REINVENTING

YOUR

PRACTICE AS

A BUSINESS

PSYCHOLOGIST

A step-by-step guide

LOUIS A. PERROTT

Reinventing Your Practice as a Business Psychologist

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Preface

When the health care field began changing in the late 1980s, I did not plan to write a book about what I would do in response. I was too busy making plans and preparations for how to survive.

As the 1990s unfolded, I found myself becoming more and more disenchanted as I saw the health care field becoming mired in political and economic struggles. As I became more active with state and national psychological association activities, I found most clinical psychologists imprisoned by professional myopia: although traditional mental health services are still important, humane, and effective, the total number of people needing them at any time constitute only a small percentage of the potential beneficiaries of psychological knowledge.

I grew more interested in applying my clinically honed skills outside the health care field. Until very recently, I found my colleagues to be, overall, relatively uninterested in looking beyond health care markets for new applications. Psychologists' struggles with the managed health care system deflected energy and focus away from widening their lenses to see applications for their professional expertise elsewhere.

Employed adults probably spend half to two-thirds of their waking hours in work settings, traveling to and from work, and making preparations for work. Families and other social units must deal with the impacts of the changing workplace as well as other major influences of our society. The workplace, which is where I turned for new professional applications,

is just as important a focus for psychological expertise as family and personal life.

When I started to delve more deeply into contemporary business literature, I quickly found numerous applications and a broad market for my expertise. I soon learned to adapt what I already knew and did, and to expand my consultative toolbox through reading, training, and supervision. In professional meetings and presentations at Virginia Psychological Association conventions, whenever I told colleagues about what I was doing I found them quick to become excited and energized. They began to see an attractive alternative to the managed-care morass.

These responses inspired me to begin taking my experience to national audiences, where I found similar reactions. I have now grown passionate about catalyzing therapists to look outside the health care box to seek new applications for their excellent people skills. Writing this book has provided a significant opportunity for offering encouragement to therapists who have not yet lost their desire to apply their learning, past training, and valuable people experience creatively and enthusiastically.

It really is not the case that there are too many therapists out there for the size of the market. The problem is that therapists have not expanded their markets to add new customers by applying what they learned in other settings. I intend this book to be the impetus for readers' transition into challenging new professional frontiers.

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An earlier thanks to Dana C. Ackley, whose fiery oratory and intransigent style served as an important impetus in formulating my thinking about expanding professional services outside the health care field.

Another thanks to Iris Martin, whose seminar on corporate therapy affirmed many of the concepts and directions I had been considering unsystematically until I took her course. Working on a later professional assignment with her firm, Creative Dimensions in Management, provided an important opportunity to conduct and be supervised in executive coaching, as well as to apply some of my other consultative and psychotherapy-based skills in a large corporate setting. Some of the case material in this book is based on experiences I had while affiliated with Creative Dimensions in Management.

Many thanks to my countless colleagues in the Virginia Psychological Association and the Virginia Academy of Clinical Psychologists. Their excitement and thoughtful input, whenever I talked with them about my ideas and experiences either formally or informally, furthered my thinking and enthusiasm for teaching others about transitioning into business

consulting. Thanks especially to Tom Demaio, Michael Weissman, Sharon Patterson, and Allan Entin; their interest over the years has been encouraging. I have also appreciated the thoughts and feedback of Skip Leonard of Personnel Decisions, Inc. A final thanks to Mike Thomas for our many valuable hours of discussion about companies, consulting, and people, all of which helped shape my ideas about corporate effectiveness and consulting.

Lastly, but perhaps most important, I want to acknowledge the patient and encouraging acceptance of my wife, Marlene, throughout the ordeal of penning this work. Her willingness to tolerate my many hours of preoccupation with the computer, as well as our sometimes long and spirited conversations about points in the work where I had gotten bogged down, have been appreciated ever so much.

L.A.P.

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Introduction: Setting the Stage

The ultimate decision came the year when, after calculating taxes, I plotted my three-year income trend. The long-range business picture for my independent practice was shockingly bleak. I could clearly see that my annual income was declining at an increasing rate each year.

Just why was this happening? I asked myself. At first, I muttered the same chants I had heard at national meetings and seminars and quickly assigned blame to managed care companies. Just look at what they had done to my business! But then I began asking myself what had allowed it to happen. What factors played into my practice's decline?

SEARCHING FOR A NEW WAY

During the late 1980s, managed care companies moved swiftly to do what therapists had failed to do: integrate mental health practitioners into consolidated service delivery systems that unite all necessary service elements. Common procedures, practice standards, and treatment protocols were established, as well as regular case reviews and specific service outcome expectations. If therapists wanted to be on preferred provider panels, they had to begin conducting business differently. Not complying with the new procedural requirements meant being shut off from access to the increasing number of subscribers to managed mental health insurance plans.

Disenchanted with the direction health care was taking by the early 1990s, I made a deliberate choice to join only a very select few preferred provider panels. Meanwhile, more and more of my potential clients subscribed to a vast array of managed mental health care plans offered primarily through their employer's family health care benefit plan. Usually I was not on the panel that served them, and the pool of non-managed care customers was shrinking. I foresaw further decline in demand for my health care psychotherapy unless I chose either to get on more panels and thus become more integrated into the emerging mental health delivery systems, or else aimed, as some advocated, to "break free of managed care" (Ackley, 1997) and expand my private pay clientele. Once I realized that the size of my successful 1980s customer market was shrinking, it was no great surprise that my income from it was gradually decreasing.

From recognizing these economic realities came insight about which direction to go. If my previous market for a central clinical service was evaporating, I needed to redesign my business targeting a different market. Going back to basics, I asked myself the fundamental question every business owner must ask: Exactly what business am I in? I quickly summed up my current mission as "providing high-quality psychotherapy services to relieve the emotional suffering of my clients." As I began considering changes, I pondered a different question: What *new* business do I want to be in?

At that point, I challenged myself to create a more attractive alternative. Like many entrepreneurs, I began with an area I already knew, but added a new twist. I sought to use my psychological knowledge and skills with new customers in new locations, centered on solving new problems using new or adapted services. I looked outside health care markets for these new customers and began focusing on the 85 to 90 percent of the U.S. population estimated not to be in need of mental health services. I scanned the horizon seeking a customer base for new services based on modified psychotherapy skills.

An Initial Failure

By the late 1980s, I had already grown interested in diversifying my independent practice. My business partner, Dana C. Ackley, and I looked into the possibility of bringing clinical patients into the therapy office sooner by reaching them before they had entered the mental health service delivery system. We believed that the workplace was a potential site for outreach, because workers experiencing emotional distress would become evident to supervisors and human resource personnel in companies. We read literature and attended seminars on employee assistance plans (EAPs). Although EAPs were originated to help substance-abusing employees in the workplace, they had expanded their scope to include dealing with any type of personal distress that interfered with an employee functioning effectively on the job. They had begun to address legal and financial problems, mental health, and family, marital, and job-related problems in addition to substance abuse.

Primarily, EAPs provided employee-centered services. Their major focus was not on the organization itself but on how individuals functioned on the job, in their family, and with significant others. Overall company performance and organizational stressors were peripheral and secondary to the emphasis on restoring employees to effective job functioning. The small amount of organizational consulting EAP counselors did at the time centered around installing and maintaining their service delivery system.

Dana and I put together an outpatient EAP service delivery system that included other members of our multidisciplinary mental health independent practice group. Our past employment as staff members of a private psychiatric hospital that had a day treatment program and a substance abuse rehabilitation program allowed linkages to be set up there for those services. Adding a person in sales who had business and human resource experience completed our EAP system package. We then began actively marketing our EAP.

But this diversification effort failed when new EAPs sprang up in our area that were able to provide services more comprehensively and less expensively than we could. Our program used more highly trained and experienced mental health practitioners, who charged more for their clinical services. Also, other mental health hospitals and residential substance abuse treatment facilities in our region started EAPs targeting the same customers but with larger marketing budgets than we had. They were willing to bid contracts at a much lower rate than us, expecting to recoup their initial marketing costs when clients later used their more expensive and profitable inpatient services. By the end of the 1980s, we were out of the EAP business.

Building from Experience

Throughout the 1980s, a small part of my independent practice had included working with troubled managers in companies. Building on this experience when I started looking beyond health care services, I decided to delve further into business and industry. I began sifting through best-selling business literature during frequent trips to my local library and large bookstores. Newspapers and other media familiarized me with contemporary business issues, problems, and trends. I found little evidence of companies regularly using psychological expertise in dealing with complex business issues, such as downsizings, that were having a major impact on their people. I found many articles and books describing technology and business systems in great detail, but the people parts of enterprises were glossed over. Psychological theories I used every day in behavioral health care work were ignored or only superficially applied in business literature. Much of what I had learned about working with people and how they change was being overlooked.

Believing that companies could benefit from applications of behavioral science, I set out to forge ways for bringing that experience into companies. I began redesigning my services for business usage. More frequently, I left the comfortable confines of my clinical office to be with people in business settings. I saw how a company's people actually make its technology

and business systems work. Whenever I discovered supervisors or line workers not performing optimally, I found the overall business not performing well either. In targeting corporate sites for my new professional services, I found opportunities to make major contributions to enhance workplace productivity.

Today, companies have to do more with leaner resources. Obtaining high performance from people is one of the most direct ways to achieve desired business results. I am convinced that the people management techniques widely used in business today do not incorporate enough sound psychological knowledge to be maximally effective. "People problems" in business and industry are underserved, and a clinician's expertise can add enormous value. Sensing opportunity, I recognized that with some modifications I already had the necessary soft skills for supercharging human workplace performance. Beyond this, I could learn whatever else I needed to know through supplemental training and reading. These realizations allowed me to change my previous business goals, moving away from offering clinical help to troubled clients. My new focus came to be working with well-functioning people in companies to achieve dramatically improved business results.

All this notwithstanding, I wasn't able to forklift my clinical techniques into business settings without considerable professional change. I didn't find companies tapping on my office door, inviting me into the workplace to solve their business problems. I had to transform my services and expand my marketing skills in order to acquire opportunities to bring companies these striking results. As I reinvented my independent practice, I began promoting myself as a "business psychologist" to local companies, describing the benefits of effectively mobilizing their people to achieve high-powered results.

WHAT IS BUSINESS PSYCHOLOGY?

A psychological specialty must identify its scope and field of practice. Rodney Lowman's 1993 book *Counseling and Psychotherapy of Work*

Dysfunctions focuses on psychologists in business settings, but he emphasizes an individual perspective similar to EAPs. His "work dysfunctions" center on "psychological conditions in which there is a significant impairment in the capacity to work caused either by characteristics of the person or by an interaction between personal characteristics and working conditions" (p. 4). Although it does have some relation to the organizational context, the intervention focus is primarily on changing individual, not company, functioning.

Clearly, other mental health professionals have already entered the business world with their focus on the organization as a whole, but within the paradigm of applying their own theories of individual and family pathology to business settings—such as conceiving and intervening with a company as they would with a dysfunctional family. Realizing I was not the first mental health practitioner to consider setting foot in industrial settings, I pondered what new perspectives I (as well as other mental health practitioners) could bring into them. I concluded that my in-depth clinical expertise dealing with people in transition within changing systems gave me something different to offer.

Business psychology is all about human relationships in the workplace. The roles of business psychologists focus on creating ways to positively affect whole businesses by working with their people to institute major changes. The scope of business psychology converges on creating high-performance work environments to bring about optimal job performances so as to make business results leap to new heights. Business psychologists differ from industrial psychologists and organizational development specialists by focusing their interventions more exclusively within the human dimensions of organizational structure. They deal in the people parts of business and technological systems, work-flow processes, customer and employee relationships, and corporate strategies. The overall aim of business psychology is enhancing people processes and work performance—of individuals, teams, managers at all levels, and, ultimately, the entire business.

The client of a business psychologist is, essentially, the whole business. To offer a definition, business psychology is the application of clinical psychology's traditional knowledge and skill base, modified and augmented by related knowledge bases (such as organizational development theory), to people working in business settings for the ultimate purpose of optimizing business performance. Its concerns focus primarily on selecting, establishing, improving, and maintaining effective people relationships in business settings. Clearly this is not the doctor-patient psychotherapeutic relationship of clinical settings, but instead a task-oriented relationship to create effective functioning in job sites. Associated bodies of knowledge useful to business psychologists include organizational behavior, organizational theory and development, systems theory, work climates, personnel selection techniques, team building, team functioning, leadership training and development, corporate culture change, business measurements, change management, and conflict resolution.

THE STARTING POINT OF MY NEW ENTERPRISE

After challenging myself to mentally throw out my successful 1980s model of clinical practice, I began doing an informal local market survey by meeting with people I already knew. One of these meetings was with the personnel director of a plant from which I had seen several troubled employees. I asked what advice she could give me about expanding my delivery of business consultation services. Valuable general information resulted. Several months later, a telephone call from this same woman came, requesting assistance with a pressing business problem.

A young department head had been installed four months earlier, replacing an older manager who had been in the position about eighteen years. Backbiting, conflicts, and angry verbal outbursts had begun occurring regularly between staff members within the department. "Could you help resolve this problem?" I was asked.

I already had done a great deal of background preparation when this call came in. I had constructed an inventory of my existing clinical skills, experiences, and knowledge areas applicable to business settings. I had done considerable reading in the field of business. I had developed a preliminary short list of business services, based on my existing professional competencies, that could be effectively promoted to local companies. I had already begun retraining to develop new skill areas by attending seminars offered by professionals experienced in providing business consultation services. My aim in further professional training (which is also the broad goal of budding business psychologists at this stage) was to increase my foundation knowledge of business and organizational theories and issues. Beyond this preparation, over two decades of independent clinical practice had provided considerable experience resolving interpersonal, group, marital, and family conflicts. Conflict resolution was an area where I had anticipated there was need in the business community. I had concentrated effort on designing psychologically grounded approaches for responding to this business problem. So when the local personnel director called, my immediate answer was, "Yes, I *can* help your company."

Telling My Story

From there on, the outcome has been my own saga. Why write about it? To offer information and inspiration to professionals looking for new directions. Why read it? Because present market forces are confronting most clinicians with the same challenge to reinvent their independent practice that I faced. If this statement is true for you, turning to the world of business may offer your independent clinical practice expansive new markets. Mental health therapists, through our breadth of knowledge and experience with people and change, are exceptionally well positioned to deliver outstanding value in the corporate world.

This book offers guidance from a seasoned traveler in that world to save you time and considerable effort in changing direction. By telling about my business's metamorphosis, I hope to provide a helpful template you can use

to begin creating your own new enterprise's story. You will learn more about what I did and how I went about establishing myself as a business psychologist delivering results-oriented services to companies in my regional market, which is, of course, different from yours. Most of the companies I targeted locally were small- to medium-sized companies of fewer than 2,500 employees within a hundred miles of my home, but I have also worked with regional offices of Fortune 500 companies. Through affiliation with a national management consulting firm, I have also worked, as part of a consulting team, with several other Fortune 500 companies located elsewhere in the United States. Your corporate opportunities and choices will undoubtedly be different than mine, but the experiences I had with my targeted market will help you define and penetrate your business market niche.

Reinventing Your Practice as a Business Psychologist is a guided tour for therapists wanting to transform their independent practice to do business consultation. To aid in this process, I describe methods drawn from years of experience, bridging the gap from my clinical office out onto plant floors and boardrooms. Step by step, I describe a transformation process and give numerous case examples, inventories, and exercises that readers can complete as milestones in their journey.

This book is intended to serve three primary audiences. The first is mental health professionals currently in independent clinical practice who are interested in diversifying their practices or moving it entirely outside of health care services. The second group is clinicians who teach therapy to graduate students in universities and internship settings. They may choose to assign this book as required reading for their students in order to broaden student awareness of career options. The third audience is organizational development consultants, consulting psychologists, and other professionals wanting to create or expand their consultation services with businesses.

An Eight-Step Method

The remainder of this book describes my eight-step method for reinventing independent practices to do business consultation. "Step One: