

**BUSINESS  
SUCCESS  
IN  
MENTAL  
HEALTH  
PRACTICE**

**Robert Henley Woody**





# BUSINESS SUCCESS IN MENTAL HEALTH PRACTICE

Modern Marketing,  
Management, and  
Legal Strategies



**Jossey-Bass Publishers**

San Francisco • London • 1989

**BUSINESS SUCCESS IN MENTAL HEALTH PRACTICE**  
*Modern Marketing, Management, and Legal Strategies*  
by Robert Henley Woody

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350 Sansome Street  
San Francisco, California 94104  
&  
Jossey-Bass Limited  
Headington Hill Hall  
London OX3 0BW

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**Library of Congress Cataloging-in-Publication Data**

Woody, Robert Henley.

Business success in mental health practice.

(The Jossey-Bass social and behavioral science series)

Bibliography: p.

Includes index.

1. Mental health services—Management. I. Title.

II. Series.

RA790.75.W66 1989 362.2'068 89-11046

ISBN 1-55542-168-7 (alk. paper)

Manufactured in the United States of America

The paper in this book meets the guidelines for  
permanence and durability of the Committee on  
Production Guidelines for Book Longevity of the  
Council on Library Resources.

JACKET DESIGN BY WILLI BAUM

*HB Printing* 10 9 8 7 6 5 4 3 2

FIRST EDITION

*Code 8942*

## A CAUTIONARY NOTE

This book is intended to provide accurate and authoritative information in regard to the subject matter. It is sold with the understanding that the publisher and the author are not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional, with knowledge of all laws pertaining to the reader, should be sought.



## Preface

TODAY'S MENTAL HEALTH PRACTITIONER IS UNDER tremendous pressure to survive professionally. Diminished governmental funding of mental health services has forced practitioners in ever greater numbers into the private sector. The proliferation of training programs has resulted in, if not a glut on the market, a highly competitive cadre of professionals seeking to attract the same clients. Academic training may impart clinical skills but almost never provides the business skills necessary to succeed in the competitive marketplace. Moreover, professional associations have tended to cling to the antiquated social service model and to resist the modern health-care business model. Thus, with only minimal guidance from training programs or professional associations, mental health practitioners must sink or swim according to their own intuition and initiative.

### What This Book Offers

*Business Success in Mental Health Practice* offers hope for business and professional survival. It contains materials designed to develop skills that are well within the grasp of any mental health practitioner willing and able to open his or her mind to contemporary ideas. This book's contents will be helpful to students, trainees, and veteran practitioners alike. The materials can be used either on an individual basis, for self-improvement, or for classroom instruction. The principles, ex-

amples, strategies, and suggestions presented here will be valuable to psychologists in all the clinical specialties, social workers, mental health counselors, marriage and family therapists, sex therapists, physicians, and nurses. The book will be particularly useful to professionals in private practice, but its contents also support the business and financial objectives of public health and social service agencies.

After I had earned doctorates in counseling psychology and health services administration, and after I had gained more than twenty years' experience in mental health services, the "passages" of my life led me to earn a law degree. A lawyer's thought process for analyzing a problem is different from a mental health professional's: The behavioral scientist uses theories and data-based logic and reasoning to explain human behavior, while the lawyer seeks to resolve a reality-oriented conflict by distinguishing the facts unique to a particular legal application; the contrast between concepts and pragmatics is striking. Through legal training, I came to recognize that mental health services are shaped more by social law and the business marketplace than by professional disciplinary preferences. I recognized how training for mental health practice omits certain types of information and cognitions that, if available to trainees, would dramatically improve their personal welfare as well as the contributions they could make to their future clients and to our society.

No matter what their disciplines or how much experience they have, mental health professionals tend to give too little consideration to how public policy governs professionalism. Their training commonly leaves them with deficient knowledge of effective business practices or safeguards against liability. Public policy clearly asserts, however, that mental health services must be conducted with approved business methods, and so success in fulfilling objectives will depend on the use of entrepreneurship.

Mental health practitioners need a well-developed public policy framework for mental health services, in addition to a well-stocked arsenal of strategic weapons (such as marketing techniques) to win the battle for business success. The primary

purpose of *Business Success in Mental Health Practice* is to help each reader find the strategies that he or she can adopt and adapt for immediate benefits. Doing so will bring personal rewards, but benefits will also accrue to the profession and to society.

Because of outdated training, the self-serving priorities of professional associations, or personal defensiveness, mental health practitioners all too commonly maintain service-delivery models that ignore contemporary public policy. Such practice creates unnecessary risk of being the subject of an ethical, regulatory, or legal complaint and minimizes opportunities for professional success. Mental health professionals often fail to recognize and accept that mental health services are no longer social services protected by public policy; instead, mental health services are incontrovertibly part of the mammoth health-care industry. As such, they are subject to exacting, business-related demands for accountability, a circumstance reflected by the so-called malpractice crisis.

As a health-care attorney with a background in mental health, I serve mental health practitioners in cases concerning business law, malpractice, professional licensing, and legal consultation. I also regularly conduct professional seminars on entrepreneurship, risk management, and avoiding malpractice in mental health services. Through these activities, I have encountered a host of problems that could have been prevented, and I have met many practitioners who are receiving meager rewards for a great deal of time, effort, and investment. I have also discovered certain solutions to these problems.

In *Business Success in Mental Health Practice*, I share what I have learned about using management, marketing, and the law to achieve success in private practice. In contrast to popular misconceptions of entrepreneurship, I do not define success here solely in terms of money. Success also includes other rewards, such as personal health and happiness, professional respectability, and social contributions. Traditional mental health practitioners are unnecessarily and inappropriately chagrined about pursuing financial payoffs. They seem to believe that setting income as a prominent goal denigrates their

professionalism. In today's health-care work, however, professionalism and financial success go hand in hand. Everyone today has financial motives, and in today's health-care world there is certainly no public policy that denies the right to maximize one's income. It is expected, of course, that the consumer will get high-quality service in exchange for payment. Success in mental health practice must be defined by individual priorities, but that determination should be based on information and reality, not on naïveté, insecurity, or misinformation.

This is not a "get rich quick," motivational book—I will leave that arena to others. Its message is "Work hard and do it right, and you will increase your potential for success and rewards." To achieve this educational (or reeducational) objective, I draw on my training in the law, the behavioral sciences, and health services administration and research, as well as on my experiences as a health-care attorney and clinician. The book uses relatively few citations, but every point has the underpinning of academically based knowledge and legal or clinical experience. The mental health professionals for whom I have provided legal services have contributed many of the tried-and-true ideas set forth here; I have helped them, and they have helped me.

I have written two previous books (Woody, 1988a, 1988b) that dealt with minimizing the legal and financial risks of private practice and with avoiding malpractice. In some ways, however, *Business Success in Mental Health Practice* should have been published first. While a mental health practice will always deserve legal and financial protection, and while there should be safeguards against malpractice, many problems can be prevented by a carefully planned, developed, and maintained business system. This book offers the information, with an emphasis on practical suggestions and techniques, for constructing a successful business operation.

### Overview of the Contents

Chapter One describes the health-care industry and expenditures for service and explains why a mental health practice is considered a business. Fulfillment of his or her contemporary



role and functions justifies and necessitates the practitioner's being entrepreneurial. Entrepreneurship admittedly does reward practitioners, but it also contributes significant benefits to clients and to society. Nevertheless, even though practitioners may support the concept of entrepreneurship, they show strong resistance to marketing. Chapter One defines entrepreneurship and specifies the dimensions or characteristics of successful entrepreneurs.

Chapter Two discusses the purpose and structure of a business plan and points out the link between marketing and business planning. The chapter offers guidance for deciding on a pragmatic mission and defining the services that are to be offered. Chapter Two also presents a thirteen-step approach to business planning, along with ideas about how to use a business plan for a successful mental health practice.

Chapter Three defines marketing and describes how product-oriented marketing is adaptable to service-oriented marketing. The chapter stresses the importance of constructive competition (for example, developing reciprocally beneficial alliances with other mental health practitioners). The chapter also relates marketing to the service-delivery system, with suggestions for market positioning, understanding the current market situation, and conducting a market analysis. Finally, Chapter Three places communication, personalization, selling, and crisis management into a marketing framework and, from the standpoint of ethics, reconciles the differences between public policy and disciplinary preferences.

Chapter Four traces the criticism of professional-services marketing, highlighting changes in governmental regulation and professional ethics. The chapter endorses the integration of modern public policy into professional ethics, defines promotional communication, and compares do-it-yourself promotion with the services provided by advertising agencies. Chapter Four also offers guidance for determining a promotional campaign, allocating financial resources for promotion, selecting promotional strategies, and formulating promotional messages.

Chapter Five describes the selection of professional affiliates and the structural forms of a mental health practice (in-

cluding sole proprietorship, partnership, and corporation). Much of the material in Chapter Five is also applicable to the selection of a support staff.

Chapter Six offers a conceptualization of the mental health practice as a group and provides ideas for managing group dynamics beneficially. Healthy and unhealthy (pathological) organizational systems are considered, and recommendations are given for remedying destructive conditions.

Chapter Seven deals with the practical matters of selecting, outfitting, and designing an office. It discusses where to locate and how to determine space needs, purchase equipment, and have a functional layout. The chapter also discusses business and risk-management objectives with respect to hiring a support staff, creating teamwork with an accountant and an attorney, managing accounts, keeping essential and legally safe records, managing clients, and managing other professionals.

Chapter Eight defines risk management and describes the nature and effects of ethical, regulatory, legal, and third-party-payer complaints, as well as their negative impacts on emotions, finances, and professional reputation. The chapter's practical risk-management strategies describe how to achieve self-regulation, control associates and staff members, and adopt legally safe policies and practices.

Chapter Nine explains theories and qualities of leadership in a mental health practice group and tells how one can become a chief executive officer (CEO). The emphasis is on retaining professionalism without forfeiting the benefits of entrepreneurship. The chapter also presents two models for a successful mental health CEO.

Chapter Ten underscores the idea that professional success involves more than the number of clients served and dollars earned. It involves achieving a healthy personal, familial, and social life-style. A fulfilling life-style, with health and happiness as goals, is compatible with entrepreneurship and with business success in mental health practice.

Mental health training programs have the responsibility of preparing their trainees for meaningful and constructive engagement in the business world. With this in mind, I have docu-

mented and included references for the materials in this book to facilitate their use in the classroom. At the same time, I consistently emphasize pragmatism and make practical suggestions to allow individual professionals, no matter how experienced, to find ideas to improve their practice.

*Omaha, Nebraska, and  
Fort Myers, Florida  
June 1989*

Robert Henley Woody

*To my wife and professional partner,  
Jane Divita Woody,  
and to our children,  
Matthew, Bob III, and Jennifer*



## The Author

**ROBERT HENLEY WOODY IS A PRACTICING ATTORNEY and psychologist. His law practice is focused on protecting mental health practitioners from ethical, regulatory, and legal complaints. He is a professor of psychology and social work and serves as director of school psychology training at the University of Nebraska, Omaha. He is also an adjunct professor of psychiatry at Michigan State University.**

He received his Ph.D. degree in counseling psychology from Michigan State University (1964), his Sc.D. degree in health services administration and research at the University of Pittsburgh (1975), and his J.D. degree from the Creighton University School of Law (1981). During 1966-67, he was a postdoctoral fellow in clinical psychology at the University of London's Institute of Psychiatry (Maudsley Hospital). In 1969, he received the two-year Postdoctoral Certificate in Group Psychotherapy from the Washington School of Psychiatry.

Woody has been admitted by the Nebraska, Michigan, and Florida state bars for the practice of law. He is a licensed psychologist in all three states, as well as a licensed marriage and family therapist in Michigan and Florida. He has been accorded the status of diplomate in clinical psychology by the American Board of Professional Psychology, diplomate in forensic psychology by the American Board of Forensic Psychology, and diplomate in (experimental) psychological hypnosis by the American Board of Psychological Hypnosis. He has been named

a fellow of the American Psychological Association, the American Psychological Society, the American Association for Marriage and Family Therapy, the Society for Personality Assessment, the National Academy of Neuropsychologists, and the American Society of Clinical Hypnosis. He is a certified sex therapist and sex educator with the American Association of Sex Educators, Counselors, and Therapists.

Woody has authored or edited twenty-two books and approximately three hundred articles for professional journals. His books include *Counseling Psychology: Strategies and Services* (with J. C. Hansen and R. H. Rossberg, 1989), *Protecting Your Mental Health Practice: How to Minimize Legal and Financial Risk* (1988), *Fifty Ways to Avoid Malpractice: A Guidebook for Mental Health Professionals* (1988), *Becoming a Clinical Psychologist* (with M. Robertson, 1988), *The Law and the Practice of Human Services* (1984), and *The Encyclopedia of Clinical Assessment* (1980).



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# Introduction: Business Realities of Modern-Day Mental Health Practice

**AS A HEALTH-CARE ATTORNEY, I FREQUENTLY HEAR** comments like these from mental health practitioners: “I’m in a dilemma. I believe that I am well trained for clinical interventions, but I find that there are all sorts of questions that arise for which I have not been prepared to create answers. For one thing, my training emphasized that I was a caregiver and that I should be humanistic in my work with clients. It sounded as though some of my professors thought that I should be unconcerned about getting anything other than an altruistic reward. Almost nothing was taught about how to establish and conduct a mental health practice. I find that good clinical skills are not enough. Some of the ideas that I see in professional newsletters seem to contradict the reality of dealing with clients, who are often quick to complain to ethics committees or licensing boards or even file malpractice suits, and I almost never see a professional association advocating ways to reap financial benefits. I need practical information about how to operate my practice. I’ve invested a lot of time and money in becoming a professional, and I can’t afford to fail. Sometimes I sense that professionalism and modern-day practice are at odds.”