It is easy to generalise, but I think that most people would agree that we live in changing—and challenging—times. While technology is moving on apace, pushing all aspects of work and life forward and changing the way that we do even the most ordinary of things, uncertainty lingers over the future of our government, economy and commerce, not to mention the foot-dragging negotiations of Brexit or the numerous and frightening affairs overseas. It is difficult to predict which way things will go, whether you look at them a micro or a macro level.

Things are no different in dentistry. Disruption is afoot with the old, closed-door approach being slowly replaced by transparency and patient choice. New clinical indicators will increase the pressure to achieve higher quality and outcomes framework scores, and new regulations will ensure that the ‘rogue traders’ who occasionally blighted the name of the service—as they have so many others—can no longer gain a toe-hold, let alone a foot. All this change creates fertile ground for the entrepreneur, and yet they still face a perennial problem with financing their ambitions.

It is an unfortunate fact, but at the heart of any business is money. Whatever ethos drives a company, whether in the charitable sector, healthcare, public services, retail, or a brand within the FTSE 100, it can get nowhere without sustainable funding. This is a problem increasingly faced by dental practitioners, especially those looking to expand their business.

Ask around, and few dentists will say that they originally embarked upon their chosen career because they wished to go into business. There are far quicker and easier ways to do that. However, for those with a passion for the science, skills and service of dentistry, private practice offers the opportunity to take control and provides that invaluable commodity time. It might also mean specialising in one niche area, diversifying practice offerings or expansion through the creation of a portfolio of practices. Each of these options requires funding, but while traditional business loans can be accessible to the single practice owner, the entrepreneurial dentist with an eye on expansion will soon discover the necessity of looking elsewhere in order to finance their plans.

The pitfalls of independent dental practice portfolio growth

Developing a small portfolio of dental practices brings particular challenges when it comes to securing sufficient funding. Despite the fact that they are free from the restraints that often bind practices that are part of corporate chains, independent practices with multiple outlets face their own issues. Not only do they tend to be too big to sell when retirement beckons—because who can secure that kind of funding?—but it can be next to impossible to raise the finance for further growth or investment. If you cannot find the funds to run a practice well, there is no point in running one at all.

Finance as an isolated issue needs methodical research, backed up by a comprehensive action plan and supported by a wide-ranging business plan. However, while practice owners and managers may wish to spend significant time looking for and securing funding, the practices bring other demands, including profit and loss (P&L), existing financial management, compliance, and of course, the small matter of delivering outstanding patient care, which will always be first and foremost for any reputable dental practitioner.

That commitment to patient care will also require time spent on hiring a team who share your philosophy, and delivering a training package that ensures that every member of the team shares the same ethos when it comes to the delivery of clinical excellence.

All of this takes time, even before you have moved on to compliance, an area not to be neglected but which is incredibly time-consuming. Compliance is often cited as the number one concern for dentists. Time must be spent ensuring your practice meets the regulations and interpreting the guidelines to ensure your practice is fully compliant.

It should also go without saying that staying on top of both P&L and financial management is imperative to the continued suc-
cess of any business, dental prac-
tice or otherwise. Without a firm
grasp on your existing finances,
you cannot consider an expan-
sion, no matter how entrepre-
neurial your spirit. Not only would
your search for funding become
exponentially more difficult, but in
the unlikely event that you did
find financial backing you would
simply be throwing good money
after bad.

With so many demands on
their time and their finances, how
can today’s generation of entre-
preneurial dentists keep moving
forward and find the cash that
they need to meet existing de-
mands and fund future expan-
sion, without compromising on
existing practices into a small
portfolio of dental practices
that would otherwise have been
wasted through duplication of ad-
ministration. And on a personal
note, I have been freed to spend
time pursuing my charitable in-
terests and mentoring.

Some of my colleagues who
are less focused on growing their
own portfolio of dental practices
have used the partnership model
to unshackle themselves from as-
pects of practice admin in order to
return to the clinical focus that
originally fuelled their passion for
dentistry, while others have taken
the opportunity to slip into semi-
retirement.

Work-life balance has always
been a difficulty for practice own-
ers. As any small business owner
will attest, ‘switching off’ at the
end of the day does not come eas-
ily when there is always something
to be done. Having the safety net
of being part of a wider group of
dentists and being able to offload
the aspects of the business that
bring you less satisfaction means
that you can wave goodbye to your
last patient, confident that every-
thing that should be done has been
done. Days off lose their anxiety.

This new way of collaborating
has meant that I have the freedom
to pursue my own path while gain-
ing support in areas such as finan-
cial responsibility and compli-
ance. Dentists do not want to be
tied up in red tape, but they do
want the autonomy to decide what
is best for their patients and their
practice. The partnership group
model is the ideal compromise.

— Dr Mitesh Badiani

A Regional Partner
at Dentex, as well as Clinical Lead at
Devon Dental Centre of Excellence and
Plymouth Dental Centre of Excellence,
with over 20 years of dental experience.
What would Dr Mo Lar do? Part 5

Steps to take when married with a young family

By Richard Lishman, UK

Over the course of this series, the dentists group will explore ways to tackle a number of personal and professional challenges by providing advice and guidance to fictional character Dr Mo Lar. In this article, the fifth in the series, steps he should take now that he is married with a young family are considered.

Since the last article, Lar has undergone many changes in his personal life: as well as marrying, he has become a proud father of a baby boy. As the main breadwinner of the family, Lar feels responsible for the financial welfare of his loved ones, prompting him to review his finances and level of protection. Between utilities, mortgage payments, general expenses and the cost of raising a child—which is thought to amount to about £231,843 by the age of 21—there is a great deal that he must account for were anything to happen. As such, the best place to start would be critical illness.

Critical illness cover is intended to pay out a single tax-free lump sum in the event that the claimant is diagnosed with a serious illness or condition, such as cancer, multiple sclerosis, stroke or Parkinson’s disease. To ensure that he receives a payout, Lar would need to choose a policy that covers a wide range of potential illnesses, being careful to disclose all relevant details, such as existing health problems, age and lifestyle, to the insurer. Luckily, Lar is in good health, but if he did have a pre-existing illness, there would be a possibility that it would affect his claim. For that reason, it is always wise to seek guidance from a specialist adviser.

Saying that, taking the example of a well-known insurance company, over 95 per cent of critical illness claims were paid out in 2016, with just 5 per cent rejected owing to misrepresentation and not meeting the terms of the policy.1, still, one can never be too careful. For a suitable payout, Lar would be advised to take out cover to the value of his mortgage, debts (for example, his student loan) and living expenses.

Then there is income protection. While it is necessary to prepare for the worst-case scenario, Lar must also give thought to everyday sickness or injury. According to the Health and Safety Executive, 30.4 million working days were lost owing to work-related illness or injury in 2015/16, averaging 16 days per person.2 It can happen and dentists are no exception. In fact, it is well known that dentists are at risk of developing musculoskeletal disorders and suffering from mental health disorders such as depression and anxiety, so it is crucial that Lar should cover himself against such eventualities—especially as he is a self-employed associate at a predominantly NHS practice.

Indeed, NHS sickness leave payments are restricted for dentists, so if Lar was to experience an accident or illness that forced him out of work temporarily and he was not covered, he would only be eligible for statutory sick pay. As the main breadwinner, £89.35 per week would not be sufficient to cover the food bill for his young family, let alone his other financial commitments. However, as Lar is extremely risk-averse and prudent with his finances, it would be wise for him to take out a policy with the help of an independent financial adviser, such as those at moneydentists.

To make sure that no stone is left unturned, Lar would also be advised to enlist the services of a lawyer to compile a will, as it will ensure that his hard-earned money is inherited by his closest loved ones. In this instance, Lar wishes for his assets to go to his wife and that she should take on the role as trustee for their son’s inheritance until he turns 18. Any estate worth over £250,000 is automatically divided between the surviving spouse and children if there is no will to decree otherwise, so it is crucial that Lar should put his instructions in writing if he is to ensure his assets are divided as he wishes. With his life insurance taken into account, Lar’s estate is worth over £325,000, so he will also need to consider the impact of inheritance tax and the best way to maximise the benefit of available reliefs and exemptions.

You can take great comfort in knowing that your family will be taken care of financially in the event of illness or death. For peace of mind, follow in Lar’s steps and take out the right protection today.

Next part: Lar looks to becoming a principal.

Editorial note: A complete list of references is available from the publisher.

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www.DTStudyClub.com

Richard Lishman is the Managing Director of moneydentists, a firm of specialist independent financial advisers who help dentists across the UK manage their money and achieve their financial and lifestyle goals.