

FROM SPA to medi-spa

To be or not to be, *That* is the question!

Currently there is an emerging interest in the skin care community as well as in the medical and state regulatory realms: the transition of day spas into medical, “medi”-spas. Here, we address the overall concept, including a working definition of a medi-spa, and feature questions to ask yourself in order to make an informed decision on the matter.

WE ARE CONSTANTLY acquiring information about new, medical based skin care innovations focusing on non-invasive procedures including Botox®, new and old fillers, laser hair removal, a myriad of skin resurfacing lasers, IPL and LED, plus more effective and stronger skin care products. One cannot open a magazine, turn on the TV or listen to the radio without being confronted by the media touting one or more of these modalities. Your clients, friends, neighbors and co-workers are asking you and your staff questions about these procedures while seeking out the latest scientific data. ➔

by Carol and Rob Trow



A medi-spa is not a medi-spa without injectables such as Botox, as well as fillers.

These queries can naturally lead you to ask yourself, Am I ready to offer the next level of services to my clients? Should we step up and offer medical-level treatments and services and transition to a medical spa?

To transition, or not

Many of your best clients are those with ample discretionary money who come to see you frequently and are now leaning towards moving their care to a facility that performs medical-level treatments along with traditional spa services. There is also the reality of losing this much sought after clientele to your competition. Many of these new, desirable services can bring in a significant increase in gross and net dollars for you while providing treatments your clients are requesting. You should then naturally ask yourself, Should my day spa become a medi-spa?

If you've asked yourself this question, and have decided to look into the matter further, your first step should be to investigate the possibilities, even before setting goals and making a plan to become a medi-spa. This step is where you learn the basic pros and cons, gaining the "is this for me" answers, while helping to understand the potential issues and ponder the philosophy, objectives, goals, programs/services, staff, facilities and money involved in making such a transition. After reviewing these basic questions, you can then ask yourself whether you'd be comfortable staying on the present course or want to move forward towards developing a serious plan with the goal of becoming a medi-spa. If the answer is to move forward, despite all the issues involved, then begin developing a detailed plan to create a medi-spa.

The investigation

Make a very comprehensive list of questions and issues. Get help in doing so from friends and colleagues, as well as other spa owners who have made the transition and those who have not. Seek out your professional advisors—lawyers and accountants, etc.—anyone whose business judgment you trust. Try to answer as many of these questions before going forward and creating a detailed and involved plan for an actual facility. The responses you get to your first round of questions may well provide ample information to make a preliminary decision.

If you cannot ferret out answers to the preliminary questions to your satisfaction, call an expert, such as a medi-spa consultant, medical attorney or accountant who

can quickly provide you with information that will allow you to make informed choices. While seeking out professional advice may involve a little investment, it will save you in the long run. In the following pages you will find some of the issues you may want to discuss with your business consultant or legal advisor.

Define medi-spa

According to The Medical Spa Association in Union City, New Jersey (www.medicalspaassociation.com), "A medical spa is a facility that operates under the full-time, on-site supervision of a licensed health care professional. The facility operates within the scope of practice of its staff and offers traditional, complementary and alternative health practices and treatments in a spa-like setting. Practitioners working within a medical spa will be governed by their appropriate licensing board, if licensure is required."

Because a medi-spa has multiple meanings, you need to determine how you define the term, as well as how your state government defines it and what its expectations are of the facility. Each state has its own definition, including many allowing an off-site medical director to serve as the facility physician. We recommend that you establish as an ongoing, in-house relationship with a physician, legitimizing your day spa as a safe medi-spa as opposed to a wanna-be medical facility with potential liability problems.

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From day spa to a medi-spa

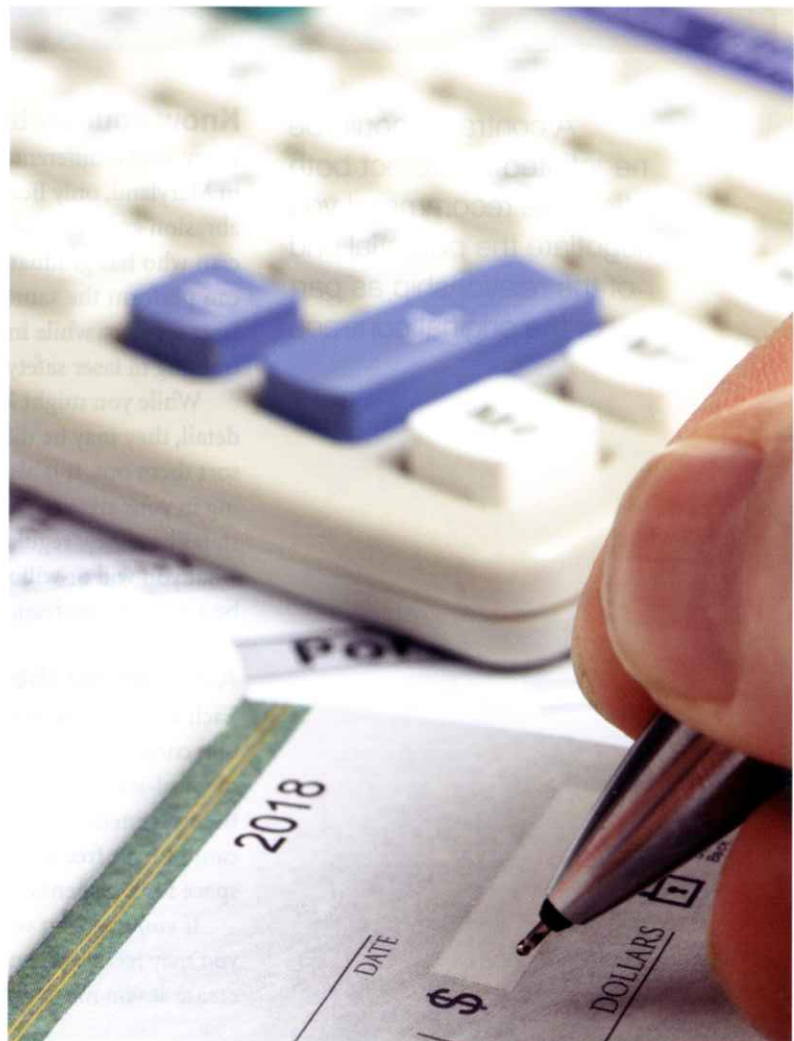
Know why you are interested in the medi-spa concept so that you can accurately measure the pros and cons when they become apparent during the investigation, as well as in the business plan stage.

Consider: Am I focusing on meeting the needs of my clients or does the concept merely look like a great challenge? Do I want to be on the cutting edge, or is my ego directing my business life? Am I really interested in providing these services? Consider what base services are expected of a medi-spa, and what the costs and space requirements are for each piece of equipment.

A medi-spa is not a medi-spa without the following base services: injectables, such as Botox® and fillers, laser technology, such as anti-aging and acne skin care and hair removal, microdermabrasion and medical-level chemical peels.

The equipment, such as lasers, is very expensive. You need to do a quick check on what all the equipment would cost and compare outright purchase to lease. Do so early on to determine whether you can afford the transition. If you thought day spa equipment was expensive, you are in for a shock. Some individual pieces of equipment cost \$100,000. It can cost from \$250,000 to several million dollars to transition to a medi-spa.

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Know your state's laws

Every state is different, many of them dramatically different. For example, in Maryland, only licensed medical personnel can perform microdermabrasion and peels, while in their neighboring state, Virginia, an esthetician who has graduated from a second level master esthetics program, can perform the same services. In Ohio, only a physician may perform laser services, while in Arizona, estheticians who have qualified through training in laser safety may do so.

While you might know the requirements of your state to the finest detail, they may be difficult to define. If so, call a medical attorney to sort them out. It is also important to ask if there is legislation pending in your state regarding medi-spas and aesthetic procedures. Many states have new regulations in the works that can dramatically affect what you will or will not be able to do. If you are not sure, seek out the best possible professional help.

Addressing the physical requirements

Each state has its own requirements and with emerging new legislative bills coming alive every day, changes are likely. For example, in California, medical-level treatments must be performed in a different facility than the non-medical day spa. They can share the same waiting room but cannot have free mobility between the two facilities, nor can they share space for a dispensary.

If you question whether you can afford to bring in professional help, you may reconsider making the transition to a medi-spa, as costs only increase as you move through the process.

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Are your clients going to be excited and willing to immediately book as patients in your new medi-spa?



What about physician involvement?

This may well be the one million dollar question. Some might say you should start the decision making process on transitioning from a day spa to a medi-spa with the physician question. Now is the time to find a physician with whom you wish to work and determine what form of business relationship is in each party's best interest. You also must be mindful of ethics involved in financial arrangements with doctors. These situations only work when a win-win environment is created for all.

First, find a physician who is interested in the medi-spa concept, and then discuss with him or her how you can work together within the parameters of the facility you are considering. The potentials are endless. Options include but are not limited to: physician owning the attached medi-spa with merely a well defined referral situation between you, him or her; the physician working in your facility, possibly renting rooms from you and performing services integral to your facility; or an employee situation or a co-venture relationship. The affiliation can be tight or loose. Your relationship with the physician must be determined at the beginning, as it will define your planning and the degree of your involvement and financial participation.

A contract should be negotiated before plans go much further to protect each party. We recommend you negotiate the potential end of the relationship as part of the original contract—instead of a pre-nuptial this is a pre medi-spa nuptial. What if you cannot work together after this big investment? Plan beforehand. Divorces happen in life and in business.

Clientele's demographics

Use your current client database and a specialized computer program to determine the level of demand for medi-spa services. Survey your existing clients—you may find they already obtain these services elsewhere. Would they like to have a one-stop location? What services would your clients like? Who in your area is offering those services and what do they charge? Are your clients going to be excited and willing to immediately book as patients in your new medi-spa?

The list of potential questions is almost endless, so choose the top 10 to 20 that are of most relevant to you. Additional information is readily available from your Chamber of Commerce and other local business support organizations. Remember that your medi-spa must be designed to target and accommodate potential patients in your area.

Here, we have merely scratched the surface in the decision-making process of whether to go medi or not. Developing a business plan will be the next step to further research the possibility. ■

Rob Trow and his wife Carol own DermaConcepts USA, the Eastern United States (excluding metro NYC) distributors for Environ Skin Care. Rob's background includes two decades in higher education as a faculty member, administrator and business consultant. He has been in the skin care field for more than 10 years. Rob is a published author and frequent speaker on current and emerging topics of interest to medical spas, estheticians and physicians. He holds two master's degrees and completed his doctoral studies at Harvard University.

