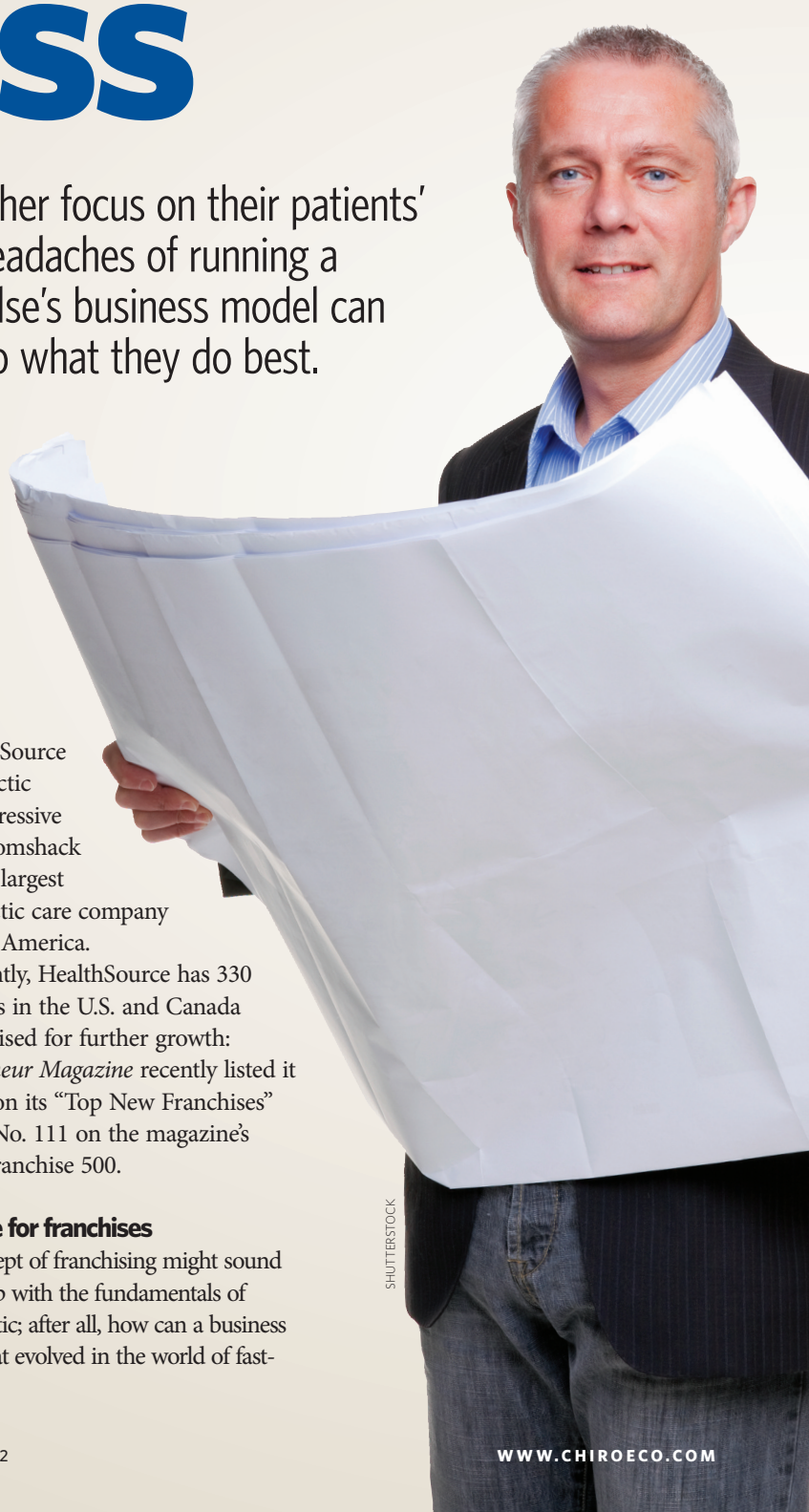
Duplicating success

For chiropractors who would rather focus on their patients' well-being than deal with the headaches of running a practice, buying into someone else's business model can give practitioners a chance to do what they do best.

BY AMY WIMMER SCHWARB



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Chris Tomshack, DC, has a passion for the power of chiropractic, and his business plan revolves around what he calls "the relentless pursuit of exceptional care."

But before he trained to be a chiropractor, he built his knowledge of business, and he believes that the type of care he wants to deliver isn't possible without a successful business operation behind it.

"Business was always my first love," says Tomshack, who has a bachelor's degree in business administration from Ohio University and later graduated from Palmer College of Chiropractic. "Most doctors out there can't even balance their checkbooks, so I decided I might want to take some business classes."

Whether Tomshack's success can be attributed to his heed of business basics or his push for excellence in chiropractic, his success itself is unquestionable. As founder and CEO of HealthSource Chiropractic and Progressive Rehab, Tomshack leads the largest chiropractic care company in North America.

Currently, HealthSource has 330 franchises in the U.S. and Canada and is poised for further growth: *Entrepreneur Magazine* recently listed it at No. 1 on its "Top New Franchises" list, and No. 111 on the magazine's overall Franchise 500.

The case for franchises

The concept of franchising might sound out of step with the fundamentals of chiropractic; after all, how can a business model that evolved in the world of fast-

food restaurants and chain hotels be applicable in the challenging universe that touches on patient needs, health insurance, and billing?

But business opportunities abound for chiropractors who want to take the guesswork out of the business end of their practices. Besides franchising, other opportunities, such as licensing or distributorship agreements, can streamline a chiropractor's operations, marketing plan, and other business needs. Some options include professional development in the form of advanced chiropractic training.

"We work with all of our doctors to give them the tools they need," Tomshack says. "We have a huge bag of tools to get their patients better quicker and faster. But we cannot ever take the decision away from the doctor — that's ethically and legally wrong. The doctor always has the final decision on what's going to happen with the patient."

All those business-side necessities can be distractions to a private practice. But to a franchisee willing to buy into someone else's brand, they can pave the way to a profitable business.

Considering a franchise option can involve some soul-searching for a chiropractor.

"There are a lot of chiropractors out there who are clinically great but are horrible businesspeople," says **Dane Donohue,** DC, whose own business — 8 Weeks to Wellness — is offered as a distributorship and implemented at participating clinics nationwide. "Going the franchise route can free them up to do the things that they enjoy doing. But a lot of other chiropractors have already developed their own systems of business, and they're good at it."

Different ways to play

Within chiropractic, a range of options exists for buying into someone else's business model. And many of the professionals at the helms of those companies didn't intend to franchise their models, but found they could become even more successful by duplicating their brands.

Greg Loman, DC, and **Ben Lerner,** DC, for instance, launched Maximized Living in 1999 in Celebration, Fla. They built their practice around what they termed the "Five Essentials": maximized mind, maximized nerve supply, maximized nutrition, maximized oxygen and lean muscle, and minimized toxicity.

Their visibility was buoyed in 2003 with the publication of Lerner's first book, *Body by God,* a bestseller on lists produced by the *New York Times,* the *Wall Street Journal,* and the Christian Book Association. Soon the doctors found that their model — which seeks to not only draw patients but retain them for years, wasn't just popular among patients; other chiropractors wanted to learn about it, too.

"They didn't start out planning to start a practice management company," says **Shel Hart,** president and CEO of Maximized Living. "They fell into it."

They got their start in offering franchising by helping recent graduates who were loaded down with debt and uncertain how to launch their businesses. Loman and Lerner offered them some financial help, operable business systems, and branding support. "When you combine those things," Hart notes, "you start becoming a franchise."

Today, the company has 62 franchises in 20 states — individually owned businesses headed by a chiropractor who has completed an intensive Maximized Living-specific training. Typically, the upfront fee for a Maximized Living franchise is $350,000, and 90 percent of franchise owners have been able to retire that debt within about three years. At that point, they can elect to stay with the brand and pay an annual fee of $14,500.

But Hart is quick to point out that the company's business model is changing. Maximized Living is trying to step away from financing its own franchisees. That evolution, certainly, could soon change the financial obligations for those interested in opening a Maximized Living franchise.

A different model

Meanwhile, The Joint — another new franchising opportunity in chiropractic — offers an entirely different business model. Focused on simplicity, affordability, and ease of use, this model is the brainchild of a businessman who, while not a chiropractor, believed the industry was thirsting for his brand of business sense.

John Leonesio, CEO of The Joint: The Chiropractic Place, found success as a fitness club owner in the 1970s and brought that business model to the massage industry in 2002, when he founded a company called Massage Envy. In six years, he built that company into a $300-million operation with more than 800 licensees.

More recently, he turned his attention to the chiropractic industry. Already, The Joint — which started in 1999 in Tucson, Ariz. — has opened 100 clinics nationwide, and *Entrepreneur Magazine* named it one of the "Hot Trends in Franchising" for 2012.

"It's becoming harder and harder for doctors to make a good living at what they are doing," Leonesio says. "I looked at the chiropractic industry and

Meet the experts

Chris Tomshack, DC, CEO and founder, HealthSource Chiropractic and Progressive Rehab
www.healthsourcechiro.com

Dane Donohue, DC, co-founder, 8 Weeks to Wellness
www.wscenters.com

Shel Hart, president and CEO, Maximized Living
www.maximizedliving.com

John Leonesio, CEO, The Joint: The Chiropractic Place
www.thejoint.com

Dallas Humble, DC, franchise owner, The Joint: The Chiropractic Place
www.westmonroe.thejoint.com

Stuart Bernsen, DC, CEO, and founding partner, ChiroOne Wellness Centers
www.chiroone.net

Joe Mannella, DC, director, The Disc Institute
www.midiscinstitute.com

Steve Fahringer, DC, vice president of franchise operations and business development, Good Feet
www.goodfeet.com

found that what customers didn't like about chiropractors is the fact that they aren't very convenient. The first thing we did was attack the hours. We're open evenings and weekends, when customers want to go. And insurance is a hassle with chiropractic, so customers wanted an affordable program."

The Joint works without appointments and accepts no insurance. A customer's initial visit is a flat $19 fee, and package plans and membership plans keep them coming back for more care.

The franchise fee at The Joint is $29,000. Purchasing the necessary equipment and finishing a space to the correct specifications can require another $50,000 to $70,000. The franchise fee includes Joint-specific training to ensure that Joint chiropractors are familiar with the company model.

"We don't really change the way the doctor does his practice," Leonesio says. "We're not changing what the doctor is doing as far as delivering his product. We're just changing how it's delivered to the customer."

Dallas Humble, DC, who owns The Joint development rights for Louisiana, believes Leonesio has found a successful chiropractic business model. "We want to remove all inconvenient aspects for going to a doctor," Humble says. "We remove the financial barrier, and it allows the doctor-patient relationship to excel to another level, focusing on patients and healthcare needs as opposed to insurance and insurance companies."

A partnership plan

Yet another business model is in place at ChiroOne Wellness Centers, based in the Chicago suburbs, where **Stuart Bernsen,** DC, has led the company since founding it in 1992. The wellness centers are not a franchising opportunity, Bernsen points out, but a chiropractic chain, with opportunities for participating doctors to become partners in their offices.

"The benefit of being in a group practice like ours — a chain, versus a franchise — is that we can afford our doctors a lot of luxuries that a franchisee wouldn't have," Bernsen says. "We have standard corporate benefits like 401Ks, health insurance, and paid time off."

Additionally, at most practices — both franchises and traditional sole-proprietorships — the doctor is tied to the practice. "We have a full team of rotating doctors, fill-in doctors, who are trained in the procedures and protocols," Bernsen says. "The doctor could leave for two weeks or take maternity leave and patient care is still consistent."

Bernsen graduated from the Palmer College of Chiropractic in 1992 and launched a solo practice and, he says, "failed miserably at it."

He had experience with his family's business, which he thought was enough background to succeed in private practice. After a couple of starts and stops — including one failed venture at buying a handful of other practices and trying to duplicate his business plan — he realized that he needed to systemize his operation. "I didn't know," Bernsen says, "what I didn't know."

The procedures and protocols he put in place allowed him to create a streamlined business plan that could be replicated at multiple offices. In the end, he developed what he calls a "postgraduate program." "We train them on everything to run a successful practice clinically," Bernsen says. "All they have to do is focus on executing procedures and protocols within the four walls of their practice, while we take care of everything else — marketing, HR, hiring and training office staff, purchasing, maintenance, IT, and billing and collections.

"They don't have to focus on the things they aren't trained to do, or don't love to do," Bernsen says.

Specialization variation

Joe Mannella, DC, director of The Disc Institute, based in the Detroit suburbs, uses licensing agreements to spread his passion for chiropractic treatment of disc injuries. "When a general chiropractor mixes in a bunch of therapies, it waters down, sometimes, how beautiful one particular therapy is, or how amazing it is," Mannella says. "It doesn't get as much attention, and people get

mixed messages about your branding.

"The Disc Institute came out of my desire to create a dedicated facility for patients who have serious disc problems, not just general back pain," he continues. "Their needs are going to be completely met, and the doctor's attention and the staff's attention — all the talent, everything there — is for that disc patient."

At the Disc Institute, the initial licensing fee is $35,000, followed by a $950 monthly fee after the first year. Additionally, doctors spend a week in Michigan being trained by Mannella.

And, like other chiropractic companies that make their brands available for purchase, Mannella is passionate about his business philosophy.

"We feel good about sharing our brand," Mannella says. "Good candidates are people who've already been successful but want to reinvent themselves, move out of general practice, and dedicate the next segment of their career to being a disc specialty doctor.

Certainly Tomshack's company is now the most widespread chiropractic brand, with more than 300 franchises in North America and locations in 43 states. The company also writes and teaches a business curriculum at selected chiropractic colleges.

The company is primarily based in what Tomshack calls "conversion franchises — existing businesses that convert to a HealthSource franchise. The franchise fee is $29,000, and opening a HealthSource does not necessarily involve purchasing new equipment.

But while the company has historically worked with existing doctors, some investors have stepped forward to back fresh graduates going into business, Tomshack says. "The business community has recognized our model for what it is and is now backing it," he says.

The right chiropractor for a HealthSource franchise, Tomshack says, has two things: aptitude and attitude. "When a chiropractor is looking at us, we're looking at them even harder," Tomshack says. "We have questions: What is their attitude about patients? Are they truly in love with chiropractic? Does this person really have the ability to evolve what they've been doing so far so they can offer their patients the best level of care?"

The founders and executives behind chiropractic companies that have found success through duplicating a business model to share a desire to spread their gospel.

Best foot forward

Steve Fahringer, DC, is vice president of franchise operations and business development for Good Feet, which offers a more retail-oriented form of franchising for chiropractors and other health professionals. "Our company," Fahringer says, "offers nearly 25 different styles of arch supports, orthotics, and cushioning devices, which can enhance the treatment protocol of most doctors of chiropractic."

Retailing products, of course, has long been a mainstay of chiropractors who want to supplement their income. In today's economic environment, this is especially important.

Fahringer notes that DCs are working harder than ever before, and need solutions that are complementary to their practices: "DCs see people all day long who need assistance with their foundation. But orthotic coverage is less in the HMO environment today. And orthotics can be combined with high quality walking shoes. We enable chiropractors to offer biomechanical stability to the patient."

In the Good Feet franchise model, DCs can order products to retail from within their practices at a level that matches their needs. They can also look to open a standalone Good Feet in their area, which may be attractive for individual DCs and group practices. Successful franchisees can even look to expand operations throughout a wider geographic region.

Thanks to the company's long-standing advertising campaigns, the brand already has name-recognition and has secured the endorsement of football legend Emmitt Smith. "We've spent a tremendous amount in order to attract customers," Fahringer says. And the company offers anatomy and physiology training along with continuing education for its business partners.

The founders and executives behind chiropractic companies that have found success through duplicating a business model to share a desire to spread their gospel. They have found a system that works for them, and believe its streamlined form can help chiropractors reach more patients around the country.

"If we're trying to do anything, we're trying to shift a paradigm," Hart says. "If you look at all the economic issues surrounding our healthcare crisis, we can't keep doing the same thing again and again and expect a different result."

AMY WIMMER SCHWARB is a writer and editor based in St. Augustine, Fla. She spent 10 years as a writer and editor at the *St. Petersburg Times* and was most recently executive editor at *Indianapolis Monthly.* Among other feature-writing honors, her work was recognized in the anthology *Best American Sports Writing 2010.* She can be reached at amy@amyws.com.