



EPIISODE 3.8 | DECEMBER 22, 2022

INSIGHTS FROM A PLASTIC SURGEON, PROFESSOR & INNOVATOR WITH DR. JOSHUA KORMAN

David Mandell:

Hello, I'm David Mandell, host of the podcast. Thank you for being with us. We've got a very interesting and well accomplished guest, and someone I like and I think you're going to learn a lot from, Dr. Joshua Korman. Let me give you his bio and then we'll bring him on and we'll get to it.

Here we go. Board certified for over 20 years, Dr. Joshua Korman is a consistently top ranked and highly regarded plastic surgeon. He currently serves as Clinical Professor of Surgery at Stanford University School of Medicine. He received his bachelor and medical degrees from Cornell University, graduating at the top of his class, Alpha Omega Alpha. He then completed classical surgery training at Stanford, along with fellowships at Canniesburn Hospital in Glasgow, Scotland -- hope I pronounce that right -- and a cosmetic surgery fellowship in Miami, Florida. Josh has traveled to many countries to help the underserved and holds many patents for innovations in plastic surgery in the areas of skin remodeling and tissue expansion. He is an accomplished musician and sculptor, which is something we haven't talked about before, and is co-author of the recent book, [The Business of Plastic Surgery](#), for which I and my OJM partners contributed a chapter.

So with that, Josh, thanks for being on. Welcome.

Josh Korman:

Thank you. I'm happy to be here.

David Mandell:

Excellent. So let's start, as I always do with physicians, in the beginning. Where'd you grow up? What got you interested in becoming a physician, and a plastic surgeon in particular?

Josh Korman:

I grew up in Ithaca, New York, very nice certain times of the year, but it snowed on the 1st of June when I was in eighth grade and I said, I can't live here for the rest of my life. But I did a health requirement when I was in 10th grade at a nursing home, and that's what got me interested in medicine. And then plastic surgery... I was a medical student and I was so naive I actually didn't really realize you actually had to do a residency, but I guess you don't have to, but people do, but on my general surgery rotation, there was a patient who was diagnosed with breast cancer and the general surgeons were quite gruff, and that wasn't too appealing. But then the plastic surgeon came and talked to her about breast reconstruction and that was more appealing.



Of course the cocktail party answer is, I saw the movie *The Graduate*, where the guy says, "Plastics, my boy. Plastics," and that's what got me interested, but that's not exactly how it went.

David Mandell:

Yeah, well, it is a great movie. I have to ask you, I want to make sure it comes up because it's in the bio, was your interest in sculpture and art, did that come out of practicing plastics or was that something that, in addition to medicine, you had an interest in before and would contribute to why you became adept in that field?

Josh Korman:

I was a music major in college, I was not a biology major. I was a resident and there was a visiting sculptor and I convinced her to help the uninformed plastic surgery residents and plastic surgeons in the Stanford area to do a course, and most of the first ones looked like Martha Washington, but then eventually things got a little better, so I got more interested. So I would say part of it is from the evolution of my career and part of it came before medicine.

David Mandell:

One other question on that. You're a professor at Stanford, obviously, you're training a lot of young docs. In the plastics area, is that something you recommend that they should study, sculpture or anatomy? I was in Italy this summer – looking at works of da Vinci and all that and studying the artistic part of it. Is that something you turn your students onto at all, or no?

Josh Korman:

Yeah, well, I think I always try to ask residents to look at each other and see asymmetries. And a lot of the original or the early trainees, meaning the interns, first year, second year, they say, "Well no, people are pretty symmetrical." And it's like, "Look a little farther. Because we're put together side to side, and so everybody's quite asymmetric, and it's important for everyone to recognize that, because patients will often say, "Why do I look like this?" Well, you want show them their asymmetries before. So I think being observant, I think, is the right thing to do. I mean, when I go to museums, I sit there and people think I'm looking at art, but I'm actually looking at all the people, because it's very interesting to see patient asymmetries, so I would say it is good.

There's a big difference between a good amateur and a professional, so I would just say that most plastic surgeons, it's better that they're plastic surgeons instead of professional artists, but it's always good to learn things.

David Mandell:

Makes sense. That's right. So.... obviously this podcast is about finance and business and things of that nature, so as you were going through your training, medical school, internship, fellowship, the whole nine yards, what was your exposure and interest to business/finance investing while planning? Was it something that you said, "Hey, I'm just focused on the clinical stuff, I'm not even going to think about it



until I get out there," or were you someone who was interested in that from day one? Where were you on that spectrum?

Josh Korman:

Well, when I was in medical school doing my general surgery rotation, I asked my chief resident that I noticed that a lot of gynecologists were using scopes to do general surgery operations, and maybe that was a good idea to think about the scopes to do general surgery operations. To which he said, "That's the stupidest idea I ever heard." So, I learned my lesson early. Obviously I wasn't the first one, or let's say the only one, to think of that, so that got me curious to think about ways to do things better. That's in the innovation way.

It's good I keep my day job, because that's a long and winding road down the worlds of innovation and some people are... For every bright light, there's 1000 broken hearts on the innovation Broadway. So from the financial standpoint, I mean, sure, just the plain business standpoint, I think that that came along the way.

My first job out of residency, I was working for the Permanente Medical Group, otherwise known as Kaiser, which in itself is designed as a health maintenance organization and it has a lot of... Obviously it's a very big organization in the country. It's not exactly the place where you go for entrepreneurship.

Having said that, I did have some ideas of what I wanted to do, and so I did start innovating then. But then after a few years I decided I would go into private practice because it gave me more flexibility. And then when you run your own business, you have no choice but to be very interested in business, because otherwise there is no business in business.

David Mandell:

Right. That is for sure. What about on personal finance, investing, and things like that? Was that something you took an interest in or said I'm going to outsource that, or not something that got you excited?

Josh Korman:

Yeah, well, investing, I think I always say doctors get two degrees when they graduate from medical school, an MD and a bad business degree. Although, I have to say the best investing I ever did was listening to my patients like, "Buy Apple," because they were working at Apple.

I learned that basically a lot of the world of oracles and relying on other things is, I would say, problematic, because everybody wants everything tomorrow, yesterday. I mean, look at the Madoff example. I mean, there's just many, many examples, obviously.

I think diversification, I know it's a tried and true way, but I think that's part of what goes on. And also to understand what cycle you're in. If you're past retirement, you do things differently then if you're still working and you think you can always make some more money, then you can take more risks in your investing portfolio.



I think it's challenging when people's administrator folks who run investing companies say, "Well, what's your taste for growth? Is it moderate? Is it aggressive? Is it conservative?" And that's like somebody asking you, "What's your budget," for something. "Budget? I don't know. I want to pay the least money for the best I can get. What does that mean, budget?"

I would say it's a continual learning process. And I think that, as they say in *The Big Short*, "It's not what you know that gets you into trouble, it's what you know for sure just ain't so." You just have to keep remembering that you really don't know that much and you just have to keep learning.

David Mandell:

Well that point I think is often made by people who are even considered experts in any field. They're humble enough to realize that we in whatever field it is, we know a fair amount but we don't know everything. And I think in finance investing, because it involves so much human interaction, it's even less so. I mean, today we're talking about FTX, which was the darling of Silicon Valley, filing for bankruptcy and a lot of people who are smart didn't do their due diligence. We don't know. That story's not out yet. We don't have *The Big Short* movie yet, but it's funny you mentioned that because I know that the head of that FTX firm basically had what's his name shadowing him. That author. I can't think of it. Of *The Big Short*. So there'll be a story and maybe a movie that comes out. But you were going to say something else there?

Josh Korman:

Yeah, no, I was actually just going to say that when you're thinking ahead there, I think there have been lots of studies that show that humans would rather have the highs and the lows than just have the middle. The middle stable is not that interesting enough for the human condition. Why is it that you can walk into Las Vegas and see all these people betting money, knowing pretty well they're not going to make it? It's just the thrill of the win. Even at the expense of suffering the agony of defeat, it's still worth it than to just be, okay, let's just be stable and be more consistent.

I would say doctors as a group, though, are more on the let's just be consistent. They're less risk takers as a group than other people. But humans are still humans.

David Mandell:

There's a great point, and we've written a bit on this in our books, and for those of you who are interested in this topic, I will link to another book that... The name escapes me right now [*Your Money & Your Brain*], but it's a good one. But it's all about neuroeconomics, which is basically how our brains operate when it comes to investing.

And to your point, I think if you said to someone, "You can get 7% every year in and out," they might like it, but they'll get bored of it, and they might say, "Look, I need to get a little bit more. Let me try some fun with x and Y," even though 7% may get them where they want to get to. But the other part of it is that we generally, and I say we, because it includes me and everyone else, we generally have more loss aversion, meaning losing \$100 generally feels worse than gaining \$100, for most of us, emotionally.



Josh Korman:

Well, I think isn't it also that if you lose \$100, it takes you that much longer to get back to zero?

David Mandell:

Right.

Josh Korman:

It's more than just a feel bad, but it also is literally harder to get back.

David Mandell:

Yeah. If you have \$200 and you lose 100, now you need a hundred percent return, even though you had a 50% loss, because to get back to 200 you need to double your money. When you were at 200, the 50% created the loss. That's a whole other topic. We'll have you back on to talk about neuroeconomics and all that kind of stuff, and I will link to a book in the show notes on that.

Let's talk about, because we covered a couple topics I wanted to cover, but let's talk about your choice to go to Kaiser and then to go out. So tell us briefly why you decided to go into Kaiser as your first job and then what motivated you, what kind of spurred you, to take the leap and go into private practice?

Josh Korman:

Well, when I finished my residency, I actually had quite a few choices. I had a choice of an academic job, and I grew up in an academic family and I didn't think I really wanted to do that full-time. My father, I think he quoted somebody, I don't think it's his original idea, but he said the reason that the politics in academia are so intense is because the stakes are so low. But I don't know that's actually really true in 2022 anymore. I think there's a lot of upside in the academic world.

But for me it was very important that I wanted to like the people I was working with. So my choice really was, where would I see the people that I liked the most to work with? And that's where I made that choice. It was also a teaching affiliate and so I thought, okay well I can do some of that too.

So it was great for a little while, because I didn't have to go try to find cases. There were a lot of interesting cases, a lot of camaraderie, a lot of good experience. What happens, we're all built into this four year cycle of four years of high school, four years of college, four years of medical school, and so that's where we get antsy after four years. Now, sometimes residency is longer than that surgical residencies, but when you sit there and go, "Okay, now, is this it? Is this where I am now? This is where I will be for the next 30 years." And for many people it's good. I like to think that my grandmother always say now life begins, at any age, now life begins. And I think it's something somebody told me, which I think is good, don't peak in high school.

I agree with that. Don't peak in high school, don't peak in college, don't ever peak, just keep going. And so for me, I was looking for more creative outlets and I was doing more into the innovation stuff. So that's, for me, why I decided to leave. And I don't have any regrets about it, but I still come back to the same thing. I actually think that, and people can correct me if you can think that, but I actually think that



whichever practice options you go into in the world of plastic surgery, whether it's private practice, academic, large group, small group, whatever, I think at the end of a career it' all washes out when it comes to financial situations, because some places may give you a high salary at the beginning, but then it doesn't grow too much over the course of a career. But there's a really good retirement package. Others where the salary is low to start but then it increases.

In private practice you get the highs of a really boom year, like 2021, and you get the low years of 2022 or 2009. But altogether, I think at the end of the day, choices should be made more based on what you like doing and who you like doing it with than, I think I'll make more money this way or more money that way. Because I think in the end it all washes out.

David Mandell:

A bunch of good points there. First of all, I think I liked... You quoted a bunch of movies, but I think what your grandmother said was the best, now life begins, that's a very good philosophy at any point, to realize that there's a great opportunity. We have a lot of clients at OJM who are retiring. They were successful surgeons and physicians and now what? But hopefully they take that advice to heart, because there's a lot of good living you can do, especially if you have your health.

But I think your other point is well taken as well, which is that, while I may not agree completely that it all is a wash in the end, meaning I think folks who go into private practice and run successful practices can have some financial returns that they may not have another options, but it doesn't mean that the other options wouldn't meet a particular physician's financial goals. Meaning not everybody has to have X, they can have .AX and have a great life. We're not trying to accumulate the most toys.

Josh Korman:

Right. I think it also makes a big difference not to have too many divorces. That also is a big financial... Has big impact on people.

David Mandell:

Yes. But divorces and large investments that go wrong, we all make more speculative investments. Sometimes it's fun, sometimes it's interesting, sometimes

Josh Korman:

Embezzlement. Embezzlement also, that's another one.

David Mandell:

Try to avoid that. Embezzlement and divorces are two things too try to avoid as much as you can.

But the other point I think you made, which I want to reiterate, which is, make the decisions based on where you'll be happiest, where you'll be most productive, where you want to be, and then let the financial chips fall.



I think everybody would agree that if you're happy and productive, especially in plastic surgery, but in any area of medicine, you can do well and you can get to financial goals. You try to avoid those big mistakes that we just were talking about, but one would be, I think most folks would say looking back would be, I made much better decision to do well financially, but I was really happy along the way, or I felt productive and I enjoyed the people I work with. Versus I went for that last extra marginal dollar, but I was miserable along the way. Most folks, I think, at the end of the day looking back, or not going to choose door number two. So I think that's great advice and I'm sure you're giving that to your fellows.

Which leads me to my next question, we've got a couple more. So you're at Stanford, obviously one of the most prestigious universities in the world. What challenges and benefits do you see in academic appointment? Meaning, what do you get out of that for colleagues who may be putting their foot in and doing a little bit of teaching, just comment on that for a minute, if you would.

Josh Korman:

Well, I think the best, I don't know if it's a metaphor, I don't think that's the right English term for it, but I always find interesting in academia where, like Barack Obama, when he signs an email, and I've never received an email directly from Barack Obama, but I doubt he says Barack Obama, former president of the United States, former senator from Illinois, former this, this, this. He probably just says Barack Obama, or probably just says Barack. I don't know. Whereas in academia you have to scroll down to get to the end of the signature block.

David Mandell:

You have a long one.

Josh Korman:

My salary is not paid for by an academic institution. I provide a teaching center for the residents, and what do I get out of it? I mean, I think also there's lots of studies that show that academics, as they move along in their careers, even through retirement, it can be more rewarding. They don't have this free fall like, oh my gosh, I'm retired now, what do I do? So in that way, it's good. I would say, again, it's who you work with, who are the people that you work with.

I think for plastic surgeons who spend way too many years learning to be plastic surgeons in academic institutions, that's what they know, and so some run the other way and some run straight head on, and some are trying to balance, they like this idea of teaching, they like the idea of learning. I think lifelong learning is also something to be happy about.

I think any individual person, I do think it's unfortunate that there is too much town versus gown in this profession, that the gown tries to keep the private practitioners at arms length and the private practitioners feel left out of the party at some level, so they make their own parties. It's really unnecessary. I think. I think there's no reason not to have more interaction. I don't know what people are trying to do. I mean, maybe it's just that plastic surgeons are trying to always be like turtles, one on top of another all the time. I'm not really sure. I find that it's very healthy to be part of an academic institution, but also not stuck to an academic institution.



David Mandell:

You can get the best, it sounds like, at least you're trying to, and it sounds like you feel like you are getting some of the best benefits without being caged in, and you can still have your private practice to do all the things you want to do and not get too wrapped up in some of the negatives of academia.

Josh Korman:

I wouldn't say all the things you want to do, some of the things you want to do.

David Mandell:

Okay, fair enough. Fair enough. I think that some is what we can aim for in life.

Let me get to a couple of last questions, because I know folks' time is valuable, as, of course, is yours. So the next question is something that we've hit in different angles, and I certainly want your input on...

Anybody who's listening to this knows, OJM clients know, we're all aware that private equity and large financial institutions and partnerships have begun to focus in medicine, and that's been going on for a number of years, and now plastic surgery is part of that – seeing practice acquisitions, as they've done in other fields.

So tell us what you feel comfortable disclosing about that. Meaning, have you been approached? What do you think about this path? What gives you hesitation? What have you heard from your colleagues who have taken the leap? Where are you in this changing of medical ownership environment and what's your take on it?

Josh Korman:

Well, the first thing I would say is, every plastic surgeon, or every doctor, should know what the term EBITDA is. Basically, profit and earnings before depreciation, interest and taxes. But I think the point about that is that plastic surgeons, probably other professions too, but plastic surgeons have this habit of racking up a lot of overhead. It's hard. You need this and this and this, and so you have a lot of inventory, a lot of overhead, and so you can make a lot of money, that's the revenue side. But then after the cost of goods and 70% overhead, 80% overhead, all kinds of crazy things like that, what's left is not that much. All these private equity crowd, all they care about is what's the profit and actually how can they grow that profit. So I think when you start to look at these things, it certainly depends where you are in your practice cycle, just starting, in the middle, towards the end, whatever.

I think it's important to recognize what is your profit and if you're interested in joining this kind of crowd, how can you maximize that profit and what can you do going forward?

I've been approached by several entities, some through referrals from other colleagues and some literally just cold calling. There are also brokers that are running around trying to make their cut off of it, and so there's a lot of that because they would like a big cut off of it.

So I would say the short answer is, be smart about it. I think it's towards the beginning of the cycle with private equity and plastic surgery, so it's not like, oh my gosh, I got to jump in this second. I think it's starting and then will accelerate. I think what is the truth is that people get to the end of their careers,



it's not like junior people are suddenly going to pay millions of dollars for your practice, so what's the plan? I guess if the plan is just to work until you want to stop working and then just close up shop, you can do that.

The flip side of that is people who are very used to not taking orders from anyone but themselves and their patients, do they want to be told what to do? I think the challenge is this concept of, are you working for the man, or in this case working for the man or the woman, whatever. Are you changing how your practice habits are, and are you being told what you should be doing? These are all things you have to explore.

But at the end of the day, I think you have to start with, what's your profit and is it worth it?

David Mandell:

Yeah, so, a couple of points there I want to just tease out. One is, obviously I think it's good for all docs who have a private practice to take advantage of this, and this has been born out in a number of conversations we've had on here with investment bankers and what have you, and it's, if you can look at your practice and first know what your EBITDA is and then increase it and make your practice more efficient overhead wise, process wise, financially wise, even if you don't end up selling, you've done a good job for your practice, you've made your business stronger.

I think the message that you were saying, people should know that, yes, I agree. And even to more extreme, even if you know you would never sell, don't stick your head in the sand, because you could probably learn some things of what's going on to improve your practice, even if your plan is to bring in someone and do a transition that way, but that you also mentioned that. That's a challenge. It's not so easy for a solo practice, whether it be plastics or derm or ophthalmology or what have you, to find that right person at the right time for the right terms. I mean, if you think about it's almost, unless you have a son or daughter who's going to come do it, it's almost, I wouldn't say impossible, but it's a real hard challenge to find that at the right time, right place.

Josh Korman:

I agree. I think the other alternative you can do, and it's something that we've done in the last few years, is build up the non-surgical, the med spa, part of our practices. So there you have, I'm still the only practitioner, physician practitioner, but we have three offices where there's a lot of non-surgical stuff going on. So you can do that.

I think you're 100% right, it is not easy to find another person. You also, in states like California, where you can't enforce non-compete clauses, you don't want to bring somebody in, train them, get them all set up, and then they go next door and take half your staff and all your ideas and then, well, what was that about? So it is not an easy thing to do.

Also, I think it's important people understand that most plastic surgeon's first job is not their last job, so when people think, "Here's my first job, I'm going to be here for 30 years," most likely you won't.

David Mandell:



Right, that four year itch. That's the environment, and so it makes sense why especially plastics would at least be educated on what this emerging option may be for them. If anybody's listening to this, which probably there are people who are listening to a lot of these episodes, you'll hear that people coming out the other side, it's often the same things you've been saying, which is find the right people, make sure you're on the same page. You don't want to be feeling like you're working for the man or the woman, especially when it comes to clinical decisions.

We had a very good episode in season two with a CEO and a orthopedic surgeon and they're two years out now from their private equity transaction and what it was like, and what was it like during COVID. I encourage folks listening to this if they haven't heard that and they're thinking about a transaction is to listen to them and to hear about what it was like a couple years out, the lessons they've learned.

Two other things before we finish. One is, you and one of your colleagues, obviously were the head editors, but OJM, we contributed a chapter to the book [The Business of Plastic Surgery](#). What interested you in that? How'd you get excited about doing a book?

Josh Korman:

Well, actually, in 2008 I was in China around the time of the Olympics, and I got emails from a publisher I never heard of saying, "Do you want to write a book?" And I thought it was a joke, but it wasn't a joke. And so I thought, what would I have liked to know that I didn't know before? And that's where the first edition of [The Business of Plastic Surgery](#) came from, and that was in 2010. And then literally 10 years later there was a demand for a new version and that's where the second edition came from, and it's all different.

Literally the moment the book was published, came COVID, so it was kind of like, "Well, why didn't we write a chapter on COVID?" Well, don't know. But it was really a big learning experience to write it and get a lot of people to write for it and to edit it, and there's been a lot of good feedback, and I think it's something I would've liked to know at the beginning of my career, and that's why it was trying to impart this knowledge that I would've liked to have.

David Mandell:

We'll actually put link to that book in the show notes, so any of our plastic surgeons in. But believe me, as I went through it, there's some things that other folks, if you have your own practice, could learn a lot from too. Some good general medical business knowledge.

Let's get to our last question. Obviously we've talked about you as a professor, so you're working with a lot of young surgeons, you speak at conferences, I've seen you at a couple where we've both been there. One thing, if you could distill, you've probably got a bunch, but one thing you would tell a young doc starting out, or even the young Josh, if you could turn the time machine back 25 years, 30 years, what kind of advice would you give somebody for the long term?

Josh Korman:

Well, one is that when you're negotiating for a job, don't negotiate with a doctor, negotiate with a business person. Because now you don't always get that choice, but if you're negotiating with... It's like



negotiating with a relative, because they have all their stuff about what they got when they were your age and it's all loaded up with stuff. It's much better to navigate that process in terms of benefits and other things with a third party if that's at all possible. Because it gets too emotional if you do it the other way, and then it sets up for trouble, because it's also the doctors on the other side don't really necessarily want to tell you what they're thinking, because they don't even know. I would say that's one thing that's important.

David Mandell:

That's great. I haven't heard that before. That's a great piece of advice. I like that.

Josh Korman:

Yeah, I would say that. And the other thing is what I mentioned just before, is that your first job is most likely not your last job.

David Mandell:

Excellent. That's great. That is really an interesting one. I haven't heard that from any other docs, and I totally agree with it. And I like the analogy of dealing with a family member. There's a lot of stuff that goes on rather than just the numbers, and if you can avoid it, why not?

Well Josh, thank you so much for being on. This was a lot of good stuff here. I really appreciate it. Appreciate your time. Thank you.

Josh Korman:

Thank you.

David Mandell:

And to all the listeners, thanks for being on. You can look obviously for us in all the different podcast platforms as you know who are listening and tell your friends and colleagues about us. Want to get the word out. And if you are a physician who's listening, who has an interesting story or thinks you might be a good guest, reach out to me. I'm looking for new guests for the later in the season, so feel free to shoot me an email.

As you are listening to this, we are coming right up to Christmas and New Year's, so we may not have an episode in two weeks. In three weeks from this Thursday will be our first episode of 2023. So with that, have a great holiday season. Happy New Year!