

Industry Snapshot

Chiropractors

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Industry Segments

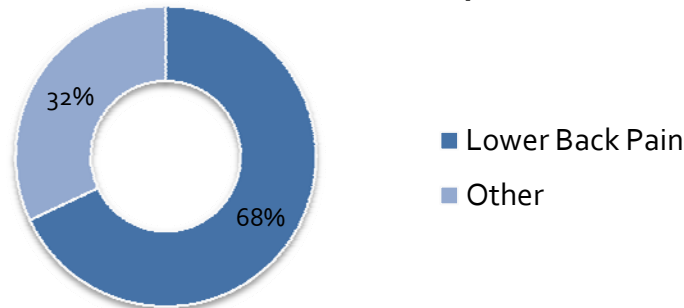
Chiropractors sometimes specialize in diagnostic imaging, internal disorders, neurology, pediatrics, nutrition, orthopedics, and sports injury. Some offices offer a complete approach with services, involving exercise and nutrition counseling.

Treatment segments include but are not limited to: vehicle injury pain, strains, sport injury, headaches, neck pain, back pain, and arthritis associated pain.

The American Chiropractic Association reports that 35 percent of patients received care for mid and lower back pain, 20 percent received care for neck-related pain, and 50 percent reported chronic pain symptoms.¹

Product and Service Segmentation

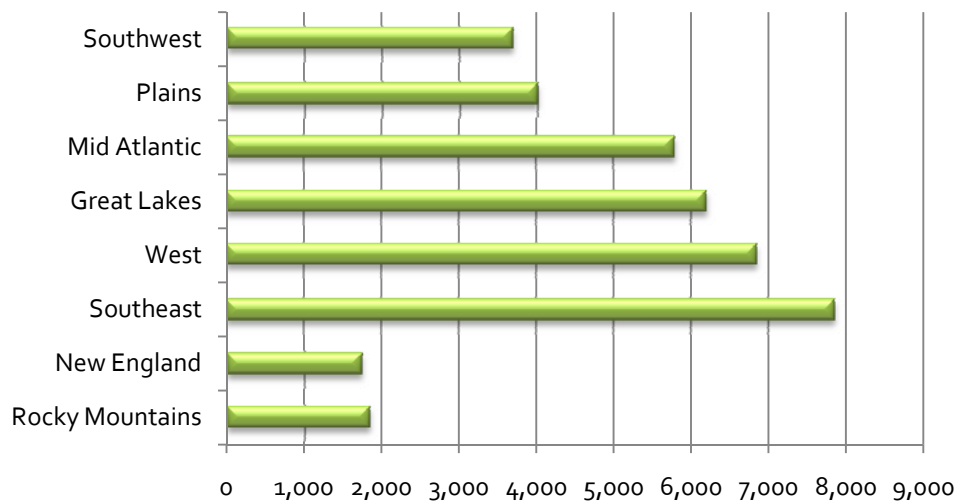
\$12.9 Billion Industry¹



Industry Data

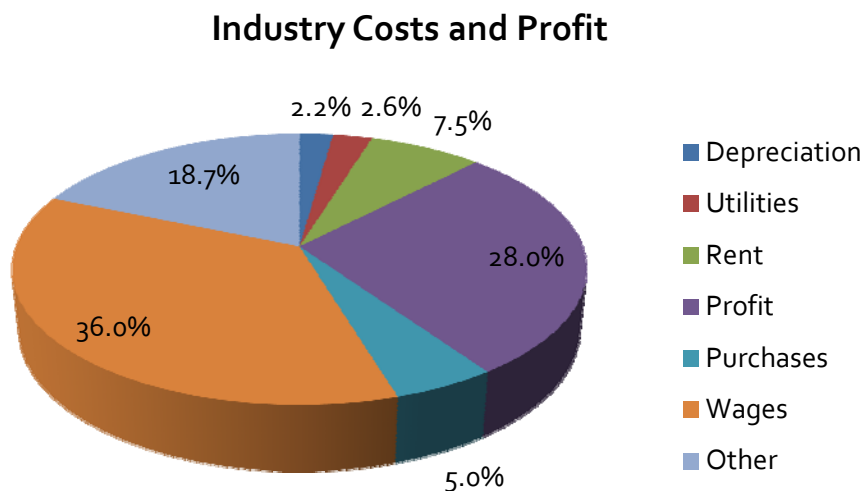
The following is a chart including total number of chiropractic businesses by region.¹

Number of Chiropractic Businesses by Region



¹[IBISWorld Pty Ltd.](http://www.ibisworld.com), "Chiropractors in the US." New York: IBISWorld. January 2010. <http://www.ibisworld.com>.

Below is a graph with a breakdown of average industry costs and profits. Other costs include items like: accounting, payroll, benefits, and contract labor. ²



Success Factors

Below is a list of a few of the main success factors for chiropractors as noted in a report published by IBISWorld. ²

Positive Reputation: Establishing and maintaining a good relationship with patients, doctors and other healthcare professionals within your community.

Maintaining Loyal Customers: Developing and maintaining strong relationships with customers will help to establish a strong, loyal customer base.

Capable of Educating Community: Education of the community and patients helps to establish trust and confidence in the chiropractic clinic and doctor.

Strong Product Promotion: Product promotion helps to increase client base and sales.

Positive Relationships with Related Industry: Associations with physicians, medical groups, and sports clinics can be beneficial for demand and referrals.

Appropriate Pricing Policies: To maximize profitability, clinics should set competitive fees at a level that with attract customers while still making adequate profit.

Ability to Attract Local Clients: Practitioners should explore all marketing opportunities, but focus on advertising to individuals in their local community.

Proximity to Key Markets: Chiropractors should establish their practice in an area that is underserved.

²[IBISWorld Pty Ltd.](http://www.ibisworld.com), "Chiropractors in the US." New York: IBISWorld. January 2010. <http://www.ibisworld.com>.

Risks and Challenges

The following are a few of the challenges facing the Chiropractic industry.³

Political Support Dependence: Health insurance coverage for chiropractic treatment has only been made available through intense lobbying because many traditional medical communities object to chiropractic care. Several states require chiropractic coverage by health insurers.

Risk Related to Spinal Manipulation: Chiropractic treatment is considered conservative when compared to surgery, but it does involve forceful manipulation of the spine, which can result in serious injury. Some patients experience a worsening of symptoms and the expense of lawsuits can be overburdening for many chiropractic offices.

Negative Public Image: Chiropractors must deal with criticism of the industry. Practitioners work to combat negative perception and fraudulent practitioners misrepresenting the industry.

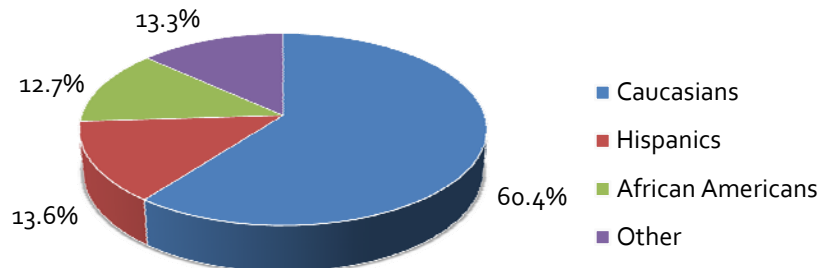
Consumer Demographics & Expenditures

Population by Age⁴

Age Group	Population 2009 (Million)	Population 2012 (Million)	% Change
0-19	83.89	85.98	2.4%
20-44	104.53	107.78	3.0%
45-64	79.5	83.29	4.6%
65-84	33.88	39.18	13.5%
85+	5.6	6.19	9.5%
<i>Total Population</i>	<i>307.40</i>	<i>322.42</i>	<i>4.7%</i>

The average chiropractic patient is a white, middle aged individual with at least a high school education. Below is a graph of customer segmentation by race.⁵

Chiropractic Consumers by Race



³First Research, Inc. 2007, "Chiropractor Offices." Austin, TX: First Research. May 24, 2010. <http://www.firstresearch.com>. Our subscription to this service is possible through donations made by Metcalf Hodges and Wells Fargo Bank.

⁴IBISWorld Pty Ltd., "Chiropractors in the US." New York: IBISWorld. January 2010. <http://www.ibisworld.com>.

⁵"The Future of Chiropractic Revisited 2005 to 2015," *Institute for Alternative Futures*, www.altfutures.com (Accessed July 21, 2010).

United States expenditures from 1997 to 2006 increased from \$3.8 billion to \$5.91 billion, a net increase of 55 percent. Annually, chiropractic patients are billed an average of \$578.50 for services rendered and pay \$467.40 out of pocket. For each office visit the average client is billed \$68 and pays \$57.30 out of pocket. A client visits their chiropractic office on average 8.5 times annually. ⁶

Characteristics of Adults Who Visited⁶ Chiropractors in 2006

Characteristic	2006
Age (Mean)	48
Women	59.50%
Income	\$39,536
Insurance	
Private	83.90%
Public	9%
Uninsured	7.20%

Industry Associations

Visit the following industry associations for the latest industry information, research, trends, networking opportunities, and more.

Washington State Chiropractic Association

<http://www.chirohealth.org/>

American Chiropractic Association (ACA)

<http://www.acatoday.org/>

Chiropractic Economics

<http://www.chiroeco.com/>

The American Chiropractor

<http://www.theamericanchiropractor.com/>

The Chiropractic Resource Organization

<http://www.chiro.org/wordpress/>

Financial Information

The following page contains financial benchmarks for chiropractic offices. The benchmarks and ratios are based on financial statements of 33 companies, 8 of which are small businesses. Small businesses are defined as having sales less than \$497,503 annually.

⁶Davis, Matthew A.; Brenda E. Sirovich; William B. Weeks. "Utilization and expenditures on chiropractic care in the United States from 1997 to 2006.(Utilization)." *HighBeam Research*. July 20, 2010.<http://www.highbeam.com>.

Company Benchmark Information⁷

Chiropractor Offices

	<i>Aggregate</i>	<i>Small Company</i>
Income Statement		
Net Sales	100.0%	100.0%
Gross Profit	100.0%	100%
Operating Income	14.0%	18.2%
Net Profit After Tax	7.8%	13.2%

	<i>Aggregate</i>	<i>Small Company</i>
Balance Sheet		
Cash	8.8%	18.8%
Accounts Receivable	2.1%	0%
Inventory	0%	0%
Total Current Assets	12%	18.8%
Total Fixed Assets	17.8%	34.8%
Other Non-Current Assets	70.3%	46.4%
Total Assets	100.0%	100.0%
Accounts Payable	0.4%	0%
Total Current Liabilities	21.8%	2969.2%
Total Long-Term Liabilities	1.7%	0%
Net Worth	76.5%	-2869.2%

	<i>Aggregate</i>	<i>Small Company</i>
Financial Ratios		
Quick Ratio	1.46	0.98
Current Ratio	2.12	1.4
Current Liabilities to Net Worth	11%	8%
Current Liabilities to Inventory	519%	354%
Total Liabilities to Net Worth	28%	17%
Fixed Assets to Net Worth	15%	20%
Collection Period	2.9	0
Inventory Turnover	NA	NA
Assets to Sales	42%	28%
Sales to Working Capital	5	1.2
Accounts Payable to Sales	0%	0%
Return on Sales	8%	13%
Return on Assets	13.5%	21%
Return on Investment	21%	53%
Interest Coverage	9	8

⁷First Research, Inc. 2007, "Chiropractic Offices." Austin, TX: First Research. June 24, 2010. <http://www.firstresearch.com>. Our subscription to this service is possible through donations made by Metcalf Hodges and Wells Fargo Bank.