

Practice Management Introduction

Welcome to the Practice Management module. In this unit, we're going to cover everything you need to know to set up and run a successful 21st-century functional medicine practice.

The information and tools I'm going to share in this module are arguably just as important as the clinical skills I'm teaching you. You could be the best clinician in the world, but if you don't know how to set up and run a practice efficiently, you will not be successful.

I will tell you right off the bat that this is something I've struggled with. I consider myself to be a pretty savvy business person—in my life prior to getting into medicine I started a company and was involved in every aspect of running it—and yet I've found running a functional medicine practice to be quite challenging in a number of ways.

I've definitely experienced some rough spots ... where I was feeling overwhelmed and overextended and needed to reclaim more time, or where patients were feeling dissatisfied and were not getting the support they needed. And that is the biggest challenge of running a functional medicine practice and treating patients that are chronically ill: how to give them the support and assistance that they need while maintaining clear boundaries and not burning yourself out.

The good news is that after more than six years of doing this, I have created a system that works very well for both patients and clinicians and business owners.

The system I've developed leverages many of the newest technologies and cultural shifts in a hybrid practice model that includes both an in-person, brick-and-mortar element and a virtual, cloud-based element.

This model allows for efficiencies in cost and operation that aren't possible with a traditional practice.

For example, at the time of this recording, the California Center for Functional Medicine has three clinicians: myself, my co-director Dr. Sunjya Schweig, and our staff physician and ADAPT faculty member Dr. Amy Nett.

Each of us subleases a small office in a larger space, with no front desk or receptionist. Sunjya's office is on one side of Berkeley, mine is on the other, and Amy's office is in Menlo Park. Our administrative staff is distributed all over the country. We have patient administrators in the Bay Area, in San Diego county, in Las Vegas, and on the East Coast. Our bookkeeper and financial manager lives on a farm in Michigan.

This structure allows us to stay lean and pay less overhead than we would if we leased a building ourselves and had our entire staff in it. Eventually we will probably end up getting a consolidated

space, but even then we will likely have minimal on-site staff and retain certain aspects of our virtual, distributed model because it is so efficient.

This is especially important if you're just starting out. When I first graduated from school, I subleased a room in a larger office for about \$400 a month. The first person I hired was a bookkeeper, who also became my clinic manager. For at least the first year of my practice, the two of us were able to run everything using this lean, distributed model.

Now, with three full-time clinicians, of course we have a larger staff. But the point is that I used the tools and technologies I'm going to share with you to start with minimal overhead and keep costs down and only expanded and took on more staff when we had the revenue to support that growth. And at the risk of pointing out the obvious, that is the key to running a profitable clinic business—keeping your overhead and expenses well below your revenues.

Many traditional medical practices have very high expenses ... upwards of 70 percent of their gross profit after cost of goods sold. At CCFM, we've been able to keep our expenses closer to 30 percent of gross profit using the model I'm going to teach you. This means more profit left over to grow and expand your business and to pay your employees and yourself a higher salary.

In the next section of this module, I will present the Case Review process that I use with all new patients, and after that I will explain how we handle patient flow from the beginning of treatment until the end.

In the meantime, make sure to check out the CCFM organization chart handout included with this section to get a bird's eye view of how a functional medicine clinic is structured.

See you soon!