Are you really ready for private practice?

As a new psychologist, starting your own business is no easy feat. Here's advice to smooth the way.

By Tori DeAngelis
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So you want to be a private practitioner? You’re not alone. More than half of psychologists who deliver health services are primarily independent practitioners, according to the latest data from APA's Center for Workforce Studies (/workforce/index.aspx).

But starting a practice fresh out of grad school isn’t always feasible. Besides entering a difficult economy and lacking community connections, chances are you haven’t yet acquired crucial financial and marketing acumen, says Steven Walfish, PhD, an Atlanta-based practitioner and president-elect of APA's Div. 42 (/about/division/div42.aspx) (Psychologists in Independent Practice).

"Grad school teaches you how to be a good clinician, but no one teaches you how to run the business side of a practice," says Walfish, author with Jeff Barnett, PsyD, of the 2009 APA book "Financial Success in Mental Health Practice: Essential Tools and Strategies for Practitioners (/pubs/books/4317162.aspx)."

To prepare for the private practice path, experts advise you to:

Gain experience first

When you first leave grad school, think about working for an established group rather than trying to set up your own shop right away. By joining a group practice or taking a job in a community agency or medical setting, you can gain experience, connect with colleagues and have a guaranteed paycheck with benefits. It can also give you an inside look at how to run a business, says Dave Verhaagen, PhD, a managing partner at Southeast Psych, a large group practice in Charlotte, N.C.

"Like a lot of people out of grad school, I had no training at all in business," Verhaagen says. He opted to work for a few community agencies and then a group practice before launching his own. The experience gave him a good sense of the realities of the work world and "ideas about how I’d run my own business differently from what I saw out there," he says.

Develop a niche

While at the beginning of your practice you will probably need to take any and all clients, specialty niches tend to provide the best income and make the best use of your time and energy, psychologists say.
Think about populations you most enjoy and are best at treating, as well as what the market needs, experts advise. In Denver, private practitioner Susan Heitler, PhD, discovered a lucrative niche in marriage counseling when she noticed there were many people who wanted help creating better marriages — not just those in the throes of divorce. But there weren't many practitioners who could do that well. "You need to find something that's unique and in demand and that people are willing to pay for," Walfish says. "It will help you stand out from other practitioners."

Watch market trends

Be aware of social, geographic, economic and political trends that may square with your interests, says Walfish. If you live in a city but your specialty is children and families, consider practicing in the suburbs. If you notice one market trend evaporating (the need for psychological testing to assess personality structure, for example) and another one gaining steam (say, psychological testing for adult attention deficit disorder) determine how to get on the new track in a way that suits your abilities.

Walfish speaks from personal experience: When he began practicing in the 1980s, he conducted psychological evaluations for people in residential substance abuse treatment programs. Then, managed care came along and eliminated payment for those assessments, so he began specializing in short-term therapy. Today, Walfish sees patients considering weight-loss surgery, a high-demand area that fits his skill set well. He fully anticipates changing again if the market calls for it.

"The people who have long-term success are those who can adapt to these changes," Walfish says. "Without adapting, I think practitioners can get angry, depressed, burned out and fall into learned helplessness."

Create a strong plan

That includes developing a mission or value statement for your practice, a list of whom you'd want to work with if you decide to create a group practice and a business plan. To develop your plan, tap experts in accounting, taxes and mental health law, and talk with practitioners who are already out there, Walfish says. "Don't just go on the experience of one person who is terribly successful or one person who is all gloom and doom," he says. "The more private practitioners you can talk to in the beginning, the more accurate your knowledge base will be."

Develop new talents

To run a successful practice, you need to learn business skills, as well as skills related to new content areas you'd like to practice in. Heitler did extensive reading to get up to speed in her area and ended up writing two well-known books incorporating what she learned, "From Conflict to Resolution: Skills and Strategies for Individual, Couple and Family Therapy" (1993) and "The Power of Two: Secrets to a Strong & Loving Marriage" (1997).

Sell yourself

It's not enough to be a good practitioner: You must market yourself, too, says Vancouver, B.C.-based practitioner Randy J. Paterson, PhD, author of the 2011 book "Private Practice Made Simple." That means giving free talks in venues such as schools and community centers. Also consider meeting with people who could refer clients to you, such as physicians, allied health professionals, educators and leaders in faith communities. Finally, be sure to use technology to your advantage — for example, building a strong website that defines your practice and draws clients to it.
In general, "you need to get over the idea that your clinical competence alone will sell your practice," says Paterson. "Ultimately it will, but not at the start."

**Be bold**

As you develop your practice plan, envision the kind of practice you'd really like to have and how to implement it, Verhaagen says. "We realized early on that we wanted the tone to feel fun and positive, not heavy," says Verhaagen, who specializes in treating young adult males. That's why when clients walk into his practice they encounter a bookstore with free coffee and Wi-Fi. In the treatment area, he's hung movie posters on the walls and placed mannequins of superheroes including Batman, Superman and Wonder Woman — a playful way of conveying themes of strength, resiliency and a positive focus.

"Also, be sure to vet potential hires to make sure they're a good fit with your values and culture," he says. Encouraging your team to spend time socializing so that they forge good personal bonds can likewise foster a healthy practice, says Verhaagen.

**Respect your worth**

Some graduate psychology students may feel that dealing with money is morally wrong or even beneath them. But to be successful, you have to know and appreciate your value in dollar terms, say practitioners. Learn to be comfortable charging a fee that reflects your worth and your area's market, Paterson advises. Remember that your hourly rate encompasses business costs including your phone system, computer, test materials, assistants and time you spend outside therapy working on a client's case. Be sure to compare your rates with those charged by other professions, he adds. "People [often] pay more to take their cat to the vet than they do to see a therapist," he says.

Charging a healthy rate for your services can actually promote good therapy, Verhaagen adds. It prompts practitioners to do their best work and provides clients the incentive to work hard, he says. "We can help a lot of people and do really good work and still think very much like a business," he says.

**Diversify**

Your skills can be used in a variety of interesting ways besides seeing clients. For example, in addition to providing therapy, psychologist Tish Taylor, PhD, conducts workshops for teachers and educators on dealing with children who have emotional and behavioral problems. Genie Skypek, PhD, writes software that helps social service agencies track patients. Walfish and colleagues Pauline Wallin, PhD, and Lauren Dehrman, PhD, are using their consulting skills to develop an online business called The Practice Institute, which will help psychologists gain the tools to build successful private practices. Others author self-help books, create educational CDs and DVDs, conduct forensic evaluations and run corporate retreats. Aim for a practice that is varied, balanced and in sync with your interests, Walfish says.

"We have a tremendous skill set that gives us an advantage over other mental health professions," he says. "Extending that skill set helps to create opportunities."

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