

**Franchisee**

**Teresa DiGiuseppe, Multi-Unit Franchisee**

[Video Presentation]

Am I on? Okay. That video is such an icebreaker because I'm like, well, they have already seen me cry. I mean, yes, how worse can it get? And it's just so interesting to go back to those days because it's so different than who I am today. I mean I wanted to be a dancer and here I am owning chiropractic clinics. But I am grateful for those years because they taught me perseverance and dedication and teamwork, and they gave me courage.

So thank you, everyone, for having me here today. It's such an honor and privilege to talk about this brand that I am so proud to be a part of. I'm going to talk about my journey and how I got into The Joint, how – my husband and I, we got a flyer in the mail is how we came across it. And usually, we just toss our junk mail. But we got this flyer from one of the first Joints that opened up here in Scottsdale, and my husband had been looking for a chiropractor because his, I'm going to walk around, his chiropractic – his chiropractor actually closed her office because of the health insurance cuts, cutting back on reimbursement. So we got the flyer. He calls The Joint, and Dr. Steve Gubernick actually answers the phone. And Dr. Steve told him that they're not scheduled to be open for another week, but he assured him that it was a walk-in clinic. He didn't have to make an appointment.

So a week goes by, and Tony walks in. And as he explains it, he walked through the door, and he was sold. Everything from the look, the feel. It was a minimal staff, the minimal space. It was next to a Starbucks. He didn't have to make an appointment. I mean just anything completely different than what he had been used to. And so he goes in, and luckily, Dr. Steve Gubernick was there. And luckily, they had just opened, so there was no patient in the lobby. And he – if you know my husband, he's asking questions. What is this about? Tell me more. And all he needed to hear was that The Joint was a franchise and that he did not need to be a doctor to own a clinic in Arizona. So we're not a PC state. So he leaves and he calls me, and he says, "Teresa, I know what we're going to do for our future." And as you can see, you know my response.

So as soon as we could get corporate to call us back, we quickly went in – yes, very, very different than our corporate team today. And it's true. My husband must have called them five times. And this is my husband's thing. I just was like, okay, hon, we can do this. And he, he called and he called, and he got them to call him back. We scheduled an appointment, we went in, and they completely forgot they had scheduled an appointment with us. They were like who? What? Where? How? And we walked in, and we purchased two licenses. Just two. And in fact, most of the licenses in Arizona were sold out, but nobody wanted the West Valley. I don't know if you know Arizona, but nobody wanted Avondale, Goodyear and Surprise. So we purchased two licenses.

And we opened Gateway Crossing in 2012 and two more clinics later that same year. So we purchased two, we opened three. We were aggressive. I don't know what came across us, but we were aggressive. So we didn't even wait for one clinic to break open – to breakeven before we were opening the second and third. We wanted to secure a territory, and that was kind of our thing. We didn't even have an SBA loan option. We were a new concept, very different than today. They didn't know who The Joint was. So

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we borrowed money from family. We liquidated our 401(k). If there was a Massage Envy within an eight mile radius, that's where we're going to put a Joint. And that's what we did. We opened five clinics in three years. It's crazy.

So the first two, three years, we actually hired a manager or two to help do the buildout, manage our Joints, and we stayed in the mortgage industry. And that was our whole goal all along. It wasn't we're going to open chiropractics and we're going to manage them. I would have said no. But we stayed in the mortgage industry and we thought, okay, we're just going to open these, we're going to put staff in there, and then they're just going to grow. And that's not how it works. So things were tough. We were – we had five clinics, three years. We were struggling. The clinics that were breaking even, it was a very minimal profit. Failure was not an option. And I kept – I had sleepless nights thinking of all the money that I had borrowed from my parents. I'm not even kidding you, \$150,000.

So I made the decision to quit my career and manage The Joints, and that's what I did. I thought, I'm going to go work for free. That's fine. They're my businesses. It's my investment. I'm going to do it. And so I jumped in to managing five clinics, and I had an assistant. I thought I could really do it, and it was very hard. I was trying to lead others. I was trying to motivate doctors, I was trying to develop our team, and I had nothing to give. I had no background in running a franchise, let alone a chiropractic clinic. And like Dr. Steve says, you're not going to find common ground with a chiropractor if you're not a chiropractor. So I knew that in order to grow my clinics, I needed to develop my team. I needed to train my doctors, train them The Joint way. They're used to the traditional chiropractic. Remember, we're very, very unique. We're very different.

And so I brought in a chiropractor to come in and coach my doctors. And he had experience with The Joint. He had experience adjusting high-volume patients or – and working in high-volume clinics, and that's what I wanted. I wanted a high-volume clinic. And so I brought him in, and he started going from clinic to clinic, working with my doctors, observing them, teaching them, talking to them, motivating them, showing them something I couldn't do. And we worked together. We restructured our comp plans. Remember, as a nondoctor, you really are given a business and you don't know what to pay. So having a doctor come in and say, this is what this doctor is worth. If you want to grow your clinic, this is what you're going to pay him. And so it was risky.

We upgraded our tables. Our tables weren't even that old, but he said, you want to save your doctors, you're going to upgrade your tables. And we worked, and we motivated until our sales continued to grow. I mean then it was daily, and it was a weekly thing. And I thought I was going to bring in this coach on a temporary basis, just come in and train my doctors. We'll be fine. We're going to get to the next level. But it was no. It was like as our sales started to grow we were adding second doctors on our busy day. And then our busy days turned to every day. And now we have three doctors working in our clinics. Three doctors, and those are clinics that we're seeing well over 100 patients a day with around 15 new. So that's where we wanted to go, and that's what it took to get there. I had to hire a chiropractor. I had to hire a coach. And that's something I'm not good at. So I really went through that.

But I have to tell you the story. Because in my video, I talked about acquiring a clinic. Well, we just acquired the clinic. It closed last month. And it was a clinic within our territory. Sales were below average. And – but we knew it had potential. So we go in to meet our new staff. Not easy, but we go in, and we say, we're your new owners, we're here to help. We talk about our expectations. We talk about

our goals and our growth. We talk to the doctors about the importance of keeping up with their notes. We talk to the wellness coordinator about what she needs to do in her downtime, utilizing corporate resources. I mean all the things that make us successful. And the next day I get a call from the previous manager, letting me know that I have lost all my staff, except one.

One, and I couldn't help but shake my head because these employees that did not want to work for me were completely comfortable working in their comfort zone. Seeing 32 patients a day, maybe one or two new patients, I mean – and I say this with certainty because I was there, I was there three years ago. I was there before I brought on my coach. Seeing 32 patients, maybe one or two, breaking even. It's not fun. It's not worth it. So I shook my head, and it was just like, oh my gosh, here's a – these people work for The Joint and they're just completely happy with being status quo. And I don't want them on our team. And I just told the previous manager, no problem, it's fine. They can get off our train because we're all about getting people that want to make a difference and not want to – that see the value in what we do. I mean we are changing lives every day, and I certainly didn't see this seven years ago when I got into it.

I did not realize the impact that we have on patients' lives. I mean I really was just like, okay, I'm going to open a business. But our clients are seeing 120 people a day, 15, 20 new. It's like, every night, Tony and I look at our numbers, our atlas, and we're just like this is nuts, this is crazy. And we keep growing and growing and growing. It's very exciting, but I thought that was just interesting because as an owner, what I learned is that if you're not intentional growing your clinic, you'll always be average, always. And I wanted to be more than average. And I wanted to be more than average. And I thought to myself, no wonder we acquired this clinic. The owner allowed it to be average. And that's something with having franchisees is you're going to have your good ones and your bad ones. But this Joint is a phenomenal model. And we've definitely taken up to the level, to that level of just extraordinary, extraordinary success.

So what I never realized eight years ago when I told my husband, let's do this, is that it would not only change our life, but it would be the road that I would discover my purpose. And so my video. And like I said three years ago, I did not feel this way. I did not have this attitude. I did not feel I was living out my dreams. I felt ineffective. I was frustrated. And it all started to change when I created effective team leaders. I brought in a coach, and I brought in someone that could work with my wellness coordinators. And every one of us stays in our strength zone, and that is why we're consistently successful. And even my husband, he has his full-time job in the mortgage industry, and he continues to handle the finances for our businesses, but we all work in the area of our giftedness.

And so now that I have found my purpose, I have reason to be disciplined. I'm intentional with my life. I'm intentional with my work. I'm intentional with my family. And I'm intentional in adding value to others. And with awesome – it's just awesome that The Joint is still in its growth stages as Peter says that we don't even know where the cap is. And it is just so exciting. And what's truly amazing about me discovering my purpose is that passion just makes me continue to climb the hill, and there's no stopping me. So does anyone have any questions? Thank you, thank you. Yes.

<Q>: So I'm just curious, as you think now about where you are, where you're going, do you think the future is 200 patients a day in your clinics? Or is it 16 clinics in your territory? What are you thinking?

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<A – Teresa DiGiuseppe>: Well, that's a great question because we actually had our Surprise clinic that was exceeding \$80,000, \$90,000 a month in sales, and we were capped. We couldn't grow anymore. We couldn't hold any more patients in our lobby. We couldn't add any more doctors in that clinic because it was just getting too congested. And we actually asked the landlord if we could expand our space, and that's actually something that Joint looked into. And we've never done that. The Joint has never expanded to over more than 1300 square feet. But the landlord said no. And I'm glad it all worked out. We ended up opening a clinic 3.5 miles down the street, and we broke even in the first month.

<Q>: [Question Inaudible]

<A – Teresa DiGiuseppe>: Yes, yes, yes. Now...

<Q>: [Question Inaudible]

<A – Teresa DiGiuseppe>: No. No. We were very strategic about that because what we did was the doctor – in a clinic, you always have – you want all rock star doctors. But sometimes, you always have that stronger doctor and that weaker doctor. Well, we took that strong doctor, and we moved him to the new clinic. So we actually had a lot of patients follow, which was okay. And then we just replaced his position with another lead doctor. And – but – and so now, I mean, they're neck and neck. A lot of patients did follow Dr. Tyler over. But what's interesting, my husband sets the number of patients, number of person, is that between those two clinics, we see about 173 people a day. Now you can't do that – and well, I shouldn't say that. You could do that in one clinic, but I mean, that's pretty congested. I mean – and the thing is, is that The Joint is a phenomenal model, where the patients are coming in and out. You still want comfortable. You don't want it to be a sweatshop.

So I think it's important that you keep it to where it's not like this machine where it's just churning, churning people. And that's what we did at 3.5 miles down the road. I mean that's what we did. So – and no, as Peter says, that's – the first month breaking even, that's not normal. But what we did is we moved our doctor, and our patients loved it because now if they go into Waddell and it's busy, they can go into Surprise. So it really just gives them that option, and they're not waiting 30, 40 minutes. And that was something that our coach taught me is – when I was struggling with bringing the second doctor in, is he said, okay, you're seeing 55 people with seven new patients. If they come in, and you've got – and they're waiting 20, 30 minutes, they're not going to come back. So what he really taught me is you've got to be proactive. You've got to be prepared. And not to mention, you don't want to bring your doctors out. So that's why even though we might see 90 to 100 patients in one clinic, we have two doctors because you never know if you're going to get five, 10, 15 new. So we're always prepared, and that's why we're successful. And that's so key to talking to franchisees.

And when they tell me, oh, my doctor can handle 80 patients. Not for long, not for long. And what happens when you get seven patients that day and those seven patients, they come in first time to see The Joint and they're waiting 30 minutes?

So that's the tricky part of this model. And you got to invest this – you can't stop investing when you open, and that's something I learned too. Yes. So as far as – I don't know what the cap is. And three years ago, I said no more clinics, I'm done, I'm not opening another one. So now that I started to see the growth and the potential just because I stepped away and I put someone in that knew what they were

doing, it's limitless. It's absolutely limitless, and that's where I said, I can do this, I've discovered my purpose. Yes?

<Q>: My first question is why hasn't Joint tried to hire you as a corporate? And aside from that, how many per day are you doing now with the unit that you bought that you said were on 30? I'm just wondering how you – where you are on that. And that's just kind of a ballpark question, but I guess, yes, to summarize, what is the key element that you think brought to 120 a day other than just more doctors and is that, say, going to be just repeatable elsewhere?

<A – Teresa DiGiuseppe>: Yes. Well, so first question is I love working for free because what I do benefits everybody. I mean we all work for one brand, and that's The Joint. And so I have franchisees calling me all the time. And I am more than happy to help them. So me helping Peter is him – is just – it's just really going to help me. So the new clinic that we just purchased only a month ago has only seen about 32 patients.

But we know what it's going to take. It's going to take working with that doctor. And that's really all that it is, is going in and working with the doctor, not – and not just once a month, but weekly. And just seeing how he interacts with the patient and sometimes tweaking just the minor things, just how he even recommends treatment to the patient, and that's something I couldn't do.

So – and then how he interacts with the wellness coordinator. The wellness coordinator and the doctor have to have synergy. So that was another huge transition for us. The doctor has to be coachable, too. I mean we have doctors in there that have 15 years experience. And here, we have a coach coming in and telling them what to do. So what Dr. Chris did is that he sold them on the vision.

He didn't sell them on how to adjust. He sold them on how many more lives we can change every day. And that's how he interviewed them. He said, do you want to adjust? Do you want to change people's lives? Or do you want to take notes all day? And so that's – he can really tell just in the interview if they're going to be the right fit for The Joint. Not everybody is Seeing how we get to 100 and 120 is that we have three doctors, and that's a big investment on the owner's part because for the first two hours, you might see 20 people and you've got three doctors.

And I just try not to even look at it. But at the end of the day, you have 120. They will all come in from four to seven. And if you're not prepared, you're going to lose patients. If you're not prepared, it's The Joint that gets the bad name. It's the – and it's like I don't care if it's corporate, if it's camelback, we are one brand. And so that's why we see so many patients. And why we see so many new patients because our doctors are trained to ask for referrals. So I hope that sums it up. Anybody else? Yes?

<Q>: Yes. How do you keep your doctors motivated over time? Do you see a natural evolution where they will be really engaged for a couple of years? And do you need to manage that in year three, four?

<A – Teresa DiGiuseppe>: Yes, that's another good question, too, because I struggled that – with that early on. How we keep our doctors motivated? Well, if they're rock stars, you're going to pay them well. And you're going to pay them a percentage. You're going to pay them a bonus. And the percentage is on that sales. And as an owner, your bottom line comes second, and that's just the way it is. You've got to

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focus on the long term. I mean – and as a franchisee, I think coming in, I was always focused on, oh, my God, how am I going to pay my money back.

You're always thinking of your leverage. So that's just been key, is paying the doctors. Now however, they got to prove it to grow a clinic, and that's exactly what this doctor did at Surprise. And I moved him over to – basically, he has his own clinic now. He has help. But I pay him a percentage of sales. I pay well. We pay well. Well, I should say we pay well. But they have to prove themselves.

And the conversion has to be out there. If they're in the 30s and 40s, they're not converting. So that's where we make our money, is the memberships, the wellness plans. So – and then keeping them motivated, that's tough, too. They burn out. They burn out in this model if you're not getting them help. And that's this thing is that Dr. Chris, my coach is in there.

And it's funny because you think of – I really, like I said, thought about him coming in and just training them and then kind of we don't need you anymore. But he has to be in there weekly, weekly, weekly. And if they're sick, he covers. He's always got their back, always training them, always training them. He gets them help, and that help better be trained because if that help's not trained, they're no good to him because, again, he's seen the majority of the patients.

So my second doctors, I usually pay them hourly, and then I pay them a bonus. But my lead doctors, we pay very well. So for them, it's a career, and that's what we want. We want them to say to themselves, I'm making more money than if I own my own business. And I'm making money than the owner, and that's how it is sometimes. They're making more money than me. But that's how we have to keep them motivated. It's no different than us. Yes?

<Q>: Can you talk about now that you have eight clinics and you've said to yourself and this sort of doctor that's in charge of your hiring and things, who else do you have or who else does it take to run eight clinics above the clinic level?

<A – Teresa DiGiuseppe>: Okay. Great question, too. So we open Buckeye, our 8th clinic, in the fall. But already, Dr. Chris needs an assistant because what we're finding is that if he's out there covering or – and when I say covering, I mean, a clinic that doesn't have that third doctor that day. He's in there. I mean he works his butt off. And I noticed, and we noticed, if he's covering too much, people start to get lazy. Our conversions start to fall.

And so we realized that we already have to bring him an assistant, so he's out there constantly motivating, constantly working with the doctors. And I think that's the toughest part of this model is because our doctors will see a high volume of patients, is that you have to constantly keep their purpose on the top of the hill because that's what where we're all going is up there. And the more money the clinic makes, the more money they make.

And I think that's where the mindset has to be because when I first opened, the doctors were kind of like, all right, getting paid, \$30 an hour. I'm going to work for \$30 an hour. And that's all you're going to get. Minimal effort, minimal results. And so that's where Dr. Chris' key job is, is to be out there constantly motivating them. So in time, we have to hire him an assistant. So in that way, the assistant can cover as needed or he can fill in if we have a high volume of patients that day.

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I also have someone that handles – an HR. She's my operations manager, but she handles my payroll, the wellness coordinator schedule. She interviews them. She was a wellness coordinator herself, so she understands the questions to ask. And then I also have an assistant operations manager that handles my supplies, my marketing. She's worked with OTT. She's engaged with corporate.

And that's really our team that it is. And then me, myself, my job is to make sure that everything is humming along. Things that are needing to be approved, just making sure that I'm serving them. Whatever you guys need, I'm there for them. So it's just really a team of four managers, I should say, yes, four managers for eight clinics. Yes.

<Q>: With all the big success you've achieved, have you started seeing copycats or anything like that? I'd love to hear more about like the competitive environment, what you feel like the real barriers to entry are for your business.

<A – Teresa DiGiuseppe>: No. I mean, in Arizona, absolutely not. You have CHIROFIT, which I think they have about eight clinics here in Arizona, but no one does what The Joint does. No one. And it's such a convenient, affordable, easy model. I – it's almost – sometimes, it makes me nervous, and that's why I think I'm out there trying to reach out all the franchisees because it is our responsible – it is our responsibility to this brand to keep it just The Joint. That's it. No competitors. And I don't know how long that's going to be, but I think it would be very hard to compete with what we've accomplished. So no competitors that I know of. Any other questions? No? That's it?