



## It's Not Business as Usual...How to Respond

The last two years have been some of the most economically challenging that the dental industry has experienced in decades. With unemployment rates at all-time highs and consumer confidence at all-time lows, parents are even more cautious with spending their discretionary dollars. Many doctors realize that it's no longer business as usual, and they are wondering how best to respond. The current business climate calls for prudence and maximizing the ability to work smart. It's not wise for a doctor to continue to run her practice in the same way as before the economy changed. Adaptation is a means of survival.

It's time to work **ON** your practice and not merely **IN** your practice. It's time to take a hard look at ways to increase production and decrease expenses that will result in better net profits. It's time, more than ever, to be a strong leader and a smart business person. You can no longer wear only the hat of a clinician.

Below are a number of actions that should be considered to maximize working smarter, not harder, in a tough economy. Review the list and note which actions are missing in your practice. Make a commitment to implement better work systems, leadership, marketing and business planning into your practice in 2010.

### Actions that Lead to Increased Production

- Share a practice vision for the year with staff; set very specific goals and deadlines so everyone understands what the doctor is trying to achieve. Use a team meeting to make an annual plan for success. Get input from the staff on what they would like to see improved in 2010. Make an Action Plan with specific staff names and dates assigned to the tasks of implementing the changes.

- Have a well-defined business plan that identifies the practice break-even point, monthly production and collection goal, collection ratio, daily doctor/hygiene/hospital production goals, doctor/hygiene/hospital work days, monthly new patients needed and an overhead expense budget.
- Increase fees three to five percent if they have not been increased for 12 or more months.
- Be staffed with people who are capable of getting the job done well. Employees underperform for one of two reasons—either the doctor does not hold the employee accountable or the employee is not adequately trained. When an employee is underperforming, the practice is held back financially and resentment is created among the good workers. The doctor has the following choices to improve the situation: begin holding the poor performer accountable and coach them to better their performance or replace them with someone who can get the job done.
- Have well-organized front desk systems. They are one of the cornerstones of a financially successful practice. Unfortunately, too many doctors are clueless as to what goes on at their front desk or how the systems should be run. Doctors who fall into this category are putting their financial future and security into the hands of whomever is working at their front desk. If a doctor cannot adequately evaluate the performance of their front desk systems, it is highly advisable to have an outside source who is knowledgeable come in and perform an evaluation, make needed recommendations and provide training that will render improved efficiency resulting in increased productivity.
- **Front desk systems:**
  - Use doctor/hygiene/hospital daily producer goals and monitoring these goals daily



throughout the month. This gives the team a benchmark of productivity and information as to how production is going throughout the month. **This system alone can increase production 10 percent simply because the entire team is focused on the same goal.**

- Block-scheduling and scheduling to meet producer goals.
- Acknowledge appointment policies.
- Collect payments at time of service, billing and insurance processing.
- Recall and follow-up unfinished treatment plan.
- Process new patient phone call to adequately receive all the necessary information, make the patient feel special and ensure that the patient's needs will be met.
- Monitor practice vital signs monthly, discuss areas of the practice that are under-performing and what changes are going to be made to help meet the defined goals.
- Complete all or part of the treatment plan after an exam while the child is still in the office (**Mining the Gold**). This is a good way to boost the day's production. Be sure to first review the treatment plan with the parent and ensure that financial arrangements are in place prior to the commencement of treatment. Parents often appreciate the convenience of not having to come back for a second appointment.
- Create a **"WOW!"** new patient experience and high level of customer service on a daily basis. Make sure your team exceeds parents' and children's expectations to create increased loyalty and referrals. Below is a list of internal marketing actions:
  - Improve relationships with parents and patients. Get to know your families by asking them questions about themselves and what they enjoy. People like to do business in places that show recognition and compassion for their family.
  - Maintain an up-to-date facility. Redecorate every five years to look current. Parents will judge the quality of your dentistry on the appearance and cleanliness of your office.
  - Portray the appearance of team. Uniforms should look clean and crisp. Staff hair, make-up and jewelry should be appropriate and represent the high-quality dentistry, service and community reputation that the doctor desires.
  - Ask for referrals. After a parent compliments the practice, staff should respond in this way: "Thank you for appreciating what we

do here. We are always welcoming new patients to the practice. If you know of any families who would also enjoy this type of practice for their children, please tell them about us. We would enjoy serving them."

- Thank referrals. Send handwritten notes to parents and professionals that refer patients and families to your practice. Gift cards and goodies can also be a generous thought.
- Provide patient education. Research has shown that patients are more satisfied with their healthcare experience when they receive thorough explanations about their condition and homecare. Have visual aids, videos and pictures of procedures to show the parent during any discussions of treatment. Also, it is great customer service to send written material home with the parent about the information discussed in the office, especially during a new patient visit. Brochures can be purchased or small patient education cards can be created that explain the following topics: brushing, flossing, bottle use, healthy snacks, relationship between sugar and decay, fluoride tablets, regular preventive visits, post-op instructions, etc.
- Increase external marketing actions; school and daycare visits; lunch and learns with pediatricians, OB/GYN doctors and family practice doctors; and community service events. It's important to take actions to increase community awareness of your practice and share its services with the public on a regular basis. Too many doctors only focus on this during February, National Children's Dental Health Month. However, these actions should take place throughout the year to ensure a continued stream of referrals and new patients.
- Increase staff verbal skills about the benefits of dental procedures to raise treatment acceptance and parent's confidence in the team.
- Offer more flexible financial options for payment.
- Plan effective morning team and department meetings to increase communication and provide a place for the team to exchange ideas and address challenges so increased efficiency and high customer service can always be improved.
- Become a preferred provider on one or two high-end insurance plans for one to two years if the practice is currently not an any plans.
- Increase Medicaid patients to fill open time.



## Actions That Lead to Decreased Expenses

- Have a well-defined overhead expense budget and monitor expenses on a quarterly basis. Expense trends can be easier to respond to and adjustments can be made following this practice.
- Reduce labor expense by cutting back on staff positions or hours if the demand in the practice has dropped. Many times there are staff members who may enjoy some extra personal time for themselves or to spend with their families.
- Use a panel of expert advisors, including a CPA, banker and lawyer. Tap into their expertise on how to reduce taxes and debt and be prudent with employee benefits.
- Define a dental and front office supply budget amount to guide staff responsible for ordering office supplies. This creates a benchmark and will even out cash outflow and ensure the budget is followed.
- Renegotiating lease. With commercial occupancy rates decreasing, landlords are increasingly willing to cut a better deal to keep tenants.
- Renegotiating practice loans. Interest rates have decreased dramatically and doctors are having success with lenders in asking for a reduction in loan interest rates.
- Bring in a part-time orthodontist to rent your space when the office is not seeing patients. This is an ideal way for an orthodontist to start a satellite location.
- Reduce medical insurance premiums by changing to a health savings account and/or update your medical insurance benefit policy for all new hires that caps the monthly premium contribution. Current employees can be grandfathered into the new policy without changes, or if premiums have gotten severely out of hand, a new policy can be made and announced once offering the employees two to six months notice.

As Peter Drucker said, "Efficiency is doing things right; effectiveness is doing the right things." 2010 is the year to be effective and do the right things if you have not already made the needed changes to adapt to the new economy.

### Practice Tools for Working Smarter

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