

Practice transitions

Bobbi Anthony, owner of Comprehensive Care Consulting Inc, takes a look at how to achieve happiness and change in your practice

As a practice management consultant, I usually begin the consulting process by asking new clients whether they are happy in dentistry...do they enjoy their work...do they look forward to each day? Unfortunately, dentists often confide that they are not happy...that instead, they are working too many hours, with too little reward. It's easy to confuse being 'busy' with being successful. Bigger isn't necessarily better and high volume practice usually requires high energy and high overhead...often with low reward. It doesn't matter how much you earn, only how much you keep and how much you enjoy your life along the way. What I see most often is hardworking dentists that know something is wrong with their practice, they're just not always sure what it is or how to fix it.

Obviously, observing practices that have already successfully transitioned is helpful, and attending courses with technically gifted, like-minded professionals is stimulating and creates enthusiasm and the momentum to begin. Still, it takes more; it takes a plan.

Number one: Know your numbers

Good planning starts by knowing where you are. Start planning by determining profitability (or lack thereof). Many of the dentists I work with are initially shocked when we begin the process of determining their hourly overhead per treatment room Vs the average turnover per hour in those same rooms. Many of these hardworking owner dentists are 'carrying' the practice by themselves, not realising that associates on a 50% commission structure are actually costing them money. Add to that, hygienists that, in striving to try to remain profitable, see high volumes of patients, as many as 16 to 24 patients per day (many of them unprofitable 'plan' patients), and you realise that there is little time to build value for, or talk about, needed dentistry. With a high volume pace and little patient education time, it's not surprising that cancellations and DNAs happen frequently and cost you dearly.

By running an

Appointment Analysis Report on your computer (all providers) you can determine the number of hours the practice was open the past year. Next look at last year's Profit & Loss Statement to see how much it cost you to run the practice for the same period (overhead). If you are not computerised or are unable to run the desired reports on your software, you will have to go through the Diary for that period to determine the hours open. Now, by dividing the amount of overhead by the number of hours open you will know your hourly overhead. Then, divide that amount by the number of treatment rooms and you know what it costs you to run the practice.

Next run the Invoiced Treatment Reports and Appointment Analysis by providers for the same period. Divide the amount of turnover each provider has produced by the number of hours they worked and you will know their turnover per hour. Multiply that by an eight-hour day and you know their daily average for the period. Compare the turnover per day to the overhead per day (hourly times 8 hours) and you will know who is profitable and who is not. Bear in mind that the daily average for associate doctors must be divided by 50% (if that is the dentist's commission) before comparing profit and loss.

The Invoiced Treatment Reports will also list what procedures each clinician is doing most often and the average amount being charged for them. By knowing the overhead per hour, and determining how long each procedure takes, you can determine what you need to be charging for each procedure. For example, if you are using the best laboratories, and your competitors are using poorer quality, you will need to charge more than your competitors. Many dentists determine their fee structure based on what other dentists in the area charge rather than knowing where their profitability is. A savvy restaurant owner would never do this. Instead, menu choices and charges are based upon what it costs to create a dish. An upscale French restaurant outfitted with the

finest décor and high quality food cannot remain competitive by charging the same as a local diner serving mainly lower quality food in a lesser environment. It is important to determine whether your fees are in alignment with what it's costing you to produce the dentistry.

It is important to realise that many practices that are still contracted with the NHS or other managed care 'plans', may not be able to determine their profitability. The very fact that these dentists have high numbers of managed care often precludes them from being able to determine profitability since they don't know how much dentistry they performed for the amount of money they received from the plans. Often these practices simply deposit monthly NHS/Plan payment checks into their business accounts without posting them on their computer. Ideally, we would keep track of how much we received from 'plan payments' and how much dentistry we did for that money. This would mean posting all 'plan dentistry' as we would private (and what it would have cost at private fees), and then adjusting the amounts off of the computer to an account listed as 'plan write-offs'. By doing so, dentists could determine whether it's profitable to do this type of dentistry and how much they lost by not doing it privately. Often, dentists with a mixture of private and plans are unaware that it is the private patients that are paying for the loss incurred by treating NHS or Plan patients.

Number two: Evaluate your time

Dentists all have the same thing to sell; time. Financial success will be determined by what the dentist does with that time. Eight hours of single amalgam restorations and periodic exams cannot compete with the dentist completing ten veneers on a single patient.

Understanding the hourly overhead per room can be a great incentive to dentists to work on better time management. The longer it takes to do procedures, the less profitable the dentist will be. Many dentists, understanding of this reality, work extremely hard doing

high volume dentistry. However, by doing more proactive, higher quality, comprehensive care on a few patients rather than reactive, single tooth, dentistry on many, a dentist can be profitable while also doing the best for patients. That's what working smarter, not harder, is all about.

A dentist scheduled with up to 2 or 3 hours a day with 10 to 20 minute periodic exams on existing patients is going to find it difficult to be productive. Therefore, it's important to know how to schedule to production goals, planning for all procedures and also for profitability.

Number three: Do the math

Most doctors (and patients) haven't done the math, if a patient is paying

£12 per month for a plan, the total yearly is only £144. Yet, the cost of maintenance, exams, and x-rays can easily exceed the amount let alone doing any restorative care. It is only if a portion of these patients don't attend that we can make any profitability. And so, the less dentistry we do, the more we keep, a poor formula for providing high quality comprehensive patient care.

Number four: Educate patients

Much of my work consists of guiding dentists through the process of change and in the UK today, the opportunities for positive change have never been greater. I believe the timing is especially opportune for those dentists desiring to transition off of high volume NHS and other plans to all Private Practice. Yet many practitioners express fear and apprehension about making the change to all private. However, what many fail to realise is that the NHS and the media are doing much of the work for dentists by generating so much negative publicity about the inadequacies of the present contract. Patients already know the system is broken.

In addition, new information being published from medical research about possible links between periodontal disease and systemic health risks, give dentists more third party credibility in educating patients on why we cannot continue to treat patients as

we always have and why we cannot treat patients ideally and stay within the parameters of these plans.

Likewise, for dentists desiring to transition to more aesthetic procedures, the timing could not be better since patients today are continually being educated about the latest cosmetic procedures via reality television programming like *Extreme Makeover* and *Ten Years Younger*. Public awareness and desire for aesthetic dentistry is at a peak.

Number five: Have a plan

If it's not possible to offer high quality, comprehensive care for patients and stay within the parameters of NHS and capitation programs, why not be honest and tell patients? If periodontal disease could possibly put patients at risk for heart attack, stroke, bacterial pneumonia or premature births, why not make patients aware that they need longer more comprehensive hygiene appointments? Why not make fees appropriate for the

time, technology and training required to treat patients ideally?

Obviously, these positive changes will also increase your profitability. However, I still believe that doing what's right for patients is an even more powerful motivation for change. Doing good, feels good and patients know when you care.

If you're considering transition to all private practice, start with a plan. Begin educating patients about why private practice is in their best interest. Advise them of new procedures, materials and technology that might enhance their appearance and/or their dental experiences. Create third party credibility by citing medical or dental articles or organisations when introducing new information. Consider brochures and/or newsletters to get your message out.

No one sets out with a plan to fail, but without a plan to succeed we limit our possibilities. Start today, educate and create the practice you've dreamed of. ■



With a passion for knowledge and a desire to enhance her profession, Bobbi Anthony has enjoyed more than 40 years in the dental field and has been a dental consultant for over a decade in the US, UK and Canada. Bobbi is the founder and owner of Comprehensive Care Consulting Inc. She is an international speaker and also writes a column for the AACD's *Journal of Cosmetic Dentistry*. Bobbi is a team instructor for The Aesthetic Advantage, Dr Larry Rosenthal's hands-on aesthetic continuum in New York, Palm Beach and London. Bobbi Anthony is speaking at the World Aesthetic Congress on 6 and 7 June 2008 at the Queen Elizabeth II Conference Centre, London. To book your places please call 0800 371652 or visit www.independentseminars.com/wac

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