



Medical Spa Investing

A Means To Better Fiscal Health

A few years ago, the term “medical spa” was as rare as Botox™ use was to men. That’s all changed. The medi-spa industry has gone mainstream. It’s not only attracting the attention and money of those same male clients, but more and more the attention of business entrepreneurs - who until recently didn’t know Medi or spa or Botox from Brüt.

Adding the pampering luxe side of skin care to the medical side of cosmetic dermatology and plastic surgery is a burgeoning business. According to reports by The International Spa Association, medical spas increased by 133% between 1995 and 2000, making them the fastest growing kind of spa in the U.S.

It’s hard to find a place where you can’t get pampered. Small towns, large cities, exotic island locales, hospitals, and hotels have all succumbed to the allure of the feel-good, look-good trend. Baby boomers, the largest demographic group in the country, once flocked to medi-spas for their stress-reducing capabilities, but now see them as investment opportunities.

That trend will continue to grow as savvy business investors learn that the business of removing lines also adds to the bottom line. The exposure which the media and the internet have given through the chronicling of plastic surgery and aesthetic treatment experiences, has brought about a global awareness of the industry.

While the genesis of the aesthetic side of the business is something most would agree happened on the West Coast, the entrepreneurial side seems to have started on the East Coast and also in Europe. Experts report that new investors are coming from the financial world, the high-tech industry and even public service arena.



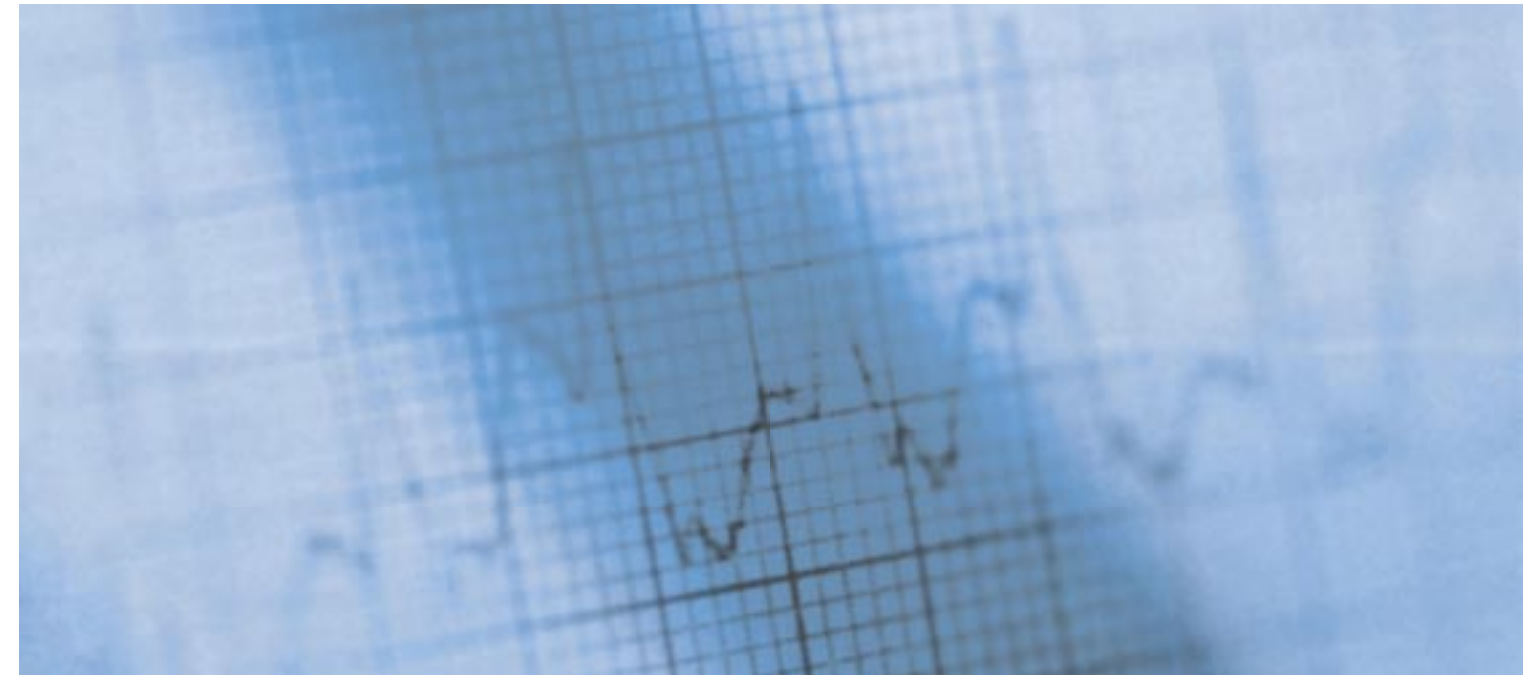
Yes, medi-spas are not just for doctors any more.

CPAs and MBAs are joining those MDs.

If you’re thinking of opening or investing in a medi-spa, you should be able to answer yes to the following questions:

1. Are you a hard worker willing to work the hours that meet the needs of other working people—usually 45 hours a week—and not your own?
2. Do you have enough money?
Do you know if you have enough money?
3. Do you have business savvy or a partner who does?
4. Do you know how to hire and train a staff of aestheticians to work with professional cosmetic physicians?
5. Do you know how to motivate a staff?
6. Do you know the difference between shiatsu and a sauna?

If you answered “yes, but” to any of them, you may need the help of what has become another burgeoning cottage industry in the medi-spa industry—medi-spa consultants. Whether you are adding one treatment room to an existing practice, building a 20,000 square-foot freestanding building, or looking for an investor to partner with, these consultants are like business partners waiting to guide clients through each step of the process from obtaining financing to hiring staff to locating medical sponsorship.



My firm, Beautiful Forever, has advised a fire chief, a chiropractor, cosmetic dentists, real estate brokers, cosmetic neurologists, as well as attorneys and physicians. One of my favorite pairings is a physician with an attorney, because each brings so much knowledge to the partnership.

Another trend is the growth of investment interest by physicians who work completely outside the aesthetic arena. They are investing or adding medi-spas for both financial and personal growth.

Podiatrists, cosmetic dentists, neurologists, even urologists have found that investing in or adding a medi-spa to their practices enhances revenue and adds variety to the sometime tedium of a lifetime or tunnel-visioned practice.

Many physicians who have worked long hours find the regular routine of the medi-spa session appointment schedule a boon to having more free time for a private life without sacrificing income. Also, many entrepreneurs are stimulated and interested by the industry’s constant evolution of both aesthetic therapies and the high-tech equipment used to deliver them.

Maybe you aren’t sure what kind of spa you’d like to open—day, destination, medi. A consultant will help you decide that, based on your location, demographics, available financing and the legalities involved. While there are many cookie-cutter operations, a good consultant will customize your investment to make sure it stands out in the crowd.

A day spa set-up deals almost exclusively in aesthetic treatments, which are not covered by insurance. That means fewer administrative headaches. A medi-spa offers more serious treatments and invasive procedures that require highly trained professionals at a higher cost.

The minimum cost for a 200 square-foot retail location would most likely be \$300,000, but a consultant will tell you how best to allocate that money: whether to buy or lease equipment, how to hire staff, training, and learning the business.

If your name and money is in or on a spa, clients should be taking that name home. How? By developing and investing in a line of personal-brand products—an additional profit center. I strongly advise all my clients to go this route. Not only does it keep your name on the tips of the tongues—and on the faces and bodies—of your clients, but it can also add 30 to 50% to revenues. There is name recognition every single time a client looks at that product and uses it. If he or she had a good experience at your venue, a private label product with your spa’s name and logo will renew that good feeling and remind them to come back for more. We guide owners through the process of selecting or developing a line, deciding on how much inventory is needed, and most importantly training and hiring your staff to sell the line.

Make sure you know what your own goals are. Some investors just want a big financial return. Others want the hands-on experience of running a medi-spa.

Whatever your goals, you have to be hard working and remember that this is a business. It’s here to stay. We qualify our clients beforehand, make sure their credit ratings are good and that they know how to run a business. We make sure they’ll be successful. Who knew that feeling and looking good could bring phenomenal returns, both physically and fiscally?