

Franchise: A New Model for Audiology Practice Success

Starting a private practice and owning a business are inherently risky, but affiliating with a franchise can reduce that risk while maintaining autonomy and adding business tools and support that contribute to success. The chart below compares franchise and non-affiliated audiology practice issues that audiologists must consider as current or potential private practice owners:

Considerations	Owning an Audiology Franchise	Owning a Non-Affiliated Practice
Business Track Record	The franchise should have a proven business strategy that all franchise owners can follow to better ensure consistency of quality care, profitability and practice success.	The owner must develop his/her business strategy. This takes time and can be challenging for many audiologists who are not trained in business.
Name/Brand Recognition	Name/brand recognition for the business comes with the franchise name.	Typically takes years to establish name recognition in any community.
Design/Image	Franchisor has developed a unique professional office design that compliments a consistent patient-friendly experience and enhances patient loyalty.	Design, colors, furniture, signage, etc. are left to the audiologist's discretion. Typically none have been tested for patient preference, acceptance or rejection.
Exclusive Territory	Franchisor offers exclusive territories based on key statistics. The federal disclosure documents and franchise agreement protect the franchisee's rights to the exclusive territory.	Non-affiliated practices may be promised an exclusive territory by a buying group, but there are no legal protections and that exclusivity can be eliminated or altered unilaterally.
Established Supplier, Vendor and Manufacturer Contracts	Dependable supplier contracts are already established, offering substantial discounts that result in reduced cost of goods and increased profit for the owner.	It can be more difficult for smaller practices to negotiate substantial discounts with multiple suppliers, which results in increased cost of goods, less profit and/or limited choice of product vendors.
Training Programs	Franchisor has experienced trainers and provides owner and employee training to assure consistent quality and efficiency across locations.	Although any audiologist can provide/secure training, it is often more costly and may or may not be effective.
Systems	The franchisor has clinical, financial, operational, IT and marketing systems that the franchisee can easily implement to avoid costly mistakes.	The audiologist must establish all systems (clinical, financial, operational, IT, marketing, etc.) or pay a consultant to do so. The likelihood of making costly mistakes is increased in the absence of professional consultation.
Employee Policies and Procedures	The franchisor has researched, developed and tested evidence-based office and clinical policies and procedures that maximize workplace efficiency and minimize costly mistakes.	The audiologist must research, develop and maintain employee policies and procedures. This can take years and can result in costly but avoidable mistakes that reduce profitability.
Employee Benefits	Although the franchisor will not provide employee benefits and any benefit package is offered at the franchise owner's discretion, the franchisor can provide resources for affordable employee benefits.	The audiologist must research and develop all benefit packages or hire a consultant to do so.
Marketing	The franchisor provides a marketing	The audiologist must establish a

	team that has researched and developed marketing that the franchisee can access for a nominal fee. The franchisor provides national branding that supports and benefits all franchise owners.	marketing plan, concepts and pieces. None are likely tested or proven, which can result in lost opportunities and wasted marketing dollars. No national branding, with its associated small business benefits, exists.
Referral Sources	The franchisor helps to establish quality referral sources (ie: physicians, third-party payor contracts, current patients, etc).	The audiologist must establish all referral sources or hire a consultant to do so.
Third-Party Payer Contracts	The franchisor takes responsibility for negotiating, securing and maintaining third-party payor contracts in which the audiologist can participate.	The audiologist is responsible for negotiating, securing and maintaining all third-party contracts or utilizing a network to do so.
National Call Center (NCC)	The franchisor maintains and staffs a NCC to generate patient referrals for franchisees and increase ROI from calls to service/sale.	A NCC is beyond the scope of most individually owned offices.
Information Technology (IT) and Software	The franchisor supports customized web-based software to assist with many areas of business management (patient scheduling, financial, billing, marketing, KPIs, inventory, etc.)	The audiologist must research all hardware and software. A bad decision in this area can result in avoidable and costly mistakes, including lost third-party payments.
Business Expansion	The franchisor provides a detailed geographic and demographic analysis to support or reject any location expansion before money is spent on the expansion.	Most audiologists do not have the background or resources to efficiently complete detailed geographic and demographic analyses. One could hire a consultant.
Financing	Franchisors typically offer several sources of financing for practice expansion or acquisition at preferred rates with excellent payment terms.	The audiologist must secure financing.
Practice Transition	You are an independent owner with a business asset when you own a franchise. The franchisor will help you expand your practice or sell the franchise when you are ready.	You own a business asset when you own a non-affiliated practice, but the audiologist is typically on his or her own and must hire a consultant to help transition/sell the business.
Perception of Success	Immediate credibility and perception of success comes with a known brand.	Credibility and the perception of success take time to establish and build.
Reducing Risk	Starting any business is inherently risky, but franchisors have teams of experienced professionals and business resources readily available to franchisees, which can make managing a business easier and more effective. Many owners like having someone to consult with on practice management, expansion, sale, etc.	Starting any business is inherently risky. One can hire consultants to gain access to experienced professionals and to discuss or assist with practice management.

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