

# PREMIUM PRACTICE

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## Premium Education: Lessons to Learn From Corporate Victories and Defeats

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*Premium Practice Today* is a monthly feature section in **CRSToday** providing articles and resources to assist surgeons and their staff in the pursuit of premium practice development to facilitate exceptional experiences for patients and business success.

# Premium Education: Lessons to Learn From Corporate Victories and Defeats

BY ROCHELLE NATALONI, CONTRIBUTING EDITOR

*Customer Satisfaction Is Worthless; Customer Loyalty Is Priceless—that is the title of the latest book by sales guru Jeffrey Gitomer. I think he is right, and this month, we explore this very subject to help you understand the difference between the two and, more importantly, how to develop loyalty among your patients. Through the eyes of business consultant Jon Picoult, you can see how big-name companies weathered the recession while maintaining and building customers' loyalty. Even better, Jon takes the example of a big company and boils it down to an actionable idea for the premium practice. In the case of one company, the bookstore Borders, even loyalty was not enough!*

*Remember, a premium experience in a premium practice requires personalization, customization, and caring at levels rarely seen in health care environments. It also demands profitability so that it is a win-win for both the practice and the patient. Happy reading!*

—Section Editor Shareef Mahdavi

Officially, the recession lasted from December 2007 to June 2009, but its impact remains even as we make our way through 2012. While many businesses have folded or floundered during these tough economic times, others have flourished despite the odds. Similarly, some surgical practices fell victim to the record-low growth in spending on physicians' services during and after the recession, whereas others appeared to be impervious to the fiscal trends.

## ENGENDER LOYALTY

Businesses and medical practices that succeed in difficult economies have some important things in common, according to experts like Jon Picoult, the Connecticut-based founder and principal of Watermark Consulting. Picoult points out that enterprises that are more successful at weathering economic storms tend to have cultivated some sort of connection—such as brand loyalty—between consumer and company. “That’s not to say that these ‘loyalty leaders’ are immune [to] economic downturns,” says Mr. Picoult, “but they are somewhat cushioned from the most severe impact, because they are one of the last places where consumers cut back and among the first places to which they return.” For instance,

he explains, Starbucks, an expert in cultivating brand attachment, realized in 2008 that even its intensely loyal customers were experiencing financial stress. The company responded by adjusting its offerings to deliver greater perceived value, specifically by introducing a lower-priced instant coffee, Via, and offering free WiFi in its stores.

To help your practice thrive in good times and bad, Mr. Picoult recommends taking a page from the corporate handbook and engendering a sense of loyalty among your patients, just as the most successful companies do with their customers. He suggests that surgeons and practice administrators stay attuned to their patients and adapt their practices accordingly. A couple of ways that you can apply this strategy are to explore creative payment plan options for patients and consider offering additional services that may be appealing to more price-conscious consumers.

## EMPHASIZE THE POSITIVE

Another way that a company can outmaneuver an economic downturn is to accentuate positive emotions and mitigate negative ones, according to Mr. Picoult. “To create customer loyalty, and the associated positive word of mouth, requires [making] very favorable, mem-

# PREMIUM PRACTICE TODAY

## TAKE A PAGE FROM THE CORPORATE HANDBOOK

You can hone your surgical skills and amass continuing medical education credits till the cows come home, but without a sound and, dare we say it, creative business plan, a premium practice could find itself struggling even as the economy rebounds. Surgeon CEOs and practice administrators can learn a lot from the following companies that grew profits despite a frigid fiscal climate. Here are their stories and tips for success.

### Amazon: One Click ... and You Are Done



Amazon's founder Jeff Bezos based his business model on the belief that the Internet could meet consumers' needs in a unique way and began shipping books worldwide in 1995. This strategy proved to be profitable; Amazon is now known as the place to go for online shopping. Sales grew by 28% in 2009, a year in which the average business experienced a deep decline in sales. The company's secret to success is that it focuses on the long term and consistently anticipates the next change. It aims to increase market share with innovative products that suggest growth opportunities like the Kindle. Learn more about Jeff Bezos here: [www.bloomberg.com/video/69862112](http://www.bloomberg.com/video/69862112).

### Ford: Go Farther



Just a few years ago, Ford was in the same (sinking) boat as most of the American car industry. When CEO Alan Mulally took over, the company was facing recalls, safety issues, and sluggish sales. Mr. Mulally turned the company around to post a \$2.7 billion net income for 2009, and it is expected to end

2011 with less debt than cash, a giant step in a relatively short time. He trimmed the fat from Ford's fleet, eliminating models from its line, cutting costs, and revamping its fuddy-duddy image. Read more about Ford and Mr. Mulally here: [www.windsorstar.com/business/ford+slogan+farther/6076124/story.html](http://www.windsorstar.com/business/ford+slogan+farther/6076124/story.html).

### Intel: Intel Inside



Intel's strategy for success is one to which cataract and refractive surgeons can probably relate: patience. By waiting for pent-up demand to return, the company has rebounded to a recently reported \$2.89 billion profit. Intel sat tight during the recession while client companies held off on computer purchases for their employees, and it is now reveling in the reward with profits soaring to a 10-year high.

For more information about Intel, see [www.intc.com/](http://www.intc.com/) and <http://intelstudios.edgesuite.net/im/2011/live.htm>.

### Lego: Block Party



Lego has built its market share one block at a time. During 2009, when most companies were riding out the recession, Lego's profits soared

63% through an expansion to Asia and increased sales in Europe. What is more, after a recent interview in which British soccer star David Beckham revealed that he was building a Lego Taj Mahal during his free time, sales went through the roof—suggesting that celebrity endorsement is priceless. For more about Lego, see [www.busmanagement.com/news/lego-lays-building-blocks-for-new-business-model](http://www.busmanagement.com/news/lego-lays-building-blocks-for-new-business-model).

*Source: The Financial Edge by Investopedia.com.*

orable impressions on consumers," he says. "One way to accomplish that—above and beyond the basics—is to stir positive emotions, because emotionally charged experiences tend to be memorable."

The folks at Disney are experts at this, he notes, but it is a strategy that can be employed by almost any type of company or practice. "The car manufacturer, Hyundai, actually increased its market share during the recession after realizing that its sales prospects' greatest concern

wasn't whether they were selecting the right car to buy; it was worrying if they'd be laid off right after purchasing it," he points out. In response, Hyundai introduced its Job Loss Assurance Program, whereby customers could return their newly purchased vehicle if they lost their job during the first year of ownership. "That simple move gave consumers peace of mind (a positive emotion) and took a key worry (a negative emotion) off the table, drawing them to do business with Hyundai and helping to significantly elevate

# PREMIUM PRACTICE TODAY

“Companies that thrive in challenging economic times make doing business with them seem effortless.”

—Jon Picoult

the firm’s brand in the public consciousness,” Mr. Picoult explains.

Applying this strategy to the premium practice setting would look something like the following. Highlight the physical and emotional benefits of the surgical procedure—particularly the discretionary one like choice of a premium IOL over a traditional monofocal lens. Mitigate negative emotions such as concern, confusion, and ambiguity by describing the procedure, risks, and benefits in plain language. Provide information orally and in writing so that patients are absolutely clear on what is being communicated. Be sure to demonstrate accessibility so the patient feels comfortable knowing that you or a staff representative will be available to answer questions or address concerns.

## MAKE IT EASY TO DO BUSINESS WITH YOU

Companies that thrive in challenging economic times make doing business with them seem effortless. “It’s human nature that people prefer things that are easy to think about and do,” says Mr. Picoult. Amazon has built

a recession-resistant company around this concept by engineering a business that is all about making it not just easy but effortless for people to shop (perhaps best epitomized by its patented “one-click” purchase button). Companies that make it exceptionally easy for consumers to buy products and receive services have a leg up on the competition. The bottom line, according to Mr. Picoult, is that “the less effort a consumer must expend interacting with a business, the more likely he or she is to be loyal to that business.”

To apply this tactic to the practice setting, administrators can simplify appointment scheduling, payment procedures, and patients’ instructions. In addition, they can put processes in place to enable patients to easily discern the pros and cons of different treatment approaches and IOL options.

## KEEP AN EYE ON PROFITS

Although customers’ loyalty is necessary, it is not enough to sustain growth in a stagnant economic environment. “There are all kinds of poor business judgments and misguided decisions that can’t be eclipsed by even the strongest customer loyalty,” says Mr. Picoult. A perfect example of this is Borders, which was rated as having among the strongest customer engagement of any company—right up until it filed for bankruptcy last year. “Borders made some basic management missteps that made it difficult for the firm to succeed,” he says, “including poor oversight of individual store profitability, long lease terms that hampered flexibility, and ill-advised outsourcing of online book sales to Amazon.”

Mr. Picoult says, for health care enterprises to avoid the fate of Borders, they should aim to build customers’ loyalty *profitably*. “Be wary of overly optimistic growth projections and aggressive expansion plans and structure your business agreements to retain flexibility, allowing you to expand and contract your practice as necessary, in response to market conditions,” he says.


For more of Jon Picoult’s philosophy on business management, follow him on Twitter ([www.twitter.com/jonpicoult](http://www.twitter.com/jonpicoult)), read his blog about creating great customer experiences ([www.watermarkconsult.net/blog](http://www.watermarkconsult.net/blog)), or tune into his YouTube channel, which has clips of his speeches about customers’ experience and loyalty ([www.youtube.com/user/JonPicoult](http://www.youtube.com/user/JonPicoult)). ■


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## ENHANCED PEARLS

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 Jon Picoult’s philosophy  
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([www.watermarkconsult.net/blog](http://www.watermarkconsult.net/blog))

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