

# Ordering Supplements

Hey, everybody. In this presentation, we're going to discuss some considerations around ordering supplements for your patients.

At this point in the course, you're well aware of the important role that supplements play in a functional medicine practice. Vitamins, minerals, botanicals, and other nutraceuticals are crucial for addressing underlying pathology and restoring balance in almost all of the patients that we treat. In a perfect world, we wouldn't need supplements, or medications, for that matter, and could solve every problem with diet, lifestyle, and behavior change, but unfortunately, that is not the world that we live in.

That said, not all supplements are created equal. There is a tremendous range of quality and thus effect amongst different forms and brands of supplements. For example, we've talked about the important difference between folic acid and folate and beta-carotene and retinol. They don't have the same effects on the body, and in some cases, one can be harmful, while the other is beneficial. With brands, there are practitioner-grade companies that do extensive quality control and independent testing and verification, and then there are consumer brands that use cheap, low-quality ingredients and often contain toxins or other potentially harmful substances. Many patients, and doctors, for that matter, aren't aware of these differences, and they just assume that one is equivalent to the other. It is up to us as clinicians to educate them and explain why these differences are so important. We're already exposed to so many toxins in the environment, and we make such an effort to educate our patients on the importance of healthy diet, a toxin-free home, and personal care products. The last thing we want is our patients ruining all of that work by taking really low-quality supplements.

Brand  
**loyalty**

**vs.**

Choosing **the**  
**best** product  
available

When it comes to choosing which supplements to use, I've always been of the opinion that we should choose the highest quality and most effective combinations of supplements to achieve

whatever our goal is. Some clinicians are brand loyal, so they find a brand they like, and then only prescribe supplements from that brand. I've never cared for that approach personally because I haven't found a single brand that has all of the products that I like and want. There are certainly some brands that I use a lot, but there is no single one that fits the bill, and I don't like limiting myself in that way. This is why the protocols that I've taught in this course and those that I will teach in future trainings often have products from multiple vendors and brands.

## 3 options for delivering supplements



Stock at  
your **clinic**



Your own  
**online store**



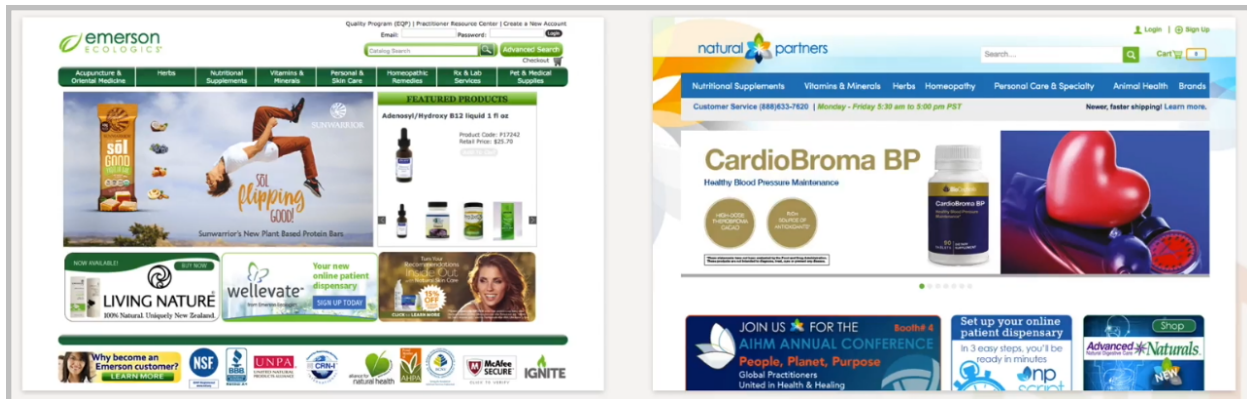
Use a  
**distributor**

Let's talk a little bit more about options for delivering supplements to your patients. There are essentially three choices: stock them yourself at your clinic, stock them yourself at a warehouse that you own or rent, or use a distributor to drop ship them to patients. Let's talk about the pros and cons of each of these.

The first one is stocking them at your own clinic. The advantage of this is that if you do all of your appointments in person, the patient can get supplements that they need immediately after the appointment. You can stock products from multiple vendors, and patients don't have to pay any shipping charges. The downside is that you'll need a lot of space to store the inventory you would need to carry for complex protocols. You need capital to purchase that inventory. If your patients are not coming in person for every appointment, which is pretty rare at this point that they do, you'll need someone on staff who can pack and ship orders, which is an enormous amount of work. You'll also need someone to manage the inventory, and you'll have to deal with expired inventory if you don't manage it well. This introduces a lot of complexity, time, expense, and risk that most clinicians simply don't want to take on, understandably.

The second option is to stock the supplements yourself in a warehouse that you own or rent. The advantage to this is you can again stock products from multiple vendors, which is an advantage for the complex protocols that we prescribe because it means the patient can order just from one

place instead of from multiple vendors. Your patients will pay a single shipping charge this way rather than multiple shipping charges, which can really add up, as we'll see. Your margin may be higher due to economies of scale, meaning when you place large wholesale orders for products, you get a better rate than if you're just drop shipping one at a time. Cons are similar to the cons for stocking inventory in a physical location. You need capital to purchase the inventory. You need capital and design development expertise to create an online storefront. You need a staff to manage the inventory and do customer service. You need to be continually updating products in the database, and you are basically running an entirely new business here outside of your clinic business. This may very well be the best option once you've reached a certain stage of development where you have hundreds if not thousands of patients, a lot of working capital, and a large staff, but it is, in my opinion, not a good choice if you're just starting out or if you don't want to spend the time, money, or energy required to manage a separate business.



The third option is using a distributor to drop ship supplements to patients, and these distributors include companies such as Emerson Ecologics, Moss, and Natural Partners, and they have fairly large inventory. They handle the inventory procurement and management, shipping, and returns. It eliminates many of the disadvantages of stocking your own inventory and having your own store. There are also a few new players in this space such as Fullscript and Wellevate that have added some cool features and functionality to improve the clinician and patient experience, such as prescriptions and automated refill reminders. For example, Fullscript allows clinicians to prescribe supplements to a patient for a particular time period. The patient can only order them during that period and must return to the clinician for a refill before they can order again. Based on the prescription, let's say you said two capsules three times a day, they can set up automatic refill reminders that will determine how many capsules are in the bottle and when to send a reminder to the patient, and that helps improve compliance. With these distributors, clinicians typically earn between 25 and 50 percent of the retail price of the product as a commission depending on the distributor and the product. I think these distributors are the best option for most clinicians who are starting, and they are what I've been doing myself, even still currently at the time of this recording. Fullscript and Wellevate in particular are good choices because of the functionality they provide for clinicians and patients.

However, there are some significant shortcomings to using these distributors. First, in the case of Emerson, Natural Partners, and Moss, you have to have someone on staff to order the products for the patients. With a busy clinic like ours, this amounts to a full-time employee, which is a significant expense and cuts into the net income you make from supplement orders. You really do have to factor that in. It might look good that you're making a 50 percent split on a drop shipping, but if you're paying an employee \$30,000 to \$50,000 a year to do that, then that is absolutely a real cost, and it cuts into your actual net margin for those products. It's also a pain for patients because they need to send a message through the patient portal in order to reorder, then wait for the staff to respond and process the order, which makes it less likely that they will continue to order through you. When they order elsewhere, there is a higher chance they will not get the right products. It's also ridiculously inefficient.



I've actually put what the process looks like on this slide. Number one, patient sends a request through the portal. Number two, the staff fields the request. Number three, the staff creates an invoice with an estimate of order cost, and to do this, they actually have to put the supplements in the shopping cart at various vendors and go to the final step before purchasing to get the shipping cost. We actually eliminated that and just provide an estimate of shipping, so that takes out one of the steps, but it is still really onerous. Number four, staff sends the invoice to the patient for approval. Number five, the patient approves the invoice. Number six, the staff orders supplements and bills the patient card. Number seven, staff sends the receipt to the patient. The other concern here is that sometimes you have to deal with credit card declinations because you're just using the credit card that is stored on file. This is absolutely not a good way of doing it. I think you can pretty much get that by observing the process here.

With Fullscript and Wellevate, which is Emerson's version of Fullscript, patients self-order, so your staff doesn't have to go through that whole process on the last slide. That is one of the huge advantages or appeals of Fullscript and Wellevate. Both Fullscript and Wellevate still have the second major shortcoming that I'm going to mention, which is that they do not carry all of the supplements that we use in our ADAPT protocols. When I first heard of Fullscript, I was pretty excited because it seemed like the perfect solution to the challenges that we were facing in our clinic. After the case review, patients would often have supplement orders that contained products from multiple vendors, and this required drop shipping from multiple places and very high shipping charges as a result.

Patient Name	Number of Products	Number of Vendors	Total Product Cost	Total Shipping Cost
Robert Adams	16	10	\$941.90	\$103.57
Robert Adams	12	9	\$666.30	\$83.60
Robert Adams	11	9	\$640.91	\$97.62
Robert Adams	14	8	\$635.78	\$87.84
Robert Adams	16	8	\$759.66	\$85.72
Robert Adams	12	8	\$676.04	\$85.25
Robert Adams	14	8	\$770.50	\$91.35
Robert Adams	15	8	\$963.84	\$78.10
Robert Adams	11	7	\$563.31	\$78.90
Robert Adams	13	7	\$812.09	\$63.86
Robert Adams	10	7	\$465.25	\$64.38
Robert Adams	16	7	\$1,012.94	\$68.46
Robert Adams	8	7	\$503.25	\$67.97
Robert Adams	9	7	\$475.49	\$66.64
Robert Adams	13	7	\$792.09	\$70.73
Robert Adams	15	7	\$635.49	\$65.55
Robert Adams	17	7	\$1,121.70	\$61.82
Robert Adams	19	7	\$904.64	\$71.82
Robert Adams	9	6	\$402.44	\$57.44
Robert Adams	9	6	\$519.84	\$63.37
Robert Adams	10	6	\$484.84	\$60.32
Robert Adams	6	6	\$359.79	\$69.77
Robert Adams	9	6	\$580.37	\$67.15
Robert Adams	8	6	\$535.57	\$68.35
Robert Adams	15	6	\$795.89	\$64.90
Robert Adams	17	6	\$766.97	\$62.53
Robert Adams	8	6	\$633.19	\$61.87
Robert Adams	8	5	\$452.10	\$49.12
Robert Adams	7	5	\$315.84	\$51.69
Robert Adams	7	5	\$292.34	\$51.72
Robert Adams	6	5	\$350.37	\$54.86
Robert Adams	10	4	\$351.80	\$39.95
Robert Adams	6	4	\$560.00	\$40.05
Robert Adams	5	4	\$519.50	\$47.78
Robert Adams	6	4	\$331.27	\$35.05
Robert Adams	6	3	\$423.90	\$25.85
Robert Adams	3	3	\$127.50	\$31.79
Robert Adams	5	3	\$178.19	\$42.99
Robert Adams	5	2	\$234.90	\$19.75
Robert Adams	2	2	\$102.89	\$20.85
			Average shipping cost	\$62.01

I had my staff do an analysis of the 40 most recent case reviews from patients at CCFM just before I put this presentation together, and I asked them to look at the number of products that were in each order after the case review, the number of separate vendors—not manufacturers but actually vendors, places where the products are shipped from—the total order cost, and the total shipping costs. The results were pretty shocking. As you can see here on this slide, of the 40 case reviews that were reviewed, 35 had four or more vendors in their order. The lowest shipping charge was \$20, but 88 percent of patients paid more than \$35 on shipping, 50 percent paid more than \$60 in shipping costs, and almost 25 percent paid over \$75, with one patient paying \$103 in shipping

costs. The average shipping cost across all of the orders was \$62. Despite this insanity, our internal research has shown that over 80 percent of our patients still order supplements through us rather than going elsewhere. This is just an unfortunate reality of the protocols that we use because the products come from different vendors. Unless you're willing to create your own warehouse and stock them all yourself, this is what we're stuck with. Fullscript, unfortunately, doesn't carry much more than what you can get through Emerson. They are expanding their inventory, but at least at the time of this recording, my conversations with them have indicated that they have no intention of carrying some of the key products that we use in our protocol. This is a real problem because using Fullscript does improve the patient experience in a lot of ways, but you'll still end up shipping from multiple vendors.