

MARKETING THE MESSAGE THERAPY BUSINESS

OUTLINE

What Is Marketing?

The Marketing Plan

Understanding Marketing

Common Methods of Marketing

Business Signage

Web Site

Business Trademark

Enthusiastic Attitude

Seizing Opportunities

Practice Ambassadors

Marketing Forms

Internal Marketing

External Marketing

Advertising

Forms of Advertising for the Massage Business

Advertising Expense

Determining Advertising Strategy

Keeping Clients Informed

Types of Recall Systems

Advanced Appointment System

Telephone Recall System

Mail Recall System

Internet Recall System

Establishing a Recall System

Electronic Recall Files

Follow-Up

Purging the System

Summary

KEY TERMS

Advanced appointment
system

Advertising

Mail recall system

Internet recall system

Marketing

Recall system

Telephone recall system

LEARNING OUTCOMES

Mastery of the content in this chapter will enable the reader to:

- Define key terms
- Explain marketing techniques in massage therapy
- Describe external and internal marketing
- Explain the purpose of a recall system
- Identify different types of recall systems
- Develop a recall system

ⓔ Guidelines for the Learning Activities and answers to the Workbook questions are located on Evolve at <http://evolve.elsevier.com/Fritz/business>.

WHAT IS MARKETING?

One of the greatest needs of any small business is to understand and develop *marketing* programs for their products and services. Because massage is a service business, marketing is an essential concept. Throughout this textbook, the Small Business Association (SBA) has been recommended as a source for success based on the ability to build a growing body of satisfied customers. Modern marketing programs are built around the marketing concept and performance, which focuses on identifying and satisfying the customer's needs. Marketing is about education of potential clients about what you can do for them. Marketing is not about you; it is about how your skills can help clients. Instead of focusing on you (e.g., where you went to school, how many modalities you are trained), market yourself as an innovative problem solver for the client. Emphasize how your massage service helps their nagging issues, pain, or personal dilemmas.

Potential clients are motivated by the following ideas:

Self-interest: People want to know what is in it for them.

They are interested what makes something better in their life. Do not talk about you; start talking about them.

Comfort: People do business with people they know and trust. Start a conversation with people by giving them articles, newsletters, or other information that you have created to help them. Especially with massage, you need to appeal to them by offering information through presentations at service groups, health fairs, or other places where they can meet you.

Something unique: Are you effectively communicating the one thing that makes you unique? What can you offer that no other massage business can? In one sentence, describe it. This is your core marketing message. Use it over and over to generate interest and get people talking about you.

Communication: A service business is a relationship. To sustain good relationships (i.e., retention clients), you have to stay in touch with customers. Continue to communicate through phone calls, e-mails, lunch dates, and other opportunities.

Marketing is perceived by lots of business people to mean promotion and *advertising*. However, the term *marketing* covers company culture and positioning, market research, new business or product development, advertising and promotion, and public and press relations.

In a service business, you are marketing yourself—your expertise and capabilities, your reliability, and your commitment to excellent service. Your service technically does not exist until the customer pays for it. Service is not a tangible product, so what you are selling is the promise to deliver what you set out to deliver. Your marketing efforts should focus on communicating that promise to your clientele. All business policies and activities should

be aimed at satisfying customers' needs, and to accomplish this, you (or the employer with your help) need to do the following:

- Determine the needs of customers (i.e., market research)
- Analyze competitive advantages (i.e., market strategy)
- Select specific markets to serve (i.e., target marketing)
- Determine how to satisfy those needs (i.e., market mix)

Marketing research is an organized way of finding objective answers to questions every business must answer to succeed. Every small business owner-manager must ask the following questions:

- Who are my customers and potential customers?
- What kind of people are they?
- Where do they live?
- Can and will they buy?
- Am I offering the kinds of goods or services they want and doing so at the best place, at the best time, and in the right amounts?
- Are my prices consistent with what buyers view as the value of the products or services?
- Are my promotional programs working?
- What do customers think of my business?
- How does my business compare with my competitors?

Marketing should be a natural habit that is practiced at all times. It is important to educate clients about the massage practice and procedures; provide quality treatment in a comfortable, safe environment; offer outstanding customer service; and make clients want to tell their family and friends about their great massage therapist and staff. To market a massage practice effectively, the massage therapist needs a specific set of skills that can aid him or her in promoting the practice. The next section will help you refine these questions and provide direction in how to uniquely answer them for yourself.

THE MARKETING PLAN

An effective marketing plan is key to the success of your massage business. If you are an employee, you need to be assured that the business owner will market you in an effective way. The marketing plan should include market research, location, the customer group targeted, competition, positioning of the service, pricing, advertising, and promotion.

Massage is effectively promoted for a niche market. A niche market is a small, focused target population interested in your services. The idea of appealing to a niche market revolves around being unique and in demand. With this in mind, it makes sense that the first step in mastering the identified niche market is determining what makes you uniquely qualified to serve the client. What makes you different from other massage therapists? You must be able to

provide clients with a great massage that meets their needs, and you have to do it in a way that allows them to justify the investment of time and money. To find your niche target market, you need to understand potential clients' interests. There are three main reasons why people are attracted to therapeutic massage services:

- Massage satisfies a basic need for touch and connection.
- Massage solves a problem for the client, such as reducing stress, improving sleep, or increasing productivity.
- Massage feels good, and it makes the client feel good.



SELF-REFLECTION

This is a very important question to ask yourself: What makes me unique?

UNDERSTANDING MARKETING

Mass marketing strategies do not work well for service businesses. You are constrained by the amount of clients you can service well. To please your clients, you can focus only on a certain number of accounts or customers to sustain your business. If you decide to get as many clients as possible, there is the risk that you will spread yourself too thin and that the quality of your work will suffer.

There are several effective ways to attract clients:

Referrals: The recommendation of satisfied clients or professional colleagues is often the most effective way of bringing in new clients. You may give them promotional materials, such as business cards or brochures, that they may share with others.

Client relations: Clients will patronize your service repeatedly if they are satisfied. It is therefore important to cultivate your existing client base and bond with them. Because massage therapy is more than a product-based business, you need to practice excellent customer service every second that you deal with a client. Your business depends on it.

Participation in organizations: Networking is the key promotional technique in marketing a service business, and participating actively in organizations is the best way to network. There are many different service and community organizations, such as Lions Clubs International, Kiwanis International, Optimist International, Rotary International, and Zonta International.

You must stay current with the trends in massage, massage research, and business. To stay current in massage skills, you need to invest in continuing education and to read massage therapy research. To remain current in business, you need to read business articles (Box 12-1).

BOX 12-1 Staying Informed

The Massage Therapy Foundation (<http://www.massagetherapyfoundation.org/>) advances the knowledge and practice of massage therapy by supporting scientific research, education, and community service.

AllBusiness (AllBusiness.com) is an online media and e-commerce company that operates one of the premier business sites on the Web. The site has received critical acclaim and attention from *The Wall Street Journal*, *Forbes*, *Business 2.0*, *Fortune*, *The New York Times*, *US News & World Report*, *USA Today*, and other publications. AllBusiness helps business professionals save time and money by addressing real-world business questions and presenting practical solutions. The site offers resources, including how-to articles, business forms, contracts and agreements, expert advice, blogs, business news, business directory listings, product comparisons, business guides, and a business association.

Business professionals can access the AllBusiness group's content and services through a number of channels, including the AllBusiness.com Web site, RSS feeds, e-mail, newsletters, and through its partnerships with leading Web properties. AllBusiness is a wholly owned subsidiary of Dun & Bradstreet and is based in San Francisco, CA.

ArticlePlanet provides marketing articles available on its Web site (<http://www.articleplanet.net/>).

COMMON METHODS OF MARKETING

Certain approaches to marketing have proved successful. The sign in front of your office remains one of the most effective marketing strategies. It is common to have a Web site. Networking with others and word of mouth information are the best ways to market your business.

Business Signage

Signs are one of the most efficient and effective means of communication. Signs help people find you, they reach people who are passing by, and they present an image of your business. In short, signs tell people who you are and what you are selling.

A sign is the most direct form of visual communication available. So many people use signs without a second thought that it is easy to overlook their importance. Signs perform three major communication functions for your business: They give information and direction, provide a format for street advertising, and build your image.

On-premises signs are your most effective and efficient means of commercial communication because they are inexpensive, available, practical, easy to use, always on the job, and directly oriented to the trade area of your business. Your sign is an integral part of your advertising program.

Signs are inexpensive. When compared with the cost of advertising in some other media, the on-premises sign is very inexpensive. Unless your trade area encompasses an entire city or region, in which case you must rely on broad-based media coverage, there is no better advertising dollar value than your on-premises sign.

Signs are available to every shop owner. There is no need to schedule the use of your sign. Your sign is available to you whenever you need it, and it can be used however you please.

Signs are easy to use. No special skills or resources are needed to operate a sign after it has been installed. If it is an illuminated sign, all you need to do is flip the switch, and that may not be necessary with the use of timing equipment. After the initial expenditures are made, no special resources or professional services are needed. You need only to operate and maintain your sign.

A sign must be noticeable. After a while, a sign becomes part of the landscape. It loses some of its ability to attract attention. If you periodically change some small design element or use changeable copy, your sign can continue to attract interest. A sign needs to be large enough to read. You need to know how far a person is from your store when he first sees your sign and the speed of traffic on your street. With this information, a competent sign company can use a formula to calculate the necessary size for your design and build you an effective sign.

Decide on a message that is clear and simple. Focus on key words. Choose one or two words that describe your business. Clever or strange names may attract only certain customers. Be brief. The cleaner and clearer the message, the more impact it has. Lists or unclear names or symbols confuse rather than communicate. The design of your sign is very important. Your sign tells people a lot about your business. Stark, simple design and materials may suggest discount prices and no frills. Elegant and expensive sign materials may suggest luxury goods and services.

You should consider several factors when deciding on the cost of your on-premises sign. A sign is an investment because it is one of the most permanent parts of your business. It is exposed to weather and constant use. The average life of signs is 5 to 11 years, depending on type of materials used, construction, and other factors. Find out how many years of service to expect from your sign. It pays to purchase good materials if you intend to use the sign over a period of years. No business can afford to have a sign that is falling apart. A dilapidated sign tells the public that you do not care about your business image or their visual environment.*

Web Site

Another important tool in marketing your service business is a Web site. For the price of an advertisement in the yellow pages, you can have a Web site that can serve as a brochure,

direct mail piece, and newsletter rolled into one. The Web is an avenue that should never be ignored. Many different Web sites on the Internet offer you a Web site for a fee, and some Internet service providers (ISPs) even provide a small Web site free of charge if you use their Internet service (Box 12-2). The American Massage Therapy Association (AMTA) and Associated Bodywork and Massage Professionals (ABMP) offer options to members for building their own Web sites. The specifics of choosing a Web site provider can be found by searching on the Web or contacting the organizations directly. Chapter 5 provides detailed information regarding the Internet.

Business Trademark

The massage therapist needs to create an identity. What makes the practice different? Large corporations such as 3M, Sony, Starbucks, Microsoft, and Amazon.com all have an identity. For instance, a massage therapist may sum up the practice's identity by using words such as *thorough*, *caring*, or *leading edge*. The word *thorough* denotes that each client will be given quality time. *Caring* suggests old-fashioned commitment to the client, regardless of business pressure. The phrase *leading edge* indicates that the massage therapist is progressive and keeps abreast of new materials and techniques.

Enthusiastic Attitude

The single most important characteristic for business success is an enthusiastic attitude. The individual with an enthusiastic attitude shows up for work every day on time, is willing to help others, maintains a cheery disposition all day, and ensures that clients come first. This enthusiastic attitude means the "no whining rule" is always in place, because whining is contagious. The enthusiastic attitude means the client's problems come first and personal problems are kept to yourself or shared with a friend in private.

Seizing Opportunities

There are many ways to get the word out about a massage practice. For instance, when a new client makes an appointment, you could say, "Mrs. Timmons, we are looking forward

BOX 12-2 Web Site—Hosting Web Sites

www.abmp.com
 www.amtamassage.org
 www.smallbusiness.yahoo.com
 www.googlewebhosting.net
 www.bluehost.com
 www.inmotionhosting.com
 www.ncbtmb.org

*Source: U.S. Small Business Administration.

to seeing you at 3 PM on Wednesday. By the way, would you like to make an appointment for any other members of the family at this time?"

Practice Ambassadors

Each member of the massage practice or larger organization such as a spa is expected to be an ambassador for the practice. Each staff member should be provided with his or her own business cards and should promote the practice to family and friends. It may be possible to suggest that the office be used after hours for community group meetings or self-help classes if office space is adequate.

MARKETING FORMS

Marketing can be divided into two forms: internal and external.

Internal Marketing

Internal marketing is what the massage professional does within the business to retain clients. Internal marketing is the first impression. Internal marketing is how you retain clients after you have attracted them to the practice.

Successful internal marketing meets the needs of the client. After the client is on the massage table (or mat or chair), you will have only this chance to prove your professional

skills. This is a critical time in practice development. In the massage practice, the goal is to develop a retention-client base in which people receive massage on some sort of regular schedule (e.g., weekly, monthly). Whereas external marketing gets people in the door, satisfaction and client return is your sole responsibility. If clients do not rebook appointments, it is necessary to take an objective inventory of what occurred from the moment the client walked in the door until the follow-up call a couple of days after the first massage. Determine what went right and what went wrong. Although the occasional client may be visiting from out of town or received a gift certificate and just did not like massage, most of the time, the responsibility for retention or lack of it depends on the interaction between the massage therapist and the client.

After an objective and honest evaluation of yourself, consider any other staff or coworkers who interacted with the client, and evaluate the environment. Was the restroom clean? Was the massage area warm enough? Was the office really noisy? Something or someone made the massage session uncomfortable and unsatisfactory for the client. It may be helpful to do a follow-up call and ask sincerely for feedback. People often avoid situations of potential conflict, or they do not want to hurt your feelings, but you may be fortunate enough to find someone who will risk telling you the truth. When this occurs, be genuinely thankful.

In Figure 12-1, notice that most of the ideas for internal marketing for client retention are staff-oriented. Clients who

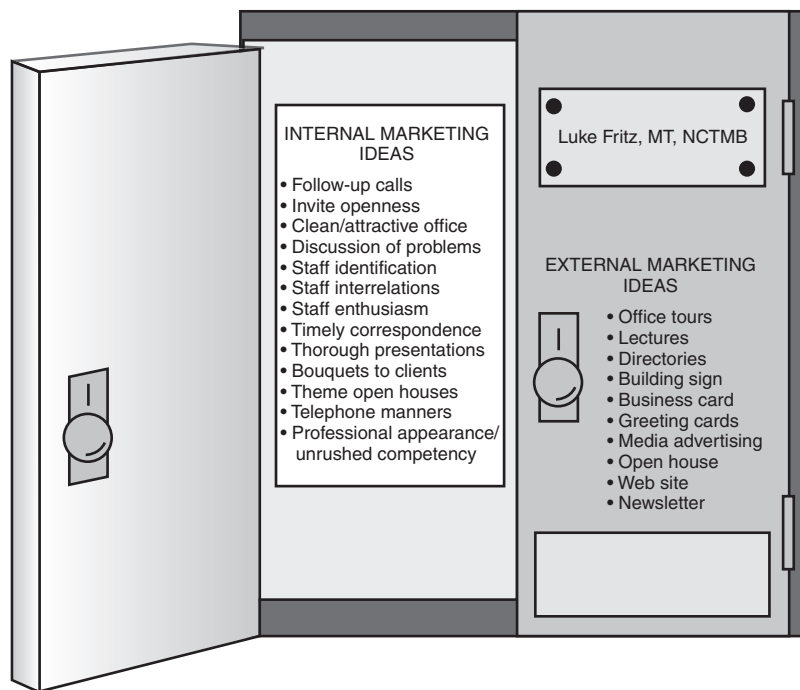


FIGURE 12-1. Internal and external marketing ideas. (Modified from Finkbeiner BL, Finkbeiner CA: Practice Management for the Dental Team, ed 6, St. Louis, 2006, Mosby.)

know that the massage therapist cares about them and does not consider them case numbers or blank checks will return to the practice and, more importantly, will refer friends and colleagues.

External Marketing

External marketing focuses on getting people in for the first massage; after they are in the door, internal marketing takes over. The key to successful external marketing is to determine who your prospective clients are and the best method to attract them. The massage therapist must identify his or her objectives, define the strengths of the practice, determine the budget, and review all the sources for external advertising. Some forms of marketing can be as simple as offering lectures to local organizations or as complex as media advertising. Figure 12-1 illustrates other potential sources of external marketing.

ADVERTISING

The process of advertising is often thought to be the same as marketing, but advertising is only one aspect of a marketing plan. Advertising is an activity used to attract public attention to a service, product, or business. Most often advertising is in the form of paid announcements in the print, broadcast, or electronic media.

Methods of advertising include banners at sporting events, billboards, Internet Web sites, logos on clothing, magazines, newspapers, radio spots, and television commercials. Although advertising may seem like the perfect way to get a message out about your massage business, it does have several limitations. Marketing focuses on individuals, and general forms of advertising are unable to focus on an individual's specific needs. Most forms of advertising cannot provide in-depth information about a service or product without being cost prohibitive. Advertising is expensive.

Forms of Advertising for the Massage Business

Advertising can take a number of forms. Some forms of advertising are effective for a service business such as massage.

COMPARATIVE ADVERTISING

Comparative advertising compares one brand of a product directly or indirectly with one or more competing brands. In the spa industry, this is a common form of advertising. One drawback of comparative advertising is that customers have become skeptical about claims made by a company about its competitors, because accurate information has not always been provided. If you engage in comparative advertising, be careful not to misinform the public about a

competitor. It will ultimately hurt your business, and it does not serve the profession as a whole to suggest that competitors have poor products. Incorrect or misleading information may trigger a lawsuit by the competitor or regulatory action by a governmental agency such as the Federal Trade Commission (FTC).

COOPERATIVE ADVERTISING

Cooperative advertising is a system that allows two parties to share advertising costs. This form of advertising is recommended for the massage business because of shared interest in the education of the public and increased awareness about massage. Cooperative advertising is especially appealing to small business owners who could not afford to advertise adequately on their own.

DIRECT-MAIL ADVERTISING

Direct-mail advertising uses catalogs, flyers, letters, and postcards mailed to potential clients. There are a few advantages to this form of advertising because it can be included in a specific area for distribution or can be targeted to a demographic, such as those retired. Direct mail is not recommended for advertising massage services. It is expensive, considered junk mail, and paper mail is rapidly being replaced by electronic media.

OUTDOOR ADVERTISING

Billboards and messages painted on the side of buildings are common forms of outdoor advertising, which are often used when quick, simple ideas are being promoted. Signage (discussed earlier) can be considered a form of outdoor advertising. Because repetition is the key to successful promotion, outdoor advertising is most effective when located along heavily traveled city streets and when the product being promoted can be purchased locally. It is recommended that you spend time developing and placing your sign because it can be your single most effective form of advertising.

PERSUASIVE ADVERTISING

Persuasive advertising is used after a product is known and to build selective demand. For example, your massage business can produce special advertisements promoting the stress-reduction benefits of massage in a stressful world, and your business design and facilities can enhance this effect. This type of advertisement allows you to charge more for massage services because of the perceived higher quality of the massage environment. Persuasive advertising is likely a better approach to differentiate your business from a competitor than comparative advertising.

PRODUCT ADVERTISING

Product advertising pertains to nonpersonal selling of a specific service or product. An example is a television commercial promoting a specific soft drink rather than all types of

sodas. The primary purpose of the advertisement is to promote a specific type of massage, such as sports massage or reflexology. Although massage as a product can be advertised in this way, it should be accompanied with information that indicates the individualized attention to the client's needs that only you can provide.

REMINDER ADVERTISING

Reminder advertising is used for products or services that have become common in the minds of the public. The advertisements are designed to remind clients to receive a massage and to maintain awareness about the business. For example, a text, e-mail, or newsletter can be sent to remind clients that massage provides the most effective benefits if received on a regular basis.

POINT-OF-PURCHASE ADVERTISING

Point-of-purchase advertising uses displays, demonstrations, or other promotional items near the product or service that is being sold. The primary motivation is to attract clients to the display so that they will purchase the product. For example, a display about the addition of essential oils or an ongoing DVD playing in the reception room about a form of hydrotherapy that is offered in conjunction with the massage can be used to encourage the client to add the additional product or service (for an additional fee) to the basic massage. This form of advertising is effective if the products or services offered are quality and add to the benefits of massage.

SPECIALTY ADVERTISING

Specialty advertising is a form of sales promotion designed to increase public recognition of a business by putting the business name on a variety of items, such as caps, gym bags, jackets, key chains, and pens. The value of specialty advertising depends on how practical and visible the item is. This form of advertising can successfully increase public recognition, especially when large groups are targets, such as at a health fair or a city summer festival.

For advertising to be effective, it must encourage customers to make an initial purchase of a massage and keep current clients returning for massage on a regular basis. This usually is done by providing new and different information about massage that is designed to build client loyalty.

Advertising Expense

Advertising is expensive. A larger advertising budget is required to achieve high advertising frequency. It is estimated that a consumer needs to come in contact with an advertising message nine times before it will be remembered. Without aggressive advertising, potential clients will not become aware of your massage business and how it is different from other massage businesses in the area.

Determining Advertising Strategy

A new business requires considerably more advertising to make customers aware of its existence. As your business becomes recognized, fewer advertising resources are needed.

You should decide on the best method to maximize consumer interest in and awareness of the massage business. Massage is best advertised on a local basis to a target market. People typically travel only 30 minutes to get a massage. If you are providing massage services at the client's location, it is common to limit the travel time to no more than 60 minutes. You therefore know the target location by identifying the perimeter limited by these travel distances.

After your target area is determined, you must determine what type of individual you want to reach. Do you want to target a population such as local business owners or a senior citizen exercise groups, or do you want a very mixed demographic? The answer determines whether you will advertise by direct mail, a newspaper insert, or a phone book. If you are targeting a population, it may be better to go to a location such as the local sports center or a support group meeting, do a demonstration, and hand out a flyer. Phone book advertising is now provided electronically, and it can be used to target specific populations and areas in ways that paper phone books cannot. Radio and television also target local areas or populations and can be more affordable by using special offers by the station. This often occurs in conjunction with some sort of community event, such as a charity run or parade.

One advertising strategy is to run ads during the holidays to promote season-specific offers, such as a discount on a gift certificate for Mother's Day. You may be able to take advantage of group advertising rates in a special advertising blitz offered by the local newspaper to promote local businesses during a special event or holiday. Figure 12-2 shows a press release that was put out with the hope that a local paper would pick up the story. If a newspaper decides to run your story, a representative likely will call you to obtain more information regarding your business, and in the process, you will receive free advertising. A press release must be written in an inviting and enticing manner. There are many examples found on the Internet, and templates may be found within your personal computer software. After you complete your press release, you want to get it out to as many newspapers, radio stations, or television stations as possible. This can be done by e-mail, fax, or hand delivery.

The best form of advertising for a service business such as massage is to meet potential clients in their environment. Offer to speak at community events, clubs, and support group meetings. Be visible and involved in your community. Do demonstrations. Provide massage at an introductory fee for the police department, fire department, and other government bodies. Network with other health professionals

RELAXATION BEGINNINGS

Contact: Luke Fritz 204 W Nepessing St
Phone (123) 456-7890
Email hec@sbcglobal.net

PRESS RELEASE

Relaxation Beginnings is providing a 15-minute chair massage
for each Mother's Day gift certificate purchase

Relaxation Beginnings recognizes their current
clients and future clients with 15-minute chair massages

Lapeer, MI, May 1, 2009: Owner Luke Fritz wants to send out a BIG thanks to all his clients and all his future clients by offering them a free 15-minute chair massage for every 1-hour Mother's Day gift certificate purchase. He wants the public to know how beneficial massage can be and to show his gratitude to all the moms out there who work so hard and need relief from stress. One lucky visitor will win a Spa package worth \$150.00

Relaxation Beginnings Open House is May 10, 2009, from 10 AM to 5 PM. Refreshments and hors d'oeuvres will be provided. Come check out the serenity and peacefulness of Relaxation Beginnings. Friends, family, and children welcome.

FIGURE 12-2. Press release.

who may refer their clients to you. These forms of advertising within the full marketing plan are effective, cost efficient, and easy to implement, regardless of whether you are opening your own business or supporting your employer in an advertising campaign.

Marketing is a client-centered process. You are telling potential clients that you have a service that will benefit them. If people do not perceive a need for the service or receive benefit from a service, they will not become sustaining clients for you. Remember—it is all about the client.

When using any source of advertising, the massage therapist must realize that the results will not be immediate and that a consistent and repetitive message must be directed to prospective clients to obtain results. You must be able to produce what you claim. No matter where or how much the massage therapist advertises, if quality care is not delivered in a caring, sensitive manner, the client will not return. A good motto to remember is this: you may attract them, but you won't keep them. Chapter 18 helps to target this general marketing information to you specifically.



LEARNING ACTIVITY

Develop an internal and external marketing plan, and list the highlights in the space provided.

KEEPING CLIENTS INFORMED

A *recall system* notifies clients of the timing of routine therapeutic massage care. A recall system helps to support a retention-client base. It helps to achieve one of the primary objectives of massage therapist—helping clients maintain health for a lifetime.

The success of a recall system depends on three factors: client educated about massage benefits, motivation, and consistent follow-up. When you help clients develop a sense of responsibility for their own health and inform them about how regular massage is part of a total health program, everyone benefits. Because recall systems are common in many health care professions such as dentistry and chiropractic, clients often are familiar with how a recall system works. Motivation of clients, which is critical to the effectiveness of the recall system, is the responsibility of the massage therapist and her or his support staff.

After a client has been educated and motivated to accept a recall system, you are responsible for maintaining the system efficiently. The importance of this step cannot be overemphasized. If you ignore the recall system even for 1 month, the effect on the client flow becomes noticeable, and clients begin to feel ignored.



SELF-REFLECTION

How do I feel when I receive reminder calls for appointments? When do reminders become annoying? How can reminders be done so they do not bug someone? How can a reminder call expand into a client motivation and support call?

BOX 12-3 Advanced Appointment System

Advantages

- No cost involved
- No time required
- Simple to use

Disadvantage

- Clients do not know what their future commitments maybe.

Types of Recall Systems

Several types of recall systems can be used. Most massage therapists find that no one system is perfect; therefore, you will likely use more than one. The three most common recall systems are the advanced appointment system, the telephone recall system, and the mail recall system.

Advanced Appointment System

With the *advanced appointment system*, recall appointments are scheduled before the client leaves the office. A variation is the standing appointment system (discussed previously). Because massage provides the most benefits when received on a regular basis, it is easy to schedule clients to standing appointments. The most common schedule is every other week (e.g., second and fourth Tuesdays at 5:00 PM). The next most common pattern is the weekly standing appointment (e.g., every Saturday at 10:00 AM). The monthly massage appointment is also common (Box 12-3).

Telephone Recall System

The *telephone recall system* allows the most immediate response, because you contact each client by telephone to schedule a recall appointment. This can be a good practice builder for a new practitioner, but it can be an exhausting and time-consuming task in a large, well-established practice and is not needed for clients with standing appointments after they become acclimated to the schedule. In the beginning, reminder calls are important. If a client misses a scheduled appointment without notifying you, it is important to call and confirm whether they wish to continue with the standing appointment schedule.

Because many people have answering machines or voicemail, which allows you to leave messages, the telephone system can be an effective technique that provides personal contact with the client. Text messaging and e-mail can be used as well. Box 12-4 lists a few suggestions for successfully using the telephone in a recall system. The advantages and disadvantages of the telephone system are listed in Box 12-5.

BOX 12-4 Suggestions for Using the Telephone Recall System

1. Do not call too early in the morning.
2. Make sure your voice conveys a positive attitude; do not make calls if you are tired or grumpy.
3. Make the calls in private, out of hearing by other clients.
4. Do not pester clients. If they say they will call back, record it on the recall file cards, and wait 2 to 3 weeks before contacting them again. If they do not respond after three calls, ask them if they wish to remain on your active recall program.
5. Have the client's recall record in front of you so that you will be well informed.
6. Try calling on inclement days; clients are likely to be indoors on such days.
7. If you reach an answering machine, speak clearly, and leave a complete message, including the reason for the call, the times the office is open, the telephone number, and a cordial "thank you."

BOX 12-5 Telephone Recall System

Advantages

- Immediate response from the client
- Practice builder

Disadvantages

- May get no answer
- May be unable to reach the client
- May disturb the person called
- Time consuming in a large practice

Mail Recall System

With the *mail recall system*, the client is responsible for making the appointment, and it sometimes is considered a reminder system. Clients receive a card that asks them to contact the office to schedule a massage appointment or that gives them an appointment time and asks them to confirm it (Fig. 12-3). The card should emphasize the importance of regular massage to maximize benefit. The massage therapist or receptionist can address the card, or the client addresses the card, and it will be sent before the next visit. The latter arrangement can be especially effective, because clients recognize their own handwriting when they receive the card, and this may confirm their interest in the recall system. Despite some drawbacks (Box 12-6), the mail recall system can be advantageous when contacting clients who schedule only occasionally for massage and are unwilling to commit to standing appointments.

Internet Recall System

The client may be an avid user of the Internet and may use an e-mail system. An *Internet recall system* can be useful for notifying a client regarding open appointments and can



FIGURE 12-3. **A**, Recall notice to inform a client of the need to schedule an appointment. **B**, Recall card sent to client for confirmation. (Modified from Colwell, *Division of Patterson Companies, Champaign, IL.*)

BOX 12-6 Mail Recall System

Advantages

- Places responsibility on the client
- Provides a visible reminder

Disadvantages

- Possible to ignore notice
- Cost of postage
- Lack of immediate response

provide a means of confirming an upcoming appointment. If using this system, you need to give the client a date and time that you will hold this appointment open until. If not notified by the specified date and time, the open appointment time will be given to someone else.

There are many types of recall systems, and you need to find what works for certain clients and use that system with that client. Figure 12-4 shows one style of recall card that you can put your message on regarding an upcoming appointment or “haven’t seen you in a while” message, which can be generated from the practice management software at the back of this book.



LEARNING ACTIVITY

Compare and contrast the pros and cons of the various types of recall systems. Which ones would be best for a small business, large business, spa business, or on-site business?

ESTABLISHING A RECALL SYSTEM

After the recall system has been determined, you should set up a recall file that is simple, efficient, and accurate. The most efficient recall system is managed electronically.

Electronic Recall Files

The computer is a valuable component of recall management. The practice management software generates a list of clients who need to be contacted (Fig. 12-5). The computer also can produce the letter or card or create mailing labels for pre-prepared cards. If the office uses a telephone recall system, you can generate a master list of clients and their telephone numbers.

Follow-Up

Clients must be recalled routinely. Clients need to be informed about how the recall system works and how they will be notified before they leave the office. The administrative personnel or massage practitioner must maintain flawless records and manage the system to ensure that the client returns to the office in a timely manner.

Purging the System

Periodically, as with any records management system, the recall records should be purged. To avoid the possibility of litigation for negligence, the therapeutic massage office should inform the client that the record is being removed from the system. A letter should be sent to the client (and included in the client’s record) informing the person that you are removing him or her from the recall system; this protects the practice and reminds the client one last time of the importance of maintaining regular massage appointments.

The main focus of a recall system is to support clients in receiving regular massage care. It is more than a reminder call for a scheduled appointment. It is an educational system that helps clients remain motivated in their self-care. Using a recall system is beginning to become popular in the massage business setting. A recall system is a method of informing, educating, supporting, and encouraging clients to maintain a regular pattern of massage care. Recall systems have been

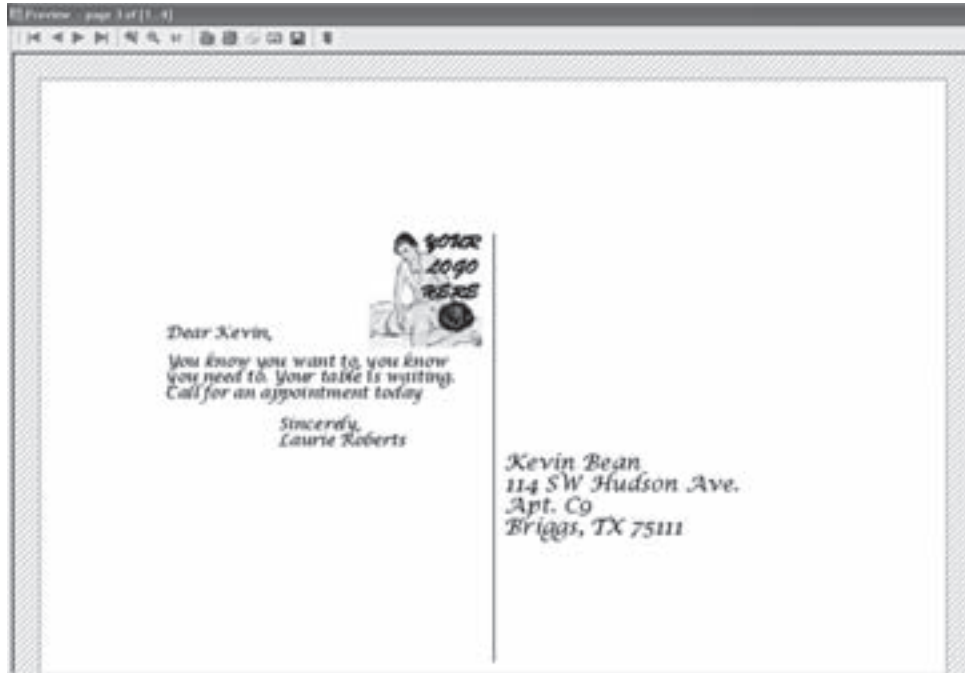


FIGURE 12-4. Recall card example. (Courtesy of Island Software.)

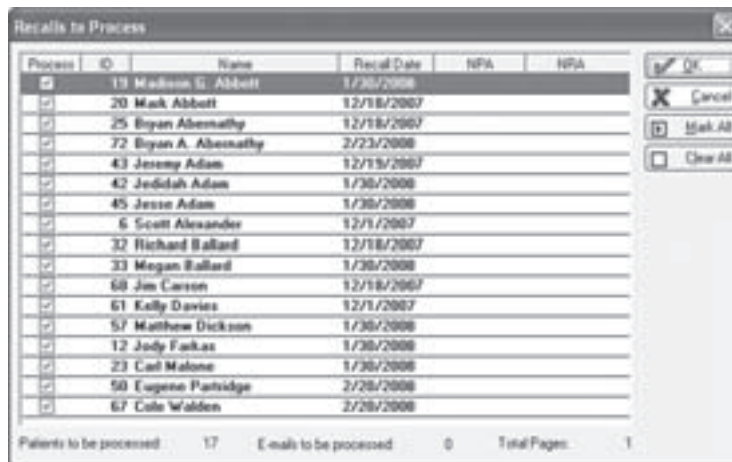


FIGURE 12-5. Anelec tronich le generates a list of all clients due for recall in a specific month. (Courtesy of Island Software.)

Assessment	Value (1 = worst; 10 = best)/date
Gait	7 / 8-7-09, 9 / 8-26-09
Sleep habits	5 / 8-7-09, 6 / 8-26-09
Increased ROM	8 / 8-7-09, 9 / 8-26-09
Anxiety	9 / 8-7-09, 9 / 8-26-09

FIGURE 12-6. Improved Health Assessment Card is used for a recall system.

used in many health service professions, such as chiropractic, dentistry, physical therapy, and mental health. They are also used in other service professions, such as cosmetology and health and fitness centers. The increasing focus on the total spa experience and massage franchise clinic will increase the

use of recall systems to maintain full appointment schedules. Recall systems keep you in touch with clients and support the professional relationship. Figure 12-6 shows data that can be printed on the back of one of your recall cards to remind the client of the progress he or she has been making.



Good Stuff from the Government

U.S. SMALL BUSINESS ADMINISTRATION PUBLICATIONS

Marketing Series

1. Creative Selling: The Competitive Edge, MT-1: Explains how to use creative selling techniques to increase profits.
2. Marketing for Small Business: An Overview, MT-2: Provides an overview of marketing concepts and contains an extensive bibliography of sources covering the subject of marketing.
3. Researching Your Market, MT-8: Learn inexpensive techniques that you can apply to gather facts about your customer base and how to expand it.
4. Selling by Mail Order, MT-9: Provides basic information on how to run a successful mail order business, and includes information on product selection, pricing testing, and writing effective advertisements.
5. Advertising, MT-11: Advertising is critical to the success of any small business. Learn how you can effectively advertise your products and services.
6. Signs: Showcasing Your Business on the Street, MT-12: For most businesses, good signage is the most economical and efficient form of attracting customers.

Marketing and Outreach

The Office of Marketing and Customer Service (OMCS) in the Office of Communications and Public Liaison creates, implements, and evaluates the overall marketing and outreach program to meet the broad needs of the U.S. Small Business Administration (SBA) and its network of field offices serving small business interests across the country. The OMCS ensures the proper branding of SBA as "Your Small Business Resource." SBA's marketing efforts include development of a wide variety of print and audio-visual materials and fostering alliances with associations, corporations, and government agencies.

Energy Star (<http://www.sba.gov/energy/index.html>)

The Federal Government helps small businesses increase their energy efficiency through the ENERGY STAR for Small Business Program, an effort tailored to meet the special needs of small business owners. ENERGY STAR, a joint program of the Environmental Protection Agency and the Department of Energy, is completely voluntary and provides free technical support and expertise.

Delivering Success Video Series

The U.S. Small Business Administration and the U.S. Postal Service bring you Delivering Success—video interviews with successful entrepreneurs who share the lessons they have learned about owning a small business (<http://www.sba.gov/tools/audiovideo/deliveringsuccess/index.html>). Pick the topic that interests you, or sit back and spend less than an hour viewing the entire series. Discover how these successful entrepreneurs met the challenges of small business ownership.

- Entrepreneurial Spirit: Learn what it takes to turn a passion into a business.
- Getting Started: How to overcome obstacles when starting a business.
- Financing: Discover how SBA-backed financing helped these entrepreneurs start their businesses.
- Planning & Research: Critical components of success explained by owners who know how.
- Marketing 101: Explore a variety of marketing techniques to build your customer base.
- Hiring & Developing Employees: These owners let you in on what worked for them.
- Promoting & Growing Your Business: Learn innovative techniques to increase your business.
- Business Reality Check: Be prepared to change course from small business owners who had to do just that.

From <http://www.sba.gov>.

SUMMARY

There can be confusion about marketing. Marketing is not advertising unless the advertising has an educational and informational quality. Marketing is about the clients and the information they need to determine whether the massage services are of enough benefit to them to justify the cost and time they will invest. Marketing never ends in a retention business. Massage professionals need to constantly attend to the clients' education and understanding of the value of massage therapy and products being sold.

The recall system has many benefits. It can be thought of as an automatic message system that provides a means of promoting health by maintaining ongoing massage

appointments. For this system to work, the client needs to be aware of the effectiveness of ongoing massage appointments. Clients are the most important persons in the massage business operation, and when they are satisfied, they are your best form of marketing.

Different types of recall systems can work for the massage business. The most common are advanced appointment systems, telephone recall systems, postal mail, and Internet recall systems.

You should perform a routine inventory check of the recall records, and clients should be notified when they will be purged from your recall system. This keeps the records current and may indicate how well you are enforcing the importance of regular massage therapy.

Bibliography

- Fritz S: *Mosby's Fundamentals of Therapeutic Massage*, ed 4, St. Louis, 2008, Mosby.
- Salvo S: *Massage Therapy Principles and Practice*, ed 3, St. Louis, 2007, Saunders.
- Schwab D: What your staff needs to know about marketing your practice, *Dent Econ* 89:51–53, 1999.

Evolve Annotated Web Links

- <http://evolve.elsevier.com/Fritz/business>
- AllBusiness(www.AllBusiness.com)
- American Massage Therapy Association(www.amtamassage.org)
- ArticlePlanet: Marketing information (<http://www.articleplanet.net/marketing>)
- Associated Bodywork & Massage Professionals (www.abmp.com)
- AT&T Yahoo: Small business Web hosting (http://www.att.net/s/s.dll?ep=16504&only=y&ch=wh&_lid=677&_lnm=yahoo+smallbiz+webhosting&site=attportal)

- BlueHost: Web hosting solutions (www.bluehost.com)
- Google Web Hosting (www.googlewebhosting.net)
- InMotion Hosting (www.inmotionhosting.com)
- Massage Therapy Foundation (<http://www.massagetherapyfoundation.org/>)
- National Certification Board for Therapeutic Massage & Bodywork (www.ncbtmb.org)
- U.S. Small Business Association & U.S. Postal Service: Delivering Success video series (<http://www.sba.gov/tools/audiovideo/deliveringsuccess/index.html>)
- U.S. Small Business Association: Marketing and outreach (<http://www.sba.gov/marketingoutreach/index.html>)
- U.S. Small Business Association: Marketing series (<http://www.sba.gov/tools/resourcelibrary/publications>)

Workbook

1. Explain two basic types of marketing procedures that could be used in a massage practice.

2. What is marketing?

3. What ideas can be implemented in a practice to increase marketing for existing clients? What can be done to attract new clients?

4. Explain the value of a recall system to a client and to the massage therapist.

5. What determines the success of a recall system?

6. Explain the function of the basic recall systems.

7. Explain the advantages and disadvantages of each of the three basic recall systems.

8. What effect would a computer have on a recall system in a therapeutic massage office?

INVENTORY SYSTEMS AND SUPPLY ORDERING

OUTLINE

Types of Supplies and Retail Products

Supplies

Retail Products

Designing an Inventory System

Capital Equipment Inventory Control

Expendable and Nonexpendable Supplies

Inventory Control

Retail Stock

Computerized Inventory Systems

Manual Inventory Systems

Maintaining the Inventory System

Identifying Reorder Points

Determining Supply Quantity

Receiving Supplies

Receiving Credit

Back-Ordered Supplies

Purchase Orders

Storage of Supplies

Inventory Evaluation

Summary

KEY TERMS

Back-order memo

Capital supplies

Credit memo

Expendable supplies

Inventory system

Invoice

Nonexpendable supplies

Packing slip

Purchase order

Retail stock

Statement

LEARNING OUTCOMES

Mastery of the content in this chapter will enable the reader to:

- Define key terms
- Identify three types of massage supplies
- Explain various types of inventory systems
- Establish an inventory system
- Explain factors determining supply quantity
- Describe a technique for receiving supplies
- Describe a computerized ordering system
- Identify common supply forms
- Explain the storage of hazardous materials

You may not think of maintaining an inventory of supplies as an important aspect of a massage business, but after you run out of clean linens or disinfecting solution, you will change your mind. You are responsible for maintaining the inventory system in the massage office. Because the massage practice has a business side and a clinical side, you need to maintain an adequate inventory in both areas. It is necessary to have a system that notifies you if supplies are low. For example, in the business office, you can place a card that says *order now* on top of the last ream of copy paper. For clinical supplies, you can keep two containers of lubricant on the shelf, and every time you remove a bottle or tube, you know you need to order another.

It is important to establish a simple inventory system that can be easily maintained. This system may be manual or computerized.

TYPES OF SUPPLIES AND RETAIL PRODUCTS

Supplies

Supplies can be divided into three categories: expendable supplies, nonexpendable supplies, and capital supplies. *Expendable supplies* are single-use items such as paper towels, stationery, massage lotions, and cleaning supplies. *Non-expendable supplies* are reusable items that do not constitute a major expense; this category includes linens, pillows, blankets, uniforms, and magazines. *Capital supplies* are large, costly items that are seldom replaced, such as a computer, massage table, and office furniture.

Retail Products

The massage therapist may have an inventory of retail products that clients may purchase. Most common are self-massage tools, massage lubricate, essential oils, music, health-related books and magazines, and other products that clients may be interested in.

Not all materials can be purchased from one supplier, and buying from several suppliers may be more economical. Shopping locally promotes good relations and stimulates the local economy, but for economic reasons, a massage therapist may order supplies or products from a larger catalog or discount house. Purchasing office supplies from the dealers in your area is convenient, but many large wholesale supply houses provide quick service and special rates. Cleaning supplies and paper products, such as paper cups, tissues, and paper towels, can be purchased locally from a discount warehouse store and ordered in bulk. Another option for ordering is the Internet, and supply companies are increasingly merchandising online.



LEARNING ACTIVITY

Make an inventory list for a wellness massage business structure with three massage therapists working 30 hours each and completing between 10 and 20 massage sessions per week. Include expendable supplies, nonexpendable supplies, and capital supplies.

Expendable supplies

Nonexpendable supplies

Capital supplies

DESIGNING AN INVENTORY SYSTEM

An *inventory system* is a list of the stock and assets in the massage office. This list is divided into two or three parts: capital equipment and expendable and nonexpendable supplies. If the massage therapist plans to retail products to clients, the inventory system also needs to track stock.

Capital Equipment Inventory Control

A spreadsheet or card file can be used to maintain an inventory of capital equipment. For a spreadsheet, a form such as Excel or Access can be used, and all the major categories of supplies can be listed as headings. The card shown in Figure 13-1 is filled out for each capital item with important information about the item, including maintenance data. The card and spreadsheet systems can save much time and guesswork about servicing equipment and can be helpful to the accountant in determining depreciation for tax purposes. This information should be reviewed frequently for necessary preventive maintenance service, such as for a copy machine.

Expendable and Nonexpendable Supplies Inventory Control

Massage offices usually do not keep a large stock of nonexpendable supplies on hand; however, a list may be included in an inventory system if the massage therapist wishes. Because the expendable supplies require more attention, an inventory of these items is important. The inventory can be automated on a computer or maintained manually.

PRODUCT: Facial Massage Table		
MANUFACTURER: Paragon		MODEL: FIM10
SERIAL NUMBER: 00967-87534		PURCHASE DATE: 4/17/—
SUPPLIER: Spa Equipment		COST: \$700.
COLOR: Taupe		WARRANTY EXPIRATION: 1/15/10
DATE OF SERVICE	SERVICED BY	NATURE OF PROBLEM

FIGURE 13-1. Capitalequimenti inventory card. (Modified from Finkbeiner BL, Finkbeiner CA: Practice Management for the Dental Team, ed 6, St. Louis, 2006, Mosby.)

Retail Stock

The amount of *retail stock* that is maintained for various products in inventory varies. Items that have expiration dates need to be managed more tightly than items that do not. For example, a foot massage roller can last on the retail shelf indefinitely, whereas essential oil products do not. Items that have a short shelf life (i.e., are dated with an expiration time) need to be ordered in smaller quantities and more often so that the product is fresh and of high quality. The inventory can be automated on a computer or maintained manually.

Computerized Inventory Systems

A computerized inventory system can be created through a special software package or a database you create. The system can be simple or complex. A simple system is adequate for a small massage practice but may not be for a large, multidisciplinary business, such as a medical spa.

☺ See the Evolve site for screen shots of the computerized inventory system on your practice CD.

Manual Inventory Systems

For a small massage practice, a manual system is sufficient. A card system or an alphabetical list may suffice for an inventory system in many offices.

CARD SYSTEM

The card system requires a separate card for each product (Fig. 13-2). The cards list complete information about each product and its supplier, and they are placed in alphabetical order according to the product name. They are kept in a file drawer or notebook. As it becomes necessary to order an item, the card is placed in a section of the file marked *To be ordered*. After the item has been ordered,

the card is moved to the *On order* section of the file. When the item arrives from the supplier, the card is replaced in its original alphabetical position in the file. If the item is out of stock and has been placed on back-order by the supplier, the card is placed in the *On back-order* section of the file.

A modification of this system leaves all the cards in the alphabetical section at all times, and the status of the item is indicated with a colored tag (Fig. 13-3). A red label may indicate *To be ordered*; blue, *On order*; and yellow, *On back-order*. This system eliminates moving the cards and the chance of misfiling, and it indicates at a glance the status of the items.

ALPHABETICAL LIST

Box 13-1 shows an example of an alphabetical list of materials for inventory. This master list includes a code number for each supplier, the name of each product, and columns for the maximum on-hand level and the minimum reorder point. This list is kept in a protective celluloid cover, and when the reorder point is reached, you place a red check mark in the appropriate space with a waxed pencil. When the items are ordered, the red check marks are erased with an eraser.

MAINTAINING THE INVENTORY SYSTEM

Identifying Reorder Points

Several techniques can be used for reordering supplies. Colored tape may be used to indicate the reorder point on small items (Fig. 13-4), or a tag can be placed on the item (Fig. 13-5). For stationery supplies, a paper tab can be inserted into the stack of materials to indicate the reorder point (Fig. 13-6).

PRODUCT: BIOTONE Lotion

Brand: Advanced Therapy Massage Crème

Supplier: BannerTherapy.com Phone: 123.456.7890

Minimum	Maximum	Amount Ordered	Date Ordered	Unit Price

FIGURE 13-2. Inventory card. (Modified from Finkbeiner BL, Finkbeiner CA: Practice Management for the Dental Team, ed 6, St. Louis, 2006, Mosby.)

PRODUCT: BIOTONE Lotion

Brand: Advanced Therapy Massage Crème

Supplier: BannerTherapy.com Phone: 123.456.7890

Minimum	Maximum	Amount Ordered	Date Ordered	Unit Price

FIGURE 13-3. Colored tag (arrow) on an inventory card. (Modified from Finkbeiner BL, Finkbeiner CA: Practice Management for the Dental Team, ed 6, St. Louis, 2006, Mosby.)

Determining Supply Quantity

In deciding how to maintain an inventory system, you must decide the minimum and maximum amounts of each item you wish to keep in stock. Certain factors can help determine these amounts:

Rate of use: Buying large quantities of infrequently used items is not cost efficient. However, buying bulk quantities of supplies used frequently is economical. For example,

buying paper products in large quantities is a good idea if storage space is available.

Shelf life: Some supplies or retail product begin to deteriorate after a certain period. Manufacturers indicate an expiration date on the box. Do not purchase a large quantity of items that cannot be used before their expiration date.

Amount of capital outlay: In addition to prices, the amount of cash available often determines whether an item is purchased in bulk amounts.

BOX 13-1 Example of a Master Supply List

- 3 Reams copy paper
- 1 printer or copier ink
- 20 File folders
- 10 Ink pens
- 3 Black markers
- 1 Roll tape
- 1 Box staples
- 1 Box paperclips
- 1 Bottle disinfectant
- 6 Paper towels
- 2 Hand soap
- 1 Toilet bowl cleaner
- 6 Rolls toilet paper
- 1 Package disposable cups
- 10 Massage linen sets (2 drape linens per set, 1 towel)
- 2 Blankets
- 3 Massage lotions
- 2 Essential oil blends
- 1 Bottle Biofreeze
- 30 Paired disposable gloves



FIGURE 13-4. Colored tab (arrow) on small items. (From Finkbeiner BL, Finkbeiner CA: Practice Management for the Dental Team, ed 6, St. Louis, 2006, Mosby.)

Length of delivery time: Delivery time affects the minimum quantity you wish to have in stock. With the Web-based suppliers and increasing use of delivery services, it is likely that most items ordered will arrive in 2 to 3 days. For additional charges, orders can be processed, shipped, and received in 24 hours. The phrase used to describe this is *just in time inventory*. Using these types of system is efficient for items that expire or are rarely used and when maintaining an inventory on hand is not cost efficient. If several days are required to receive an order for a frequently used item, you may wish to increase the minimum amount on hand.



FIGURE 13-5. Tag on a bottle. (From Finkbeiner BL, Finkbeiner CA: Practice Management for the Dental Team, ed 6, St. Louis, 2006, Mosby.)

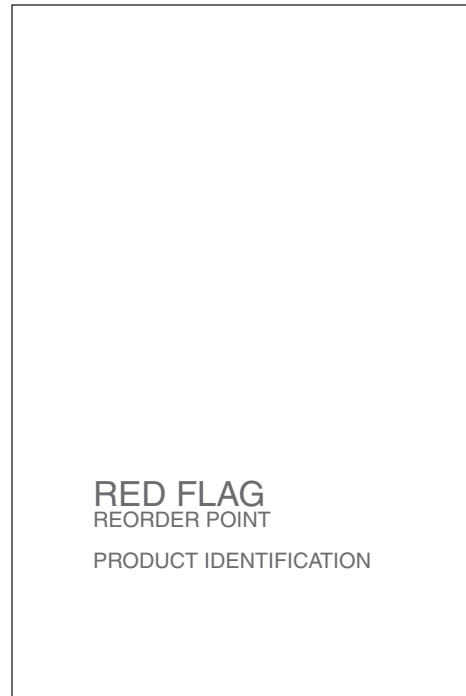


FIGURE 13-6. Paper tab. (From Finkbeiner BL, Finkbeiner CA: Practice Management for the Dental Team, ed 6, St. Louis, 2006, Mosby.)

Amount of storage space: In some offices, storage space is a crucial factor, and lack of it prohibits the purchase of large supplies. Consequently, a large storage space is a benefit economically and increases your efficiency. Keep this in mind when deciding on the facilities and design of the massage business.

Manufacturer's special offers: Manufacturers routinely offer special rates on various materials. However, a special price is not cost efficient if the item stays on the shelf and collects dust.

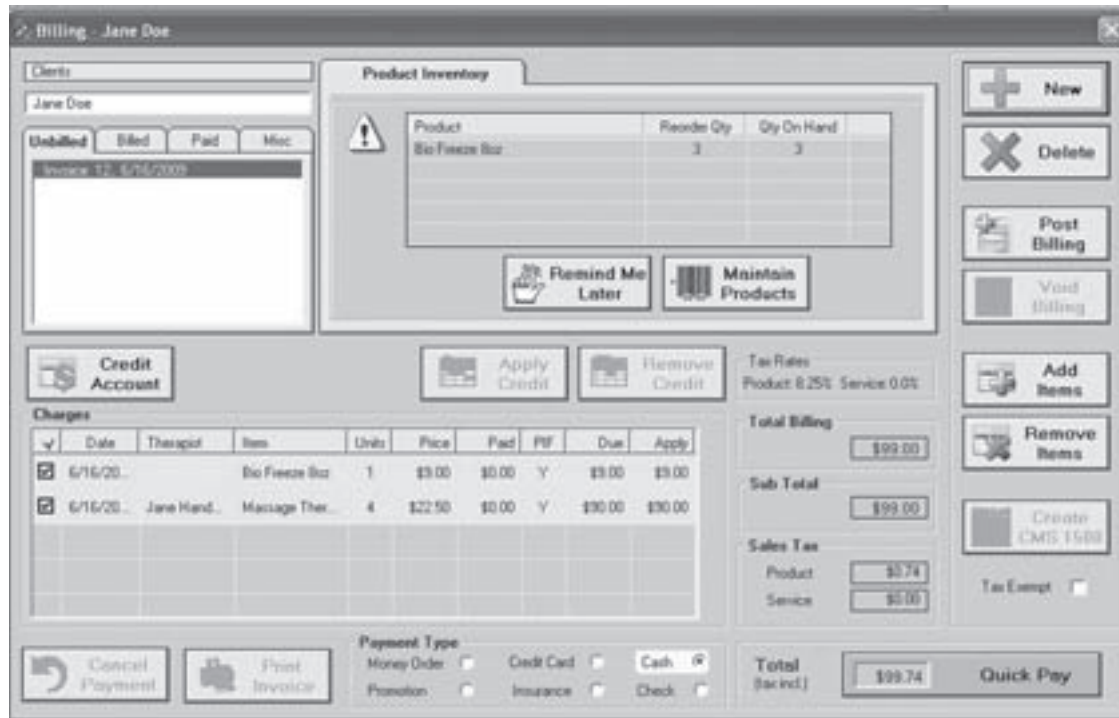


FIGURE 13-7. Record of invoice. (Courtesy of Island Software.)

Receiving Supplies

All incoming materials should be handled and stored safely. Every order that arrives in the office should have an invoice, a packing slip, or both. A *packing slip* is an enumeration of the enclosed items. An *invoice* is a list of the contents of the package, the price of each item enclosed, and the total charge. Some companies use the invoice as a *statement* and indicate on the form that it is the statement from which you are to pay the account. Make sure that each item listed coincides with the original order, that each item on the invoice is in the package, and that the total amount listed on the invoice is accurate. Then put the invoice in the *To be paid* file. Record all invoices in the practice management software (Fig. 13-7).

At the end of the month, you will receive a statement, or a request for payment, from the supplier. Each invoice should be checked against the entries on the statement to ensure accuracy before payment is sent. Ensure all changes to the inventory are recorded in the practice management software (Fig. 13-8).

The check is made payable to the supplier (see Chapter 16). The check number is indicated on the retained portion of the statement, the invoices are attached, and these documents are filed in the appropriate subject file.

The paper check is fast becoming a thing of the past as more businesses pay their bills electronically. Various systems are available, but the most common one used by a massage therapist is an automatic transfer of funds from the massage business's account to the supplier's account. This automatic pay and deposit system is convenient, but make sure there

are sufficient funds to cover the transfer. Double check that the invoice was paid, that the amount was correct, and that there was not a "double payment" of the same invoice.

Receiving Credit

Sometimes supplies must be returned for credit. In such cases, the massage supplier sends a *credit memo*, which indicates that the massage therapist's account has been credited for the cost of the returned item. This amount appears as a credit on the statement at the end of the month and should be recorded in the practice management software (Fig. 13-9).

Back-Ordered Supplies

Sometimes an item ordered is not in stock at the supply house, and you will receive a *back-order memo*. The supplier notifies you that the article is back-ordered, or this fact may be noted directly on the invoice. If you need the product immediately, you should attempt to obtain it from another supplier or make an alternative selection.

Purchase Orders

In large institutions, supplies are ordered through a purchasing agent. All items are listed on a requisition, and the order is keyed into a *purchase order*, a standardized order form for supplies. Each purchase order is given a number and sent to the appropriate supplier, who enters this number on all invoices when shipping the supplies.

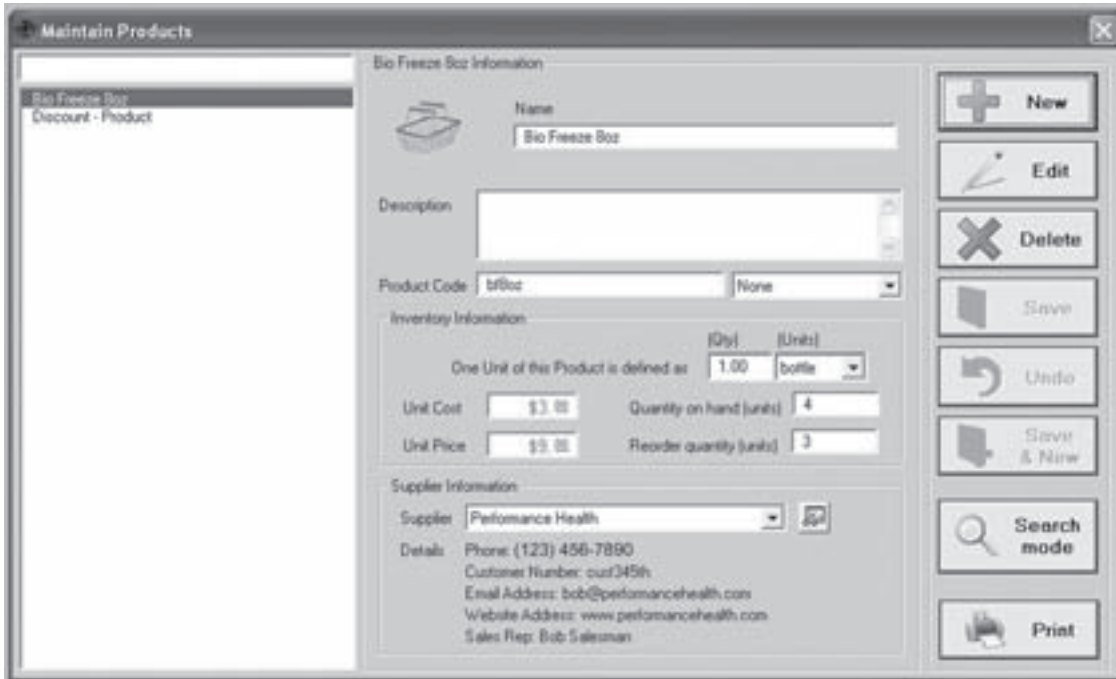


FIGURE 13-8. Inventory record. (Courtesy of Island Software.)

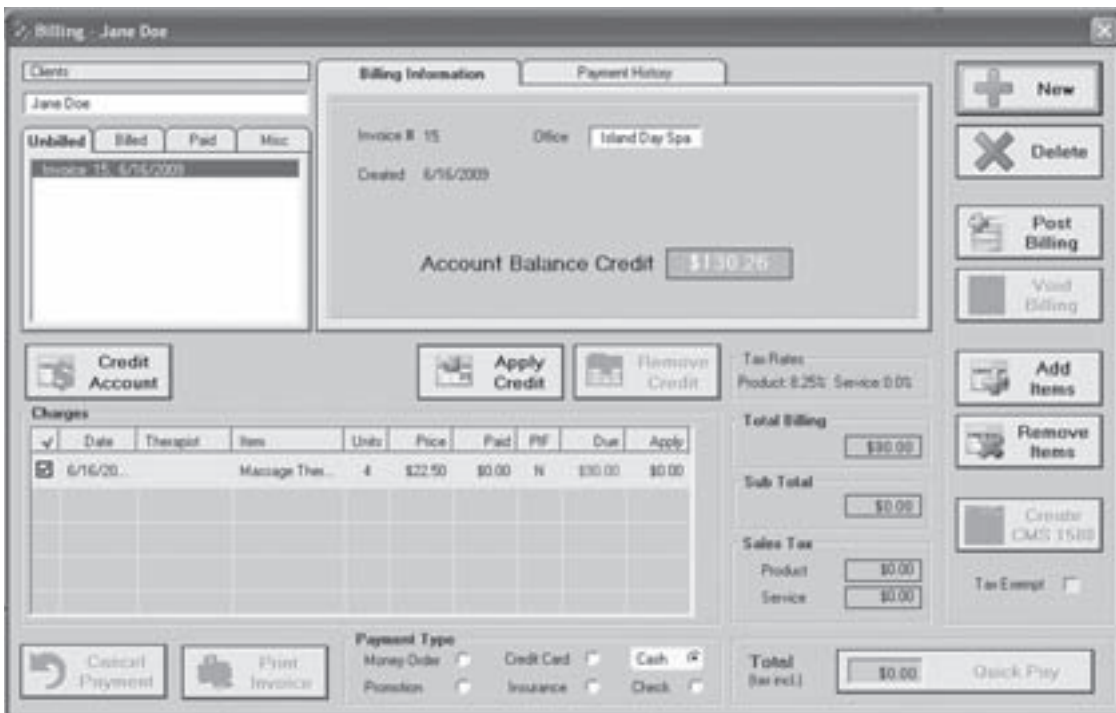


FIGURE 13-9. Credit memo. (Courtesy of Island Software.)



SELF-REFLECTION

How does the system of inventory management fit with my basic personality strengths? Where are challenges likely to occur? Do I tend to wait until I am completely out of something before I purchase, or am I the type of person who wants to have at least one of everything on the shelf at all times? Do I prefer to buy in bulk and overstock, or do I tend to understock? What are my strengths for this aspect of business management?

Storage of Supplies

All supplies should be stored in an organized manner that allows quick and easy retrieval. Certain materials require a cool, dry, or dark location. When new materials are received, they should be stocked behind older supplies so that the older supplies are used first. When stationery supplies or

BOX 13-2 Questions to Consider in Inventory Evaluation

1. Does the system distinguish expendable, nonexpendable, and capital items?
2. Is it simple to use?
3. Does everyone understand the system?
4. Can you identify supply sources for various materials?
5. Can you determine when an item has been ordered, back-ordered, and received?
6. Is stock always current?
7. Are supplies stored safely?

large boxes are stored, a label describing the contents should be placed on the outside of each box.

Inventory Evaluation

Box 13-2 provides seven useful questions to aid the evaluation of an inventory system in a massage office.



Good Stuff from the Government

In many businesses, the cost of purchasing merchandise for resale (i.e., retailing) or the costs of purchasing and converting materials into finished products (i.e., manufacturing) represent the business's most significant expenditures. Keeping track of merchandise and materials, known as *inventory*, is important because of the considerable costs involved. This can be accomplished through a good inventory record keeping system.

INVENTORY RECORD KEEPING

Inventory record keeping establishes and maintains information on current inventory, the additions and withdrawals to inventory, and inventory balances at the end of specified periods (e.g., week, month). These records identify the products or materials, the quantities, and the value (i.e., cost) of these products or materials.

PERPETUAL INVENTORY

The perpetual inventory method starts with a physical inventory (i.e., actual count) and then adjusts this inventory for additions and withdrawals. The inventory at the end of the period is calculated by subtracting the number of units sold from the total of the beginning inventory and by adding the additional units produced, as shown in this example (activity value in units):

Beginning inventory	100
Sales	-75
Production	+95
Ending inventory (calculated)	120

The perpetual inventory method is used when reliable sales and production information is readily available and

the frequent taking of physical inventories would be burdensome. However, physical inventories must be periodically taken (e.g., quarterly, annually) to check the calculated inventories. The inventory records are then adjusted to agree with the physical inventories. The financial effect of these adjustments is reflected in the balance sheet and the profit and loss statement of the business.

PERIODIC INVENTORY

The periodic inventory starts with the physical inventory taken at the end of each period. Sales or production amounts are then calculated based on the beginning and ending physical inventories. This method is used when reliable sales or production data are not readily available.

INVENTORY CONTROL

Inventory control is the management of inventory, and it relies heavily on information provided by the inventory record keeping system. Inventory is required to support the operations of the business, whether it is a retailing or manufacturing business. The proper management of inventory helps the business achieve its objectives in sales, costs, and profits. The business plan must recognize and define the role inventories will play in achieving the business objectives.

- Setting objectives for inventory: the type, quantity, cost, and order or production point (i.e., what quantity will initiate action for resupply) of products or materials
- Recording and reporting actual results (i.e., done by the inventory keeping system)
- Comparing actual results with objectives and analyzing the differences



Good Stuff from the Government—cont'd

- Taking action to correct problems or improve business performance

Inventory supports the sales activity. This means having what the customer is willing to buy, when he or she needs it, at a price that provides an acceptable profit to the business. Inventory control is integrated with systems that track sales, production, and purchasing activities.

Inventory Strategies

Every business competes within an industry and each industry has a life cycle. The strategies employed by the business depend on where in the life cycle the industry is. The management of inventories is influenced by this life cycle. There are four stages in the life cycle of an industry:

Development: Uniquely new products are being developed and market tested. Products must be available for market testing. There is little concern about inventory investment, other than to be sure products are available for market testing and development.

Growth: The product has been demonstrated to have significant market potential, and the business strives to gain a major market share. Investment in inventory is heavy to ensure product availability to gain a significant market share.

Maturity: Growth has leveled off. Inventories are very closely controlled to keep investment in them just sufficient to maintain the market share.

Aging: A period of retrenchment occurs as competitive industries take away or eliminate markets. Inventories decline as unprofitable and marginally profitable segments of the business are weeded out.

The proper control of inventories is essential to the success of any business in which investment in inventories is significant. Awareness of the competition and the state of new product development is just as important as a finely honed record-keeping system. Although the record-keeping system is important, how it is applied will determine the success of the business.

Modified from Anderson DW, editor: Handbook for Small Business, ed 6, Hyannis, MA, SCORE Chapter 225, 1989. Available at http://www.sba.gov/idc/groups/public/documents/sba_homepage/pub_mp31.pdf (accessed June 2009).



Review the part of the tutorial on the CD about maintaining inventory. Then make up an inventory management file for three products or supplies (e.g., massage lotion, paper towels, disinfectant). Pretend that you have used one of the items in your practice, and then readjust your inventory.

Continue to explore all of the features of the software program.

SUMMARY

Maintaining inventory is important for your massage business. For example, if you run out of massage lotion before a client's appointment, the shortage is not a good representation of your business skills. Choose an inventory system that will work for you. Whether it is a computer software program, index card method, or a list of where you keep supplies, keep the system current. The amount of any supplies you keep on hand is determined by volume of use and expiration dates of massage lotions or oils. As your

massage business changes, so may your usual ordering process. You may need to order more or less often or perhaps change quantities of order. You must determine payment procedures, a filing system for supply receipts, and a system of purchase orders. The storage area may determine the quantity of supplies that are kept on hand and may determine your inventory system. A label on the outside of boxes is mandatory to ensure efficient ordering. An inventory system is an important aspect of a smoothly running massage therapy business.

Bibliography

Tomey AM: *Guide to Nursing Management and Leadership*, ed 8, St. Louis, 2009, Mosby.

Evolve Annotated Web Links

<http://evolve.elsevier.com/Fritz/business>

U.S. Small Business Administration, Handbook for Small Business (http://www.sba.gov/idc/groups/public/documents/sba_homepage/pub_mp31.pdf)

Workbook

- 1. Explain the following terms: expendable, nonexpendable, capital items, invoice, statement, credit slip, and back-order inventory.

- 2. Explain the processing of an item from the time it is ordered until it is received in the office and the statement is paid.

- 4. Make a master supply list of 10 common expendable massage supplies, and indicate the maximum and minimum levels, based on the factors that determine supply amounts discussed in this chapter. Identify the manufacturer and, if possible, the most cost-effective supplier of these products in your area.

- 5. The item was purchased as capital equipment. Make out a card or enter into a database the following information:
A massage table was purchased on October 17, 2009, from Apex Massage Supply for \$375. It has a 12-month warranty from the manufacturer.