

To Review

In the February 2001 issue, we perused the budgeting process. Quite candidly, I must say that in 20 years of work in pediatric dentistry, I have found very few dentists who write an annual budget for their practice. The typical scenario is to get to year's end just hoping everything can be paid so that some profit/bonus is left over for the dentist(s). The practitioner promises himself/herself to work harder next year so that taxes can be paid in a timely way, raises can be given, some new piece of equipment can be purchased, family needs can be met, and with luck, there will be sufficient income to juggle all the demands.

If you are tired of operating in this less-than-organized way, retrieve the February *PMM News* and consider writing a budget for the remaining eight months of 2001. The first one is the most difficult. Once you develop the habit, you will wonder why you have not budgeted in previous years. The result of the discipline: you will spend less and keep more.

Steps to Writing a Budget

Briefly, the steps to writing a budget are:

- Establish the new annual net collection goal (the sum of overhead costs plus Dr. compensation plus debt service plus net profit/Dr. bonus).
- Scrutinize last year's income and expense statement line by line, planning increases in both income and some expenses (based on inflation and increased practice productivity) and decreases (savings) in other costs.
- Make major decisions about the practice; for example: fee increase?, more staff?, capital investments such as, new computer system?, new panoramic x-ray?
- Put the budget in writing: a projection of production, collections and expenses.
- Monitor monthly, quarterly, and annually; adjust no more than quarterly.
- Share sufficient information with staff so they can help plan, produce, collect, save, and understand why fee increases are necessary.

Another Type of Budgeting

Zero based budgeting (ZBB) is a way of evaluating needs and priorities systematically, questioning whether or not certain programs or activities in your office should be continued or dropped. The U.S. government first tried ZBB in 1964 when the Office of Budget and Finance wrote the "Instructions for 1964 Agency Estimates." As part of the "Instructions", agencies were to question and justify: (1) programs under that agency's direction, (2) the amount of work they required, and (3) their

price tags. The purpose of such efforts was to examine all programs simultaneously and to ferret out programs that continued through inertia, not because of need or value.

ZBB for your office takes time. Activities must be listed, analyzed, evaluated, and a decision made to continue or drop certain programs or actions. ZBB is a sort of *constructive dissatisfaction* that questions the status quo of such things as: marketing activities (is it still effective to mail birthday cards to patients?), business procedures such as confirmation calls (do patients need confirmation calls for all appointments or is the appointment card sufficient?), equipment needs such as computer software (is the current program sufficient, updated, flexible?). Often a dental practice continues outdated procedures or services simply because, "We've always done it that way." ZBB challenges such thinking, changes dead-end habits, moves staff and systems out of the proverbial ruts.

You have heard the axiom "A rut is a grave with the ends kicked out." ZBB can move a practice out of its ruts.

Seven Questions to Consider for Zero Based Budgeting

1. What is this expense for?
2. Why are we doing this? What is the benefit we get?
3. Is it still necessary? Worth the cost?
4. What would happen if we stopped?
5. What alternatives are there?
6. What would alternatives cost?
7. What benefits would alternatives bring?

How to Share Financial Goals with Staff

Occasionally, I find clients who are reluctant to share financial goals/data with staff. These individuals may be very private by nature, or they may hesitate sharing such information for fear of over emphasizing money at the expense of concentration on patients and superb service. I believe, however, it is possible to spotlight both by alerting staff to these facts: (1) the office must meet financial goals and be profitable or close its doors; and (2) profit is not a dirty word that precludes dedication to extra mile service and the delivery of exquisite dentistry, rather a healthy profit helps assure service, personnel and materiel remain top notch.

If, however, the practitioner still chooses to keep production and collection goals under wraps, I urge him/her to share with staff the costs of operating the office broken down to a daily rate. Totaling the daily expenses, NOT including the doctor's compensation, helps staff members understand the ne-

cessity of timely collection of fees, savings projects, and fee increases. Per day operational costs can be calculated by dividing the annual sum for the seven large categories of expense (personnel, occupancy, administrative, equipment/furnishings/contingency, clinical supplies, lab and marketing) by the number of days worked during the year. A similar calculation can be made for a six-month period or a quarter—just divide expenses for that period of time by the number of days worked during the period.

Example:

Category of Expense	Yearly Total	Divided by	# of days worked	Daily Expense
Personnel	\$210,000	÷	190	\$1,105
Occupancy	\$48,000	÷	190	\$253
Administrative Costs	\$72,000	÷	190	\$379
Equipment/ Furnishings/ Contingency	\$40,000	÷	190	\$211
Clinical Supplies	\$56,000	÷	190	\$295
Lab	\$10,000	÷	190	\$53
Marketing	\$16,000	÷	190	\$84

Daily cost of running this example office NOT including Dr. compensation = \$2,380.

It is not unusual to see \$3,000 to \$4,000/day operational costs in very large pedo or pedo/ortho offices with several dentists and 15 or more staff members. Once staff members understand costs on a daily basis, the emphasis on production, collections, financial goals, savings and such becomes more understandable.

Incidentally, one piece of financial data I am OPPOSED to sharing is individual salary information. When staff members tell co-workers their own wage rate, value of benefits or even news of a raise, resentment and negative comparisons ensue. For this reason and for efficiency, I recommend that payroll be handled outside of the office, out sourced to your accountant or to a payroll service, and, when possible, given to staff via direct deposit into the individual's bank account. The expenditure for payroll preparation by an out source is cost effective.

A Philosophical Diversion

I have received several notes and calls from dentists or staff members to express appreciation and a good laugh from the piece in the December 2000 issue, "Official Resignation from Adulthood." Thank you, I enjoy hearing from readers.

One of my hobbies, as many of you know, is collecting quotes, poems and proverbs, brief snippets from the famous and not-so-famous, from family and friends, clients, books and

journals. Those of you who may enjoy such will be interested to know about a book I have recently treated myself to "Dictionary of Proverbs and Their Origins" by Linda & Roger Flavell, Barnes & Noble Books, New York, 1993. Another favorite, "Bartlett's Familiar Quotations" by John Bartlett, originally published in 1855 with numerous editors since, Little, Brown & Co., Boston.

May I share some of my favorites with you?

My Choices

Give me work to do;
 Give me health;
 Give me joy in the simple things.
 Give me an eye for beauty,
 A tongue for truth,
 A heart that loves,
 A mind that reasons,
 A sympathy that understands;
 Give me neither malice nor envy,
 But a true kindness
 And a noble common sense.
 At the close of each day
 Give me a book,
 And a friend with whom I can be silent
 Anonymous

Definition of success:

To laugh often and much;
 To win the respect of intelligent people and the affection of children;
 To earn the appreciation of honest critics and endure the betrayal of false friends;
 To appreciate beauty;
 To find the best in others;
 To leave the world a bit better, whether by a healthy child, a garden patch or a redeemed social condition;
 To know that even one life has breathed easier because you have lived.
 This is to have succeeded.
 Ralph Waldo Emerson

Seven Stages to Stagnation

1. We've never done it that way.
 2. We're not ready for that yet.
 3. We're doing all right without it.
 4. We've tried it once and it didn't work.
 5. It costs too much.
 6. That's not our responsibility.
 7. It won't work.
- Anonymous

Morning Prayer

Dear God,
 So far I've done all right. I haven't gossiped and I haven't lost my temper. I haven't been grumpy, nasty or selfish and I'm



really glad of that! But in a few minutes, God, I'm going to be getting out of bed and from then on, I'm probably going to need a lot of help. Amen...

Anonymous

The Measure of a Man

Not... "How did he die?" But... "How did he live?"
Not... "What did he gain?" But... "What did he give?"
These are the units to measure the worth of a man as a man, regardless of birth.
Not... "What was his station?" But... "Had he a heart?"
And... "How did he play his God-given part?"
Was he ever ready with a word of good cheer, to bring back a smile, to banish a tear?
Not... "What was his church?" Nor... "What was his creed?"
But... "Had he befriended those really in need?"
Not... "What did the sketch in the newspaper say?"
But... "How many were sorry when he passed away?"

Anonymous

DESIDERATA

Go placidly amid the noise and haste and remember what peace there may be in silence. As far as possible without surrender be on good terms with all persons. Speak your truth quietly and clearly; and listen to others, even the dull and ignorant; they too have their story.

Avoid loud and aggressive persons, they are vexation to the spirit. If you compare yourself with others, you may become vain and bitter; for always there will be greater and lesser persons than yourself. Enjoy your achievements as well as your plans.

Keep interested in your career, however humble; it is a real possession in the changing fortunes of time. Exercise caution in your business affairs; for the world is full of trickery. But let this not blind you to what virtue there is; many persons strive for high ideals; and everywhere life is full of heroism.

Be yourself. Especially do not feign affection. Neither be cynical about love; for in the face of all aridity and disenchantment it is perennial as the grass.

Take kindly the counsel of years, gracefully surrendering the things of youth. Nurture strength of spirit to shield you in sudden misfortune. But do not distress yourself with imaginings. Many fears are born of fatigue and loneliness. Beyond a wholesome discipline, be gentle with yourself.

You are a child of the universe, no less than the trees and the stars; you have a right to be here. And whether or not it is clear to you, no doubt the universe is unfolding as it should.

Therefore be at peace with God, whatever you conceive Him to be, and whatever your labors and aspirations, in the noisy confusion of life keep peace with your soul.

With all its sham, drudgery and broken dreams, it is still a beautiful world. Strive to be happy.

Found in Old Saint Paul's Church, Dated 1692
— Author Unknown

The Station

Tucked away in our subconscious is an idyllic vision. We see ourselves on a long trip that spans the continent. We are traveling by train. Out the windows we drink in the passing scene of cars on nearby highways, of children waving at a crossing, of cattle grazing on a distant hillside, of smoke pouring from a power plant, of row upon row of corn and wheat, of flatlands and valleys, of mountains and rolling hillsides, of city skylines and village halls.

But uppermost in our minds is the final destination. On a certain hour we will pull into the station. Bands will be playing and flags waving. Once we get there so many wonderful dreams will come true and the pieces of our lives will fit together like a completed jigsaw puzzle. How restlessly we pace the aisles, damning the minutes for loitering—waiting, waiting for the station.

"When we reach the station, that will be it!" we cry. "When I am 18." "When I buy a new SL Mercedes Benz!" "When I put the last kid through college." "When I have paid off the mortgage!" "When I get a promotion." "When I reach the age of retirement, I shall live happily ever after!"

Sooner or later we must realize there is no station, no place to arrive once and for all. The joy of life is the trip. The station is only a dream. It constantly outdistances us.

"Relish the moment" is a good motto, especially when coupled with Psalm 118:24: "This is the day which the Lord hath made; we will rejoice and be glad in it." It isn't the burdens of today that drive men mad. It is the regrets over yesterday and the fear of tomorrow. Regret and fear are twin thieves which rob us of today.

So, stop pacing the aisles and counting the miles. Instead, climb more mountains, eat more ice cream, go barefoot more often, swim more rivers, watch more sunsets, laugh more, cry less. Life must be lived as we go along. The station will come soon enough.

Robert J. Hastings

GO FOR IT!

Think freely
Practice patience
Smile often
Savor special moments
Live God's message
Make new friends
Rediscover old ones
Tell those you love that you do
Feel deeply
Forget trouble
Forgive an enemy
Hope
Grow
Be crazy
Count your blessings
Observe miracles
Make them happen

American Academy of Pediatric Dentistry

211 E. Chicago Ave – Suite 700
Chicago, IL 60611-2663

Presort Std.
U.S. Postage
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Permit No. 81
St. Joseph, MI
49085

Discard worry
Give
Give in
Trust enough to take
Pick some flowers
Share them
Keep a promise
Look for rainbows
Gaze at the stars
See beauty everywhere
Work hard
Be wise
Try to understand
Take time for people
Make time for yourself
Laugh heartily
Spread joy
Take a chance
Reach out
Let someone in
Try something new
Slow down
Be soft sometimes
Believe in yourself
Trust others
See a sunrise

Listen to rain
Reminisce
Cry when you need to
Trust life
Have faith
Enjoy wonder
Comfort a friend
Have good ideas
Make some mistakes
Learn from them
Celebrate life

Jan Michelson

PMMNews

PRACTICE MANAGEMENT AND MARKETING NEWS IN PEDIATRIC DENTISTRY

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This publication is written by Ms. Ann Page Griffin, a nationally recognized author, lecturer, and consultant in dental practice management and marketing. Opinions and recommendations are those of the author and should not be considered AAPD policy.

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