The Altruistic Entrepreneur

A Review of

Financial Success in Mental Health Practice: Essential Tools and Strategies for Practitioners
by Steven Walfish and Jeffrey E. Barnett
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Reviewed by
Robert Furey

Not long ago I had lunch with a former mentor from graduate school. Twenty-five years ago he had been an adjunct university professor. The majority of his career, though, has been spent in private practice. I told him of my struggles with the business end of my practice and how difficult it has been to find people willing to discuss this aspect of our profession.

To my surprise, he immediately replied, “That's because, as a profession, we're still in our adolescence. We don't talk about money; that's adult stuff.” As the conversation progressed, I came to understand his comment. This man is one of the finest psychologists I've ever known. Yet, although he is in his 60s, a secure retirement is nowhere in sight. The money is just not there.

Walfish and Barnett have written a book about “the adult stuff.” It addresses the essential lessons that, historically, have not been covered in graduate school or postgraduate training. Can I waive copays? How do I find a good financial advisor? Will my liability insurance cover legal fees for a licensing board complaint? Should I incorporate? What should I charge for my services? What should I know about noncompetition clauses? What are the advantages and disadvantages to joining a group practice? What is an acceptable collection rate? How can I protect myself from lawsuits that arise after I retire? What do I need to know about taxes? What should I know about buying or selling a practice?

According to Barker and Kohout (2003), there are more psychologists in private practice than in all educational settings combined. Yet what we euphemistically call private practice is really a small business. To be successful in this arena, psychologists need to understand how to own and operate a business.

Walfish and Barnett suggest that many, perhaps most, mental health practitioners are unprepared to run a business. Few graduate programs educate their students on the benefits of S corporations or the basics of tax law. It is likely that most young psychologists might not understand the difference between an accountant and a bookkeeper. And while it might be tempting to blame the universities, psychologists must also assume responsibility for inadequately educating themselves.

The authors make it clear that “the only reason mental health professionals do not get a financial education is because they have not taken the time to do so” (p. 215). We have found the enemy. What ignorance exists is not caused by insufficient opportunity. Continuing education courses on retirement planning, taxes, asset management, and building a small business are increasingly common. It is not clear, however, if independent practitioners are taking advantage of these opportunities.

Profit Guilt
Financial Success in Mental Health Practice: Essential Tools and Strategies for Practitioners is not a completely accurate title. While this book certainly serves as a more-than-adequate introduction to the business of mental health practice, it is an equally valuable exploration of the psychology of the mental health practitioner. Walfish and Barnett organize the text around 20 principles of private practice. Principle Number One reads: "You need to resolve the conflict between altruism and being a business owner" (p. xv). An outsider might chide the authors for assuming this conflict pervades the profession. I doubt, however, that many mental health professionals will question their premise.

One side of this conflict may be as unspoken as the desire to someday retire comfortably. But—within the field—there may indeed be a bias against business success. Psychologists with successful practices run the risk of being accused of selling out. Many of the most unsettling of these accusations may come from a quite inner voice that tells the psychologist that he or she is doing something wrong.

It's easy to envision Albert Ellis jumping up and down, screaming, "Making a decent living doesn't make you a bad person!" Still, for many of us, the desire to be compassionate and the hope of finishing in the black produce a certain dissonance. This ambivalence regarding profit may begin early in life (Orman, 1999; Rodino, 2005) and continue as we age. Before entering private practice, a psychologist is wise to engage in self-examination, and perhaps supervision, concerning his or her schemas and attitudes about money.

Some, including my former mentor, believe resolving this dissonance is part of a maturation process. The idealism of youth must make peace with adult responsibilities. Self-sacrifice must find a healthy balance with self-care. Without this balance, we are unlikely to properly educate ourselves on how to run our small businesses.

However, the times are changing. Workshops on the business of independent practice are increasing. The fact that the American Psychological Association chose to publish this book is itself an important statement. We are beginning to give ourselves greater permission to explore the business dimensions of our professional world. One might suggest that we are creating an acceptable new image of success—the altruistic entrepreneur. The altruistic entrepreneur would be someone who runs a solid, efficient business while remaining true to a healthy set of values.

Financial Success in Mental Health Practice would benefit someone new to the field (e.g., it would be an ideal graduation gift) or a seasoned professional (e.g., an office-warming present). This is that rare breed of book that lives up to the reviewers' cliché: "It belongs on every clinician's bookshelf." In time, there will be other texts that delve deeper into the business of psychological services. At present, this is the best I have seen. It would be an ideal gift for any friend who is considering independent practice.

References

