

SURGE

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Best Practices from Consult to Post-Op

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Are You Prepared for the Conversion Cascade?



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The Conversion Cascade – Defining Your Return on Investment

As a business owner, and remember that medicine is a business, we must know the return on our investment. Each and every day we make decisions that affect our profitability, like purchasing supplies and equipment, performing services and selling retail products.

Marketing and advertising is a necessary evil to bring new and prospective patients to your facility. With all of the money you're spending on your website and newspaper, TV and radio advertising, not to mention numerous other sources, do you really know your return on investment?

Have you ever heard of a conversion cascade? Simply put, it is the term used for all of the steps needed to determine your ratio of marketing expense to revenue, which eventually determines your profitability. What are the steps of the conversion cascade? How do you figure them out? What data sets can you realize from the formula? And lastly, what will you do with the data? All of the steps are like links in a chain.

THE CONVERSION CASCADE

- Creation of awareness. Let prospective new patients know your practice exists, and give them a reason to choose you over the competition. Create an identifiable brand for yourself, and that brand should be YOU and the services you perform. What is your special niche? Work to come up with those concrete answers, using them in your marketing materials.
- Awareness leads to a phone call to your office. A beautiful ad does nothing if it doesn't drive people to pick up the phone. Use tracking numbers, which are special phone numbers (even vanity numbers) used for specific campaigns. This allows you to know which campaign drew the results you are looking for. These results can even tell you what day of the week and time of the day your phone rang, helpful for staffing purposes to answer the next campaign's anticipated calls.
- Phone call leads to a consult. Having a knowledgeable "director of first impressions" answer your phone with a smile makes all the difference.
- Consult leads to a treatment. Make sure you "wow" your patient when s/he comes to visit the office.
- Treatment leads to retreatments. Treating your patient well makes all the difference.
- Retreatments lead to other services. Be sure to let your new patient know of other services you offer and add them to your email list for future updates.
- Other services lead to word-of-mouth referrals for new patients. A happy patient is sure to tell his or her friends about the experience; track referrals in your CRM system, and remember to say thank you!

Have a defined plan and budget, but be ready to modify and refine it when necessary.

Remember: what gets measured gets managed.



Advertising dynamics have changed over the years, but no matter how you choose to spend your dollars, it's all a waste if you don't know which channels are financially successful.

The conversion cascade tracks the effectiveness of advertising through each stage and identifies stage arrest. Look at the following example to see how you come up with your return on investment.

Say that you spend \$8,000 on a campaign, and receive 20 calls about this particular campaign. Divide the amount of the campaign by the number of callers. So, $\$8,000/20 \text{ callers} = \200 per caller .

Of those 20 callers, 50% of them convert to an actual consult. (Note this is the first 50% of the phone stage arrest; be sure to identify WHY they aren't booking a consult.) $20 \text{ callers} \times .5 \text{ (consults booked)} = 10 \text{ consults}$.

Of those 10 consults, let's say 50% of them convert to a procedure. (Again, that is the second 50% of the phone stage arrest.) $10 \text{ consults} \times .5 \text{ (procedures booked)} = 5 \text{ procedures}$.

Let's now say the procedure you had advertised brings in \$2,500 each. $\$2,500 \times 5 \text{ procedures} = \$12,500$.

If your total revenue from the procedures is \$12,500, and you spent \$8,000 in advertising, note your campaign can be said to have a 1.6:1 return on investment through this formula: $\$12,500 \text{ revenue from procedures} / \$8,000 \text{ cost of marketing campaign} = 1.6:1 \text{ or } 60\%$

NOTABLE FORMULAS:

Cost of the campaign/number of callers about that campaign = Cost per caller

(Number of callers) x (Percentage of consults booked) x (Percentage of procedures booked) x (Price of advertised procedure) = Revenue from Campaign

Revenue from campaign/Cost of Campaign = Return on Investment

Practice success involves tending to and optimizing each stage of the conversion cascade. Don't go into an advertising campaign if you don't plan to measure its profitability in the end. Measure all that you do, or as much as you can, and identify stage arrest so that you don't make the same mistakes twice.

Consider the use of practice marketing software which has customer relationship management (CRM) built in so you can track the results long term. Remember, what gets managed gets measured and what gets measured gets managed.

