

# In-Office Dispensing: Is it Right for Your Practice?

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## Industry Statistics

Increased demand for skin care products for conditions, such as acne, wrinkles, sensitive skin, dry skin, and oily skin, has expanded the global skin care market. This market is expected to exceed AED164 billion (\$44.65 billion US dollars) in sales by 2010.<sup>1</sup> Eckhard Pruy, CEO of Epoc Messe Frankfurt, GmbH, organizers of Beautyworld Middle East, remarked that<sup>1</sup>

Skin care products form the second largest segment in the cosmetics and toiletries industry, after hair care products and the global skin care products industry is experiencing exponential growth, driven by the increased consumer demand for anti-aging, skin whitening, and other medicated range of creams, lotions and cleansers.

The United States' demand for cosmeceutical products is expected to increase 11% per year to \$7 billion in 2008 and it will be propelled by new and technologically advanced product introductions offering appearance-enhancing benefits for an aging population.<sup>2</sup>

Eighty-eight percent of American women think they know which skin care products to use for their skin type. They actually do not know, according to a national survey sponsored by the Society of Dermatology SkinCare Specialists. Data suggest that women should first consult a skin care expert, such as a dermatologist or aesthetician, before buying skin care products. Women who do not go to a skin care expert may be using the wrong products, thereby making skin conditions worse.<sup>3</sup>

## Ethics of Dispensing

A brief summary from the *Code of Medical Ethics of the American Medical Association* states that physicians may sell health-related goods at cost, provided that they take

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adequate precautions to ensure that patients are not pressured into making purchases. Products sold should be evaluated for their scientific validity. Physicians may ethically advise the use of various products and provide free, health-related, nonprescription goods from their offices. The association also suggests that physicians not participate in exclusive distributorships.<sup>4</sup>

In 1998, the American Academy of Dermatology advised dermatologists who dispense in-office skin care products to do so in a manner that reflects the best interests of the patients, as it is in all other aspects of dermatology.<sup>4</sup>

A marked difference exists between selling products just to make a sale and suggesting products that will complement the treatments and procedures already offered to patients. Consumers today are quite happy to receive advice about cosmetics from where they buy their skin care products. Once consumers have established a relationship of trust and confidence with a medical staff, they will readily accept the staff's recommendations for additional products.<sup>3</sup>

If patients are already buying their skin care products from a dermatologist or aesthetician, it is not a tremendous jump for them to purchase their makeup and other cosmetics from experts as well. Offering patients the convenience of a full-service cosmetics boutique can be an effective way to build loyalty for the practice and to incorporate one-stop shopping.<sup>3</sup>

## Selecting a Product Line

The most important aspect of starting a dispensary is the physician's commitment and involvement in selecting the products. There are several options that can be considered in terms of dispensing, such as selling private labels, developing a new product line, or dispensing a medical-grade cosmeceutical line. The decision of which products to offer is secondary in importance to the commitment of the professional staff in recommending the products' uses. This commitment must be based on the belief that it will benefit the patient first and the practice second. It does not matter which option is selected if the physician and providers in the practice are not committed to the product line. The physician's involvement in the process will drive patient referrals to the in-office dispensary.

# PRACTICE MANAGEMENT

## Setting Up an In-Office Dispensary

Setting up an in-office dispensary requires strategic planning in order to be successful. The 5 key areas to incorporate an in-office dispensary into a medical practice are in the following paragraphs.

The first important key is to start simply. Select one product line or a few private label items in the beginning. This allows the practice to build a loyal patient base and receive feedback concerning which other products they would like to see incorporated. Starting small also requires less start-up expenses. This allows the practice to recuperate the initial investment and allows an expansion of product offerings when necessary.

Secondly, a key team member other than a physician should be responsible for the in-office dispensary. This will allow the physician to practice medicine and then refer interested patients to the in-office dispensary. The key team member should be responsible for inventory, displays, sales, and daily operating procedures.

The third key factor is efficient inventory management. Proper inventory management should follow the just-in-time inventory management principle, which states that the value of the inventory should never exceed the average sales in a 30-day period. The key team member in charge of the in-office dispensary should be responsible for inventory management.

The fourth key factor is training. The entire office staff should be trained on the product line being dispensed in the office. Product training should be a continuous process so that the momentum is carried through.

The fifth and final key factor is marketing. The best marketing costs nothing. Word-of-mouth referrals from satisfied patients and provider referrals will ensure the success of an in-office dispensary.

## Conclusion

As global demand for cosmeceuticals continues to rise and consumer expectations from skin care products increase, the opportunity for physicians to dispense products from their practices becomes viable. Dermatologists who dispense in the office should do so in a manner that reflects the best interest of their patients.

The most important factor in starting a dispensary is the physician's commitment and involvement in selecting the products. Incorporating an in-office dispensary requires strategic planning in order to be successful. Starting simply, choosing a key team member to be in charge, inventory management, training, and successful referral-based marketing will build a solid foundation for the success of an in-office dispensary.

## References

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