Managing the Audiology / Hearing Instrument Specialist Practice:

Software Usage, Marketing Trends and Building Community

By

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Introduction

Over the past 5 years, the issue of how to manage the business side of hearing aid dispensing has become increasingly important, especially to success of the small to medium size practice. In attending conferences and in talking with practitioners in a variety of settings, the conversation invariably comes around to how people are doing financially, and who is using which technologies to help manage their businesses. **Practice management software usage looms ever larger in this discussion.**

In July and August of 2010, we conducted a national survey with the goal of taking the pulse of both audiologists and hearing instrument specialists on the subject of practice management.

281 people completed the survey. We solicited response by reaching out through email lists as well as small ads placed in various hearing industry journals. As a matter of disclosure, part of our outreach included an email list of sycle.net customers and prospects. In our introduction to this research project, we made a point to clearly state that the survey was about practice management. If there is any skew to the universe of our respondents it is due to a specific interest in this area. The survey was conducted entirely online, with the survey open for approximately two months over the months of July and August, 2010. In general, the demographic make-up of our respondents closely resembles that of the respondents to recent national surveys by the Hearing Journal and similar organizations. One difference is that practically all of our respondents (98.9%) dispense hearing aids. Even those respondents who work in an institutional environment (i.e. universities) tended to be dispensing audiologists.

Due to the way in which we set up our survey, we have been able to look at and compare audiologists vs. hearing instrument specialists (HIS), single practitioners vs. larger practices, newer practitioners vs. those with 12+ years of experience, CCC-A certification vs. BC-HIS, and practice management software users vs. non-users. Through direct comparisons and multi-variate analysis, we have developed some interesting findings as well as questions that we will probe at a later date, especially on: first, the use of software as a practice management tool; and second, the use and tracking of marketing in all media.

What Survey Respondents Look Like

Not surprisingly, 99.6% of our self-identified audiologist respondents have a Masters degree or higher, with 68.2% holding the degree of Au.D. On the Hearing Instrument Specialist (HIS) side, 63.8% of our respondents have a B.A. degree or higher with 15.5% holding a Masters or Doctorate degree.

Within our survey, 79.4% of respondents have indicated they are audiologists with 20.6% identifying themselves as Hearing Instrument Specialists. Although we reached out to both groups, we obviously had more success finding audiologists. Still the overall number of respondents, at 281, provided us with a good cross section of respondents from both groups. Licensing options followed paths that mirror their professional designations with 65.5% of the HIS community having BC-HIS certification and 78.0% of audiologists having CCC-A certification. Among practice management software users, 56.6% have CCC-A certification and 18.6% have BC-HIS certification.

In terms of experience, the vast majority of all those who took the survey, 65.8%, have been in practice for 13 years or more. The majority of survey respondents are in private practice: 88.7% of the HIS community and 57.0% of audiologists. Most of our respondents are in smaller practices: 77.6% of HIS's and 80.3% of audiologists.

Who Manages the Practice Business Functions

For only 43.8% of the audiologists who responded to our survey does the practice owner manage the business and accounting functions. Conversely, for 56.9% of the respondents who are hearing instrument specialists, the owner manages these functions. This may be due to the fact that a significant number of audiologists work in a university or other institutional setting.

Why Even More Audiologists Aren't Using Practice Management Software

37.7% of audiologists and 50.0% of HIS's use practice management software. This disparity between audiologists and HIS's, although statistically significant, may be attributed to the fact that dispensing audiologists working in institutional settings often have more difficulty getting outside software installed in their workplaces.

Of the 40.2% of respondents who reported using practice management software, they were almost evenly split [46.0%/54.0%] on whether their software handles Electronics Medical Records (EMR) or not. Only 37.9% of HIS practice management software users are handling EMRs, but this may be due to the nature of the patient base for the HIS community which more often falls outside of the medical model where significant numbers of referrals come from physicians.

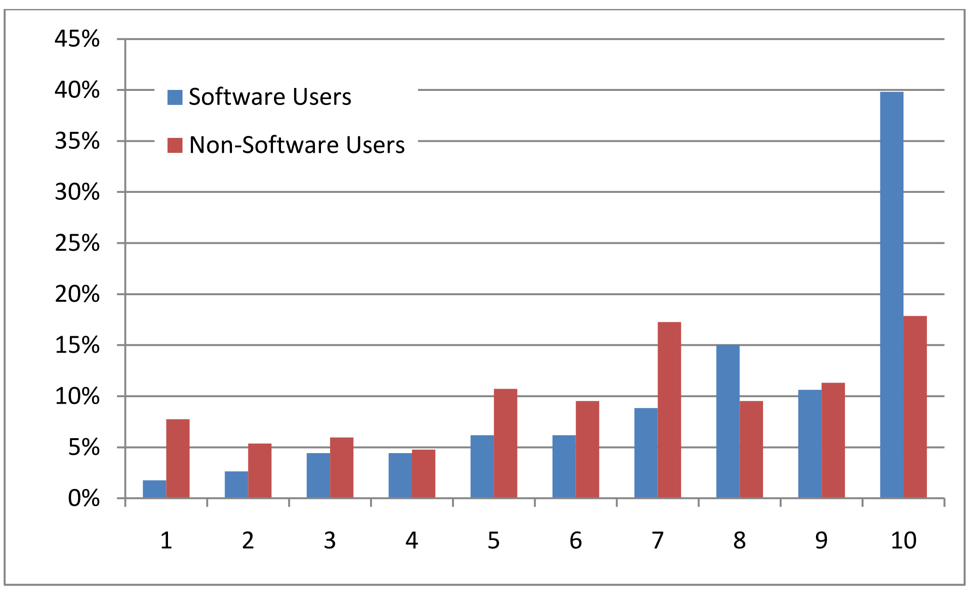
Practice Management Software Use Influences Products and Services Offered

Software users rose up as a quite distinct group within the survey. While almost all respondents dispense hearing aids, and many also offer assistive listening devices, 92.0% of practice management software users also sell such devices compared to only 78.0% of non-users. In general, software users seem more inclined, and better equipped, to sell outside merchandise. Since practice management software facilitates easy tracking and maintenance of inventory, this may account for a portion of the higher interest by software users in selling items and programs that fall outside the realm of hearing aids and hearing aid accessories.

We asked respondents to rate the importance of various behaviors in pursuit of profitability goals. The behavior with the highest mean rating, 7.7 on a scale of 1-10, was a rather general "concentrate on total patient satisfaction and let the rest take care of itself." The next three--negotiating prices, sales and customer service training, and analyzing costs and revenues--were all rated highly especially for HIS's and software users. Let's take these one at a time, looking first at negotiating prices.

"Practice management software users tend to keep closer track of their costs and revenues."

Table 1. How respondents rated the importance of monthly analysis of costs and revenues to their company's profitability goals. (10 is very important, 1 is not at all important)



Everyone feels that price negotiation is important, however software users [mean rating of 7.8/10.0] and HIS's [8.1] tended to give this slightly more importance than non-software users [7.3]. Price negotiation correlates closely with regular analysis of costs and revenues. Again software users and HIS's [both at 7.8] ranked cost analysis highly vs. audiologists [6.8] and non-software users [6.4]. The rating strength of customer service and sales training for the HIS community [8.0] and software users [8.2] vs. audiologists [6.8] and non-software users [6.3] is even more significant. An overall rating of 7.1 by all respondents indicates an opportunity, in our opinion, for a high quality provider of comprehensive training that includes both sales and practice management elements.

Willingness to Spend on Marketing: Talk Is Cheap; Advertising Is Not

Across the board, Word-Of-Mouth, at 85.1%, is the most popular mode of marketing communications with patients. Since it is free of charge and delivered by a credible source—patients--this is no surprise. By a 73.5% to 31.0% margin, audiologists rely much more heavily on physician referrals than HIS's. Word-of-mouth and physician referrals are softer forms of marketing that require little or no commitment of dollars. Such heavy reliance on word-of-mouth and referrals does indicate to us that the majority of audiologists do not have much control over the new patient acquisition process.

"Majority of audiologists do not have much control over the new patient acquisition process."

Where the rubber hits the road is willingness to spend in order to attract new clientele. In this area, HIS's are more aggressive in their approach. 82.8% of HIS community use newspaper advertising as a primary advertising vehicle. Similarly, 75.9% of HIS's use direct mail vs. 43.5% of audiologists. Software users, which include both HIS's and audiologists, tend to fall somewhere in the middle with 70.8% using newspapers and 63.7% using direct mail to get their messages out.

The Digital Divide

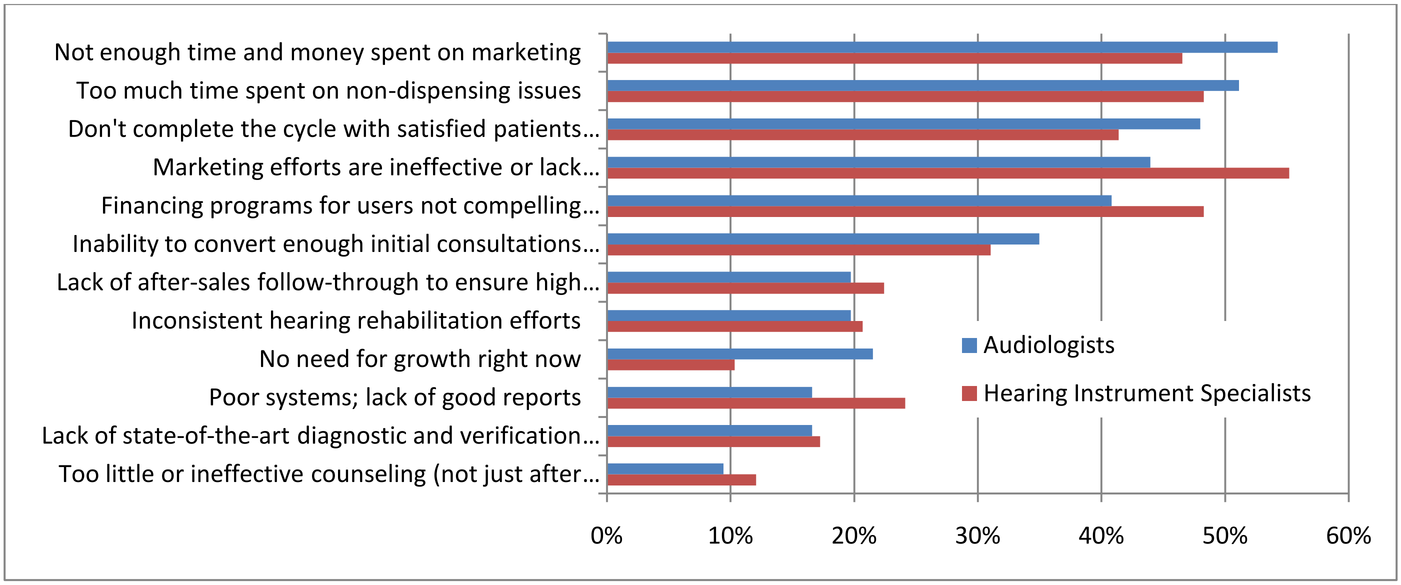
47.8% of software users are advertising online vs. 33.2% of audiologists at large. This digital divide is further illustrated in the use of Customer Relationship Management (CRM) tools with 23% of software users employing CRM tools vs. 11.9% of non-software users. Practice management software typically offers some elements of CRM. Obviously not all software users are using their CRM tools but we suspect this number will grow over time as users get more comfortable with the full suite of tools available in their practice management software. One final area of interest in marketing tools is the use of the telephone. 41.4% of HIS's supplement their media buys with telemarketing vs. 23.8% of audiologists.

"Digital marketing and practice management tools will drive the future success of hearing aid dispensing."

Tracking Leads

For those respondents who think their marketing efforts are ineffective or lacking in measurement tools, only 53.8% are actually tracking their leads. This disconnect between a perceived concern and the action to remediate it is further evidence, in our opinion, that a large number of our respondents do not have control over their customer/patient acquisition process. This group tends to rely on sending reminder cards to patients and offering a battery club for frequent users since these two activities yield results regardless of efforts to track them. International Hearing Society website users, although a relatively small group within our survey sample, are much better at tracking their leads at 76.7%.

Table 2. Ineffective marketing and better tracking of marketing are biggest issues holding back growth.



Biggest Issues Holding Back Growth: Marketing; Measuring Marketing Efforts

For those who felt that their biggest issue was ineffective marketing and measurement, 65.4% also felt that they were not doing enough marketing. Additionally, 42.3% felt that inability to covert initial consultations into sales was also a major issue. High scores for each of these three issues would indicate that, since they are not really doing a good job of tracking their marketing dollars, they must look elsewhere for blame and they are looking towards low conversion rates as the culprit. In looking at these three issues, we suspect that low conversion rates have become a straw man for lack of follow through on tracking leads and marketing expenditures. For those respondents who look to the IHS website as place for discussing these issues, only 30.0% feel they are not spending enough on marketing. In looking at this subset, our sample size is pretty small to be able to draw definitive conclusions about their behavior. Nonetheless, they do represent a distinct point of view that is worth looking at. While over half of this group wonders about the effectiveness of their marketing efforts, only a third of them blame low conversion rates. This would indicate to us that HIS's tend to have a better handle on their marketing expenditures and therefore have less anxiety over whether they are converting diagnostic consultations into sales.

"Cost of marketing and tracking of marketing efforts are the biggest hurdles to growth."

When we asked respondents to narrow it down to the one biggest issue holding back growth, marketing issues led the way with “not enough time and money spent on marketing” as the top response. This was closely followed by “too much time spent on non-dispensing issues,” “marketing efforts are ineffective,” and “inability to convert consults into sales” in that order. In order to really know whether your marketing efforts are working or not, you need to accurately track the number of leads generated by your marketing, leads that are converted into appointments, and appointments that are converted to sales. Without this data, no real ROI analysis can be done. This lack of true ROI data collection and the feeling that “too much is time being spent on non-dispensing issues” will continue to perpetuate the perception that “marketing efforts are ineffective.”

Industry Hurdles: High Cost; Patient Ambivalence; Deceptive Advertising

We also asked respondents to identify the **three biggest issues holding back the hearing health care industry**. This was an open-ended question where respondents could tell us what they thought in their own words. Most of the answers centered on a couple of themes: **(1) the high cost of hearing aids; (2) patient ambivalence about the efficacy of hearing aids vs. the stigma of wearing them; (3) deceptive or distorted advertising claims; and (4) a generally bad economy**. One answer that intrigued us, mentioned in several comments, was the notion of a poor pricing structure where bundled pricing devalues the services offered by the practitioner. While unbundling of services has been discussed for over 20 years, responses to our survey indicate that this may be on the horizon for many practitioners.

Training Is Now a Differentiating Factor for Successful Practices

Another answer we saw often was “too much time spent on diagnostics appointments at the expense of adequate patient follow up.” Closely related to these were comments about the need for better customer service training. One respondent characterized this as a fear that the profession was moving towards a ‘”salesman” rather than a “professional” image. These answers indicate to us that training seems like an opportunity just waiting to be developed by the right company.

“What’s next in practice management tools? Training.”

A Safe, Secure Place to Talk

Three quarters of the respondents indicated they would like to have a neutral place to discuss the critical issues of their practices. Many people are looking for a place where they can share their views, either anonymously or not, in atmosphere of mutual trust. Respondents who feel that their marketing efforts are ineffective or lack measurement tools are significantly more likely to want to discuss these issues than those who don't think that is a significant issue by a margin of 78.5% vs. 67.5%. Again the vast majority of respondents do have issues to discuss, preferably in a neutral environment.

When asked for the best place to have that discussion, not surprisingly, respondents tended to mention the organizations where they felt most comfortable as places to have that discussion. To wit, audiologists preferred the AAA and ASHA websites, hearing instrument specialists preferred the IHS website, while many dispensing audiologists liked the ADA site. Audiology Online also scored highly at 46.0%. Despite these ingrained and understandable preferences for familiar places, far and away the most popular site, at 55.9%, was "a website/forum that is independent of affiliation." Respondents who felt their marketing efforts are ineffective or lack measurement tools were even more likely to choose this independent option (65.7%). While there certainly may be other explanations, it may mean that this group is less satisfied with the venues currently available to them and is looking for somewhere new.

"Best place to share ideas? Independent website/forum."

In their qualitative responses to this question, many respondents mentioned "face-to-face" meetings at industry conferences as a preferred place to meet and talk over issues. These practitioners like the immediacy and privacy of one-on-one discussions. One respondent even mentioned a "grand rounds" type forum where a well regarded practitioner takes a group through a typical afternoon of meetings with patients. In a humorously described but serious comment, one respondent said that they would avoid any place where vendors and "wind bag" PhDs with no practical dispensing experience are allowed to pontificate. Again, this indicates to us that peers with practical experience are the group that most of our respondents are looking to for answers about practice management.

The issue of "where to discuss" generated a lot of discussion within our survey group, but the issue of "what to discuss" gets to the heart of our survey.

Issues That Need Discussion: Practice Management Software and Training

Our respondents indicated that the issue they would like to discuss most is the benefits and drawbacks of various practice management software tools. 68.6% of all respondents want to get a better handle on this. Without question, this is the issue of the hour for practitioners who want to succeed in growing their businesses. Riding this trend, companies like sycle.net, Simply Hearing and TIMS have already developed strong followings for their practice management software. There is now a large group of installed users, and an equally large group of practitioners interested in practice management software. This subject alone is an excellent platform for an ongoing discussion panel.

"Top issue to discuss? Practice management software."

Looking to the future, sales training seems to be the next big area ripe for growth in the area of practice management. The issue of "striking the right balance between fitting and selling skills" scored highly across all subgroups at 55.4%. The right company, one that understands both the sales and the clinical side of dispensing hearing aids, certainly has a large audience for a training program that is affordable and easy to implement.

Pushing respondents to take a more proactive role, we asked them to indicate which issues they would be willing to participate in an online discussion panel. At 66.2%, national health care reform loomed large as an issue. At 64.2%, "what hearing aid users are saying about various products" also scored highly. 56.4% of respondents also are willing to discuss the issue of what hearing aid patients are saying about them and their practices. To their credit, 54.9% are also willing to discuss "quality of care" issues. While the answers to this question may be skewed by the specificity of this question--willingness to participate in an online discussion--we feel this is a good barometer of the areas where respondents are willing to take a stand on issues.

Following these questions about content, we asked a few more questions about location and process. Webinars as a vehicle to facilitate discussion were very well received at 79.7%. Online webinars have clearly caught on as a convenient way to learn about and discuss practice management issues.

When asked whether they would like to keep the discussions within their peer group or have industry experts to participate, our respondents were almost evenly split with 52.0% wanting to get input from the experts and 48.0% wanting to keep the discussions within their peer group. There appears to be a place for both. With industry organizations, such as ASHA, AAA and ADA, as well as publications and websites, such as the Hearing Journal, Audiology Practices, the American Journal of Audiology, Audiology Online and others, providing a wealth of information and access to expert opinions, the expert side seems well covered. The opportunity, in our view, is in providing a peer-directed forum where daily professional life can be discussed informally.

Overwhelmingly, three quarters of our respondents would participate in periodic online polls on issues that are important to the profession.

Conclusions:

1. We certainly struck a chord in surveying thoughts and feelings among audiologists and hearing instrument specialists about practice management. This subject is very much on the minds of everyone who is in the business of dispensing hearing aids. With our respondents, the biggest issues revolve around:

- Controlling the marketing process
- Quantifying and tracking success measures
- Use of practice management software
- Keeping up with changing technology (software, social media, CRM, Electronic Health Records)
- Having a safe, private place to discuss these issues.

2. The differences between practice management for audiologists and practice management for the hearing instrument specialist world are being bridged by software users from both groups.

3. Sales and customer service training may be the next big practice management issue/opportunity.

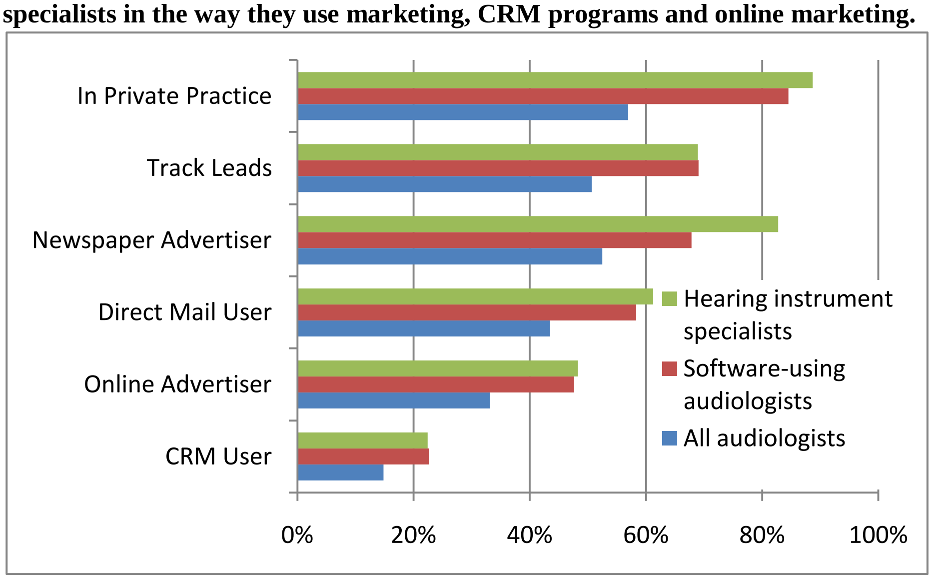
We plan to follow up this survey with in depths interviews with key individuals within the audiology and licensed dispensing communities to gain a deeper understanding of how they are using practice management tools to keep their practices financially healthy and clinically more efficient.

Areas for Further Study

While this survey answered many questions, we have chosen a few areas for further exploration.

1. Anecdotally, we know that those audiologists and dispensers who are highly successful are more apt to try new technology, be beta testers of new programs, and be more aggressive marketers using a variety of media. Who are they and can they provide a model for their professions?
2. Users of practice management software also use Facebook to a much higher degree than non-practice management software users: 20.3% vs. 10.7%. In general, marketers from all fields are using Facebook to drive promotional activity and to create communities of users. How is this impacting audiology and hearing aid dispensing? Why are software users more apt to use Facebook than non-software users?
3. Audiologists and Hearing Instrument Specialists have very different educational and licensing channels: (BC-HIS) Board Certified in Hearing Instrument Science vs. (CCC-A) Certificate of Clinical Competence in Audiology. Many audiologists now have Au.D. degrees while Hearing Instrument Specialists tend to have a B.A. degree or even high school education but with significant practical experience fitting hearing aids. And yet, audiologists who have adopted practice management software resemble successful hearing instrument specialists in many behaviors.
    a. They are in private practice at higher levels: 84.5% vs. 88.7% HIS vs. 57.0% of all audiologists
    b. They track leads at higher levels: 69.0% vs. 69.0% HIS vs. 50.7% of all audiologists
    c. They are more apt to use paid advertising:
        i. 67.9% use newspaper advertising vs. 82.8% HIS vs. 52.5% of all audiologists
        ii. 58.3% use direct mail vs. 75.9% HIS vs. 43.5% of all audiologists
        iii. 47.6% use online ads vs. 48.3% HIS vs. 33.2% of all audiologists
        iv. 27.4% use telephone marketing vs. 41.4% HIS vs. 23.8% of all audiologists
        v. 22.6% use CRM vs. 22.4% HIS vs. 14.8% of all audiologists.

Table 3. Audiologists who use practice management software tend to look more like hearing instrument specialists in the way they use marketing, CRM programs and online marketing.



4. Software users tend to place a high value on products outside of audiological services and hearing aids to augment their business revenues and profitability. 92.0% software users sell assistive listening devices vs. 78.0% for non-software users. What are the other products and services that may fall into this category? How big is the opportunity to further develop these products and services?
5. Interest in the Lyric seems to be stagnant rather than growing. While a few audiologists are very successful in fitting the Lyric, most audiologists seem to see it more as a way to get new patients in the door and then sell them a conventional hearing aid. What is behind this phenomenon? How will it play out over time?

About the Authors

Duff Reiter is a marketing consultant who has worked for the past 12 years with the hearing industry including companies such as Miracle-Ear, Symphonix and Zounds Hearing. His company, Verve Marketing, has fielded numerous studies that have contributed to the national discussions around healthy aging and health care reform.

John Luna has worked for the past 15 years in senior management positions at GN ReSound, Unitron and Bernafon. He has also consulted extensively with new business startups including InSound. He began his career as a private practice audiologist. He is currently setting up a network of audiology practices in the state of Washington.

This study also benefitted from the help and advice of Peter Adams, Jacque Georgeson, Au.D., David Kirkwood, Ridge Sampson, Michele Tucholke and Aaron Vance. We thank each of them for their contributions.

Future notes on this study

A more detailed presentation of the results of this study will be presented at the American Society on Aging national meeting in San Francisco, CA in April, 2011.