating their services and staying ahead in a crowded marketplace.

Much like a magazine, this Web site will publish new content on a regular basis. Unlike a magazine, it will use multiple media: video, audio podcast, and a blog as well as articles and tools that can be downloaded as training tools for staff.

Check out www.premiumesite.com for more information. Open enrollment has begun, and the first season of programming will begin in mid-December 2008.

in for early Christmas shopping. I do not think this strategy will work, as consumers are yearning not for goods (as we already have one of just about everything we need) or services (we already have our hair stylist, lawn service, and dry cleaning covered) but for experiences.

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I have stated that the way to build future demand for LASIK is to change the consumers' fundamental experiences that surround the surgical procedure itself. Doing so can help you tap into patients' emotional needs that are at play. For example, the logical discussion between patient and counselor about whether “to have or not to have” LASIK occurs after the emotional center of the patient's brain has weighed in on the matter. “It's too expensive” or “I can't afford it” are logical justifications for patients' emotional reaction to their fear of trusting their most precious sense to you, the surgeon. These same individuals, however, spend money on all sorts of goods, services, and experiences that—when objectively compared to vision correction—do not provide nearly the benefit derived from refractive surgery.

I want to thank Steven Dell, MD, for convincing me to think more richly about LASIK as an investment when he asked, “What other investment can you make in your life that you will use every waking moment?”⁴ As an investment, LASIK has traditionally been judged on the costs associated with what it replaces—spectacles and/or contact lenses. This concept is okay, but it fails to account for the many consumers who are willing to settle for a less invasive solution that sidesteps the perceived risks associated with laser surgery.

COST PER MINUTE

Surgeons need a new set of comparables and a new measuring tool by which to evaluate the LASIK investment. I suggest we use a handful of common offerings from the service economy: personal training, restaurant dining, DVD rental membership (ie, Netflix, Inc., Los Gatos, CA), going to the movies, and cell phone usage. Moreover, courtesy of the Experience Economy, in which the main currency is “time spent with the offering,” you can re-evaluate these different offerings and LASIK by reducing their currency to a common denominator, such as cost per minute.

By using reasonable assumptions, you can reduce the cost of most activities to what the consumer pays on a per-minute basis (Table 1). Among the more expensive options is dining out; either fast or slow dining has the same cost per minute, which is a very high one at \$1.00 (assuming \$5 for the typical McDonald's

meal lasting 5 minutes and \$120 for the typical fine dining meal lasting 2 hours). Membership-based DVD rental is technically an experience offering, as you are charged for membership rather than on a per-rental basis. It works out to a relatively low \$0.03 per minute (assuming a \$20.00 per month membership and five movies watched that last 2 hours each). Going to the movies is more expensive at \$0.08 per minute when you pay \$10.00 for a 2-hour film (previews included at no extra charge). Cell phones, depending on usage and the monthly contact, average between \$0.03 and \$0.06 per minute.

Where does LASIK come in? Using a \$5,800 cost spread out over 10 years, the cost is \$0.08 to \$0.09 per minute. Because the customer receives utility for the investment at every (waking) moment, we use 16 hours X 3,650 days as the divisor into the cost. Viewed over 20 years, the cost per minute drops in half to the range of \$0.04 to \$0.05 per minute. Either of these is much cheaper than dining out and perfectly in line with other ways people spend their discretionary income. One might argue that it is an unfair comparison, because you do not eat, watch movies, or talk on the cell phone all day long, but that is exactly the point. To echo Dr. Dell, there is no other investment that pays dividends every waking minute of every day.

INFINITE ROI

I have not even touched upon the time-savings afforded by not having to care for and put in contact lenses. Nor have I mentioned the performance of certain activities without the need for vision correction, which may improve patients' self-esteem and lead them to try something new (eg, waterskiing) based on higher self-confidence and less fear over losing a contact lens or pair of glasses. Separately accounting for saved time would vastly increase the "return per hour"—another metric, albeit much more difficult to measure as it is based on personal experience—and create what can be thought of as "infinite ROI" once consumers believe their upfront investment has been recouped. For some patients, this occurs the moment they get up from the laser and can see clearly for the first time without glasses.

BEAT INFLATION

Now, let's view the LASIK investment in terms of the current economic turmoil the nation (and the world) is facing. In the past year, other investments of our money seem to be losing their steam. Housing values are dropping. The stock market is way down versus 1 year ago. Furthermore, the financial crisis that has erupted in

recent weeks has made people wonder if their mattress is a safer place than a bank to store their money. If we enter a period of higher inflation, then even the value of the interest earned in basic money market accounts will erode; a higher inflationary environment should be a stimulus to spend money today (when it is worth more) rather than at some point in the future (when inflation has eroded its value). What all this says to me is that LASIK or a premium IOL is perhaps the best investment a person can make with his money, because it will not lose value over time due to market fluctuation, interest rates, or inflation.

SUMMARY

I am not in a position to predict where the economy is headed, but it may be reasonable to assume that things will get worse before they get better. It will take a concerted effort, which I term *investment*, into the practice and into its positioning to weather this economic storm. Rather than simply cut costs, you should look closely at what you can do—especially when procedural volumes are down—in order to nail down processes with a team of passionate staff members. This way, you will be in a position to take your practice to new heights when the overall economy bounces back (as it always does). ■

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