

# Business mind-set

The treatment of mental health takes on a corporate attitude. By Jacqui Walker

**T**HE BURGEONING FRANCHISE SECTOR is claiming new converts – psychologists. Registered psychologist Mary Magalotti and business partner Jodie Brenton believe that franchising is the best way to take Life Resolutions, their network of five psychology practices in Melbourne, national.

Magalotti founded her first practice, offering counselling to individuals and couples, in 2001. She had expanded to three inner-city Melbourne locations when Brenton, who has a background in media sales, marketing and business development, joined the business in 2004.

The pair wanted to make psychology more accessible to the general public and could see potential for the business to expand nationally. “We wanted to be a leader in something in our industry,” Brenton says. “We didn’t have the understanding about how to take a business to that next level, so we looked for a model to support the idea.”

They chose franchising because they believe it will allow them to offer what psychologists lack – support with business development and administration.

Magalotti says she has found that many psychologists in private practice struggle to get continual client flow and to market effectively. “Generally speaking, psychologists, like many other health professionals, struggle in these areas. They may be exceptional in their counselling skills but don’t have the passion in other [business] areas.” Brenton adds: “There is a bit of a stigma among the psychologists’ group about utilising and being able to make money out of psychology. Some psychologists struggle with the idea of collecting money at the end of the session.”

The managing director of DC Strategy, Adrian McFedries, who has been advising Life Resolutions, believes franchising is the right business model for the company because the market for psychological services is fragmented – it is not easily accessible for consumers and there is no single strong brand.

Life Resolutions plans to grant 50 franchises to registered psychologists over the next four years and 100 within five years. Its first recruit opened her doors in suburban Melbourne on December 4 and the focus turns to Sydney in 2007.

The franchisees, called business associates, pay \$60,000 in set-up costs (including a \$35,000 franchise fee), a royalty of 17 per cent of gross revenue, and a marketing levy. For this they receive a new practice, administrative support, client referrals, training and development support and the opportunity to use the Life Resolutions brand.

Life Resolutions turned over \$500,000 in 2005-06, up from \$303,000 the previous year. Brenton and Magalotti are budgeting for \$800,000 in 2006-07 with seven practices and by 2007-08 hope to be earning \$1.8-\$2 million in fees.

From November 1, Medicare started reimbursing consumers some of the cost of psychologists’ counselling services when the consumer has been referred by a general practitioner or psychiatrist. Brenton and Magalotti believe the change will make psychology more accessible and shift it further into the mainstream.

Through marketing, Magalotti hopes to educate the public that psychology can be helpful not just for specific illnesses such as anxiety and depression but for personal development, career planning and relationships – and dramatically increase the use of psychological services.

McFedries says the biggest challenges for Life Resolutions will lie in how it is marketed. “It is a business that will consistently walk the line of building a brand and being accessible but not [wanting to be] perceived as a corporate.” ●