Weathering the Economic Storm

Psychologists provide high-quality services in difficult economic times.

Just a few years ago, Brian K. Sullivan, PsyD, was flying high. His Charleston, South Carolina, practice, Lifeworks, LLC, was everything he had dreamed it would be. It offered clients all kinds of services – psychology, psychiatry, life coaching, fitness training and more – all under one roof. It offered every amenity, for clinicians and clients. And the six-office condo that housed the practice featured eye-catching architecture, lovely interiors and a spa-like atmosphere.

But in 2008, Sullivan found himself someplace he’d never imagined he would be: a bankruptcy attorney’s office. “Economic developments almost did me in,” he says. “Lifeworks was a bellwether for the economic downturn.” Sullivan’s not the only psychologist to find himself struggling. Even though financial worries may mean that clients need psychological services more than ever, they’re also less likely to be able to afford help. But Sullivan and others have come up with innovative ideas for keeping their practices viable despite the significant financial challenges facing psychologists and clients alike.

Innovative Practices

They offer the following suggestions for weathering the economic storm:
Keep marketing.

“A lot of the people I’m competing with have cut their marketing budgets, because money is tight,” says Tammy Martin-Causey, PhD, president of PsychArizona and managing partner of Pivot Point Leadership, LLC. Not Martin-Causey: She’s actually doing more marketing to maintain her volume. She’s spending $400 to $500 a month on Google AdWords, for example, which helps ensure that her practice ad appears on pages with related Google search results. She also uses the social media tool Twitter to announce new articles on her Web site, which drives visitors to the site and moves her even higher up on search results. “Ninety-nine percent of my business comes from the Internet,” she says.

Martin-Causey sees even her receptionist as a marketing opportunity. “We tend to think, ‘I don’t have enough money to hire someone to help me,’” she says. “But my front office person makes the sell.” Many practices in her area rely on voicemail, she points out. When potential patients call Martin-Causey’s office, the receptionist spends five or 10 minutes answering questions. “Even though it’s expensive, hiring staff was the best thing I ever did,” she says.

But marketing doesn’t have to cost anything. “I don’t spend any

MORE TIPS FOR CUTTING COSTS AND MAXIMIZING REVENUE

Even when their practices are flourishing, psychologists need to consider ways to maximize their revenue and cut their costs. These considerations become even more imperative in difficult economic times.

Beyond the examples in this article, consider the following possibilities:

- **Adjust your availability to meet client demand.**
  Determine when clients are using your services most often. You may need to increase your availability during hours that your clients find particularly convenient. If you are regularly paying office overhead at times when you have no appointments scheduled, consider changing your office hours to better fit the needs of your clients and avoid spending money on utilities and other expenses when you are not generating revenue.

- **Expand options for clients.**
  During times of economic turmoil, more people may need psychological services while fewer people are able to afford them. For many, losing a job means losing health insurance coverage. Consider offering your services in alternative formats, for example, other than 50-minute psychotherapy sessions. Could you provide 30-minute sessions at a lower rate? How about offering sessions every other week rather than weekly, or perhaps more group sessions?

- **Look at how the economy is affecting local businesses and their employees.**
  For example, would an employer find stress management training helpful? If you already provide services to local organizations, could you offer new or different services that they would find helpful?

- **Build connections with other community-based sources of psychological services.**
  For example, decide whether to cultivate or strengthen your relationship with Employee Assistance Programs (EAPs) that the major employers in your areas are using. Some employees may turn to EAPs when looking for affordable mental health services. Further, do you have connections with any community health or mental health centers in your area? They may need to direct people who are ineligible for services at the center to other community-based providers.

- **Avoid unnecessary expenses and maximize your capacity to generate revenue.**
  Focus first on big-ticket items, such as rent or mortgage, and determine if changes are appropriate. For example, if you don’t need your current office space full-time, you might consider sharing the cost with another practitioner or downsizing your office space. Take additional steps as applicable to your practice such as seeking out better rates for communication services and eliminating unnecessary postage costs. Also review your staffing needs and determine whether you are handling tasks that would better be outsourced or handled by administrative staff. The effective use of support staff can free you to generate revenue, work more efficiently and provide better customer service.

A final word: Even though you may feel pressure to maximize the number of clients you see during tough economic times, you also need to consider how many clients you can reasonably handle and still maintain optimal health and well being. (See “An Action Plan for Self-Care” on page 16.)
money on advertising,” says Mary Karapetian Alvord, PhD, director of Alvord, Baker & Associates, LLC, in Rockville and Silver Spring, Maryland. What she and her staff do instead is give lots of free community talks, do pro bono work and get involved in their state psychological association. Alvord is also happy to talk to reporters. Doing so helps establish her expertise and gets her name out there, she says.

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Economic pressures are having an increasing impact on men aged 35 to 54, according to an April 2009 survey by the American Psychological Association (APA). Growing numbers of middle-aged men are reporting significant stress related to work, money, housing costs and job stability. The poll, involving 2,160 adults aged 18 or older, was conducted online within the U.S. by Harris Interactive®.

Among the 45-54 age group, 81 percent of employed men reported work as a significant source of stress, compared with just 68 percent of employed women. While the number of women aged 45-54 reporting stress related to money has dropped since APA conducted a poll in September 2008 (from 83 percent to 78 percent), the percentage of men in this age group reporting stress related to money rose considerably during that same period (from 78 percent in September 2008 to 86 percent in April 2009).

Among 35-44 year olds, the number of men reporting money as a significant stressor also surpassed that of women (88 percent versus 77 percent). Job stability is a growing concern among males in this age group, with 71 percent reporting this as a significant stressor – a jump from 57 percent last September. Almost two-thirds of men age 35-44 (65 percent) reported stress related to housing costs.

Impact of Employer Actions

The survey also found that actions taken by employers to reduce costs were having a far reaching impact on Americans.

Nearly seven in ten (68 percent) employed survey respondents reported that their employers have taken steps such as putting a freeze on hiring or wages, laying off staff, reducing work hours, benefits or pay, requiring unpaid days off or increasing work hours in the past year as a result of the weak economy. Not surprisingly, people who have been hit with multiple employer-driven cost-cutting actions are most likely to report stress related to economic factors. For example, 86 percent facing four or more actions reported work as a significant stressor versus 63 percent whose employers have not taken any action as a result of the economy.

And regardless of whether or not they have already been affected by layoffs, 43 percent reported that they are concerned about layoffs impacting their household.

The American Psychological Association has developed resources to help people manage their stress related to the economic downturn. Among the materials available online at APAHelpCenter.org are:

- Managing Your Stress in Tough Economic Times
- Staying Hopeful after Job Loss
- Staying Resilient Through Tough Economic Times
- Dollars and Sense: Talking to Your Children about the Economy
Stand out with amenities.

When Martin-Causey launched her practice, she knew she wanted to create “a relaxed, friendly environment that people felt comfortable coming to.” She didn’t know that would mean ditching her coffee pot in favor of an espresso machine at the recommendation of her office manager, a former Starbucks® barista. The espresso machine is now a symbol of her commitment to clients’ comfort. “When the office manager asks people if they’d like a latte, that makes this place stand out,” says Martin-Causey.

Alvord’s office features a library of videos and DVDs so that parents can educate themselves while they wait for their children. There’s also a quiet waiting area so they can sit and read a book from the well-stocked bookcase.

Invest in technology.

“I’m a techno-geek,” admits Alvord. “I love technology.” All her clinicians’ offices have computers and printers. Further, each of the practice’s two sites has a webcam that facilitates communication, consultation and training across multiple sites; a T1 line links the two practice locations. “I told our IT guy that we were going to expand to two offices, but I wanted it to feel like one,” Alvord explains. “I didn’t want two phone numbers or two databases.” When users log on to the practice’s intranet, meeting schedules and other announcements pop up. There’s also an instant-messaging system. The practice’s clinicians appreciate the ability to access the system remotely, which helps them balance work and home demands.

The technology is not just for employees. The practice has also harnessed technology’s power for clinical purposes. The practice uses a video game system in group sessions with children to promote resilience and social competence, for example. Used in two sessions on what Alvord calls “gamesmanship,” the video game system helps teach kids such skills as sharing, taking turns, complimenting each other, being good winners and losers and regulating their emotions. “And since we have four controllers and six kids in the group,” says Alvord, “they have to negotiate who will go first and in what configuration.”

Buy expertise.

“What I’ve learned is that I’m not a businessperson, but I am running a business,” says Alvord. “I’m not going to get an MBA, so I hire people.” Alvord has a business consultant come in quarterly to review the budget and offer suggestions. For a staff retreat, she hired a professional facilitator to guide participants through the process of identifying strengths, weaknesses, opportunities and threats. And she draws on the expertise of an attorney, accountant and other consultants as needed.

Martin-Causey’s accountant helped her see why it was wiser to buy office space than rent. “I paid zero on rent,” she says, explaining that she cancelled out the rent on one office by renting out another space when she didn’t need it. “That was good until tax time, when I got hit because I didn’t really have any expenses.” Like many psychologists, Martin-Causey wasn’t sure she could afford to buy. But
she got a loan from the U.S. Small Business Administration, which allows smaller down payments and longer loan periods compared to many bank loans. “I trust my accountant,” says Martin-Causey.

► Explore new opportunities.

Instead of focusing on what you offer, emphasizes Martin-Causey, focus on what clients need. “A lot of times clinicians will say things like, ‘I offer cognitive-behavioral therapy on this population; come to me if you need that,’” she says. “But the market may shift, and that’s not what people are looking for.”

Keep abreast of what people will want by reading many publications, attending community events and monitoring legislation, she suggests. For example, many HMOs in her area began offering incentives to stop smoking. “If you’re not attuned,” she says, “you won’t know things like that until you’re well behind the curve.”

In response to the weak economy, Martin-Causey has added a few new services. She now advertises premarital counseling services in a local wedding magazine, for instance. “That’s an industry where people are still spending money,” she says. And she’s working with an oncologist to help patients manage their pain. “I’ve never done that before, but I got the training,” says Martin-Causey, who distributes marketing materials to doctors’ offices and participates in a networking group of healthcare professionals and other community members. “You have to diversify as much as you can in this economy.”

For Sullivan, the changes have been more extreme. “I lost a lot of money,” says Sullivan, now a tenant in the space he once owned. And while his solo practice has done well, Sullivan has been left with a large debt as a result of his larger enterprise collapsing.

Ultimately, by downsizing his operations and expanding the scope of his work, Sullivan avoided bankruptcy and began developing new skills. In search of new revenue sources, he decided to join his wife’s breast cancer support and awareness business. “She printed up t-shirts that said, ‘Fight Like a Girl’ and sold them out of the back of a van,” explains Sullivan. His idea? Move the business online, add social networking and expand the scope of the business so that funds could be raised for breast cancer support and psychological research at the same time. Additionally, he is developing an affiliate marketing program for the site, incorporating a dedicated search engine within it so that site visitors can find psychologists who support the cause. Sullivan says the business will represent a unique blend of breast cancer awareness and psychology.

To David Ballard, PsyD, MBA, these examples illustrate the importance of continual professional reinvention.

“We’re at a time when the clients we serve and we as psychologists are struggling,” says Ballard, assistant executive director for corporate relations and business strategy in the American Psychological Association Practice Directorate. “But despite difficult economic circumstances, creative thinking about business opportunities helps psychologists stay viable.”