Vigilance is vital
If you take care of the pennies, the pounds will take care of themselves, an idea that shouldn’t be dismissed in this time of financial upheaval. Ian Stead explains.

It’s not much fun counting beans in or out; but with the credit crunch and inflation sweeping through every sector of the economy, and having particularly negative effects on the pound in the patient’s pocket, now more than ever it’s vital to keep an eye on the practice expenses.

The more hours you spend in the surgery pursuing prosperity, the more frustrating it is to see the bottom line eroded by a burgeoning debit column.

Of course, every business and every practice suffers from fixed costs over which their principals have very little control. There’s the rent or the mortgage, utility bills, wages, bank interest, bad debts, local taxes... all these and more must be paid just to stand still. That’s why it’s so important to have systems in place to control the costs you can influence without having to waste valuable chair time checking the details.

Watch your spending
A policy of regular expenditure reviews ensures that seemingly insignificant increments in the cost of small, everyday items do not pass unnoticed. It’s a competitive market, and changing suppliers is easy. When annual contracts are due for renewal, for insurance, fire extinguisher maintenance or clinical waste disposal for example, the lazy option of maintaining the status quo may not be the most economic. Shop around; knowing that a new agreement is not a forgone conclusion should also mean a keener quote from the supplier.

Don’t overstock
A prudent purchasing policy, which eschews impulse buying will regulate stock levels as well as keeping a brake on disproportionate routine spending. Suppliers frequently announce supermarket-style, time-limited special offers on everyday clinical necessities, and the temptation is to ‘stock up’ at bargain prices while the offer is available. It seems a good idea at the time, but storage is also a cost and do you really need thousands of wipes when you use only a few dozen a week?

On the other hand, a monthly stock check will indicate with reasonable accuracy the volume usage across the practice of clinical and office essentials, and a commitment to regular deliveries puts you in a strong position to negotiate discounts with the supplier.

The adage ‘Take care of the pence and the pounds will take care of themselves’ is easy to dismiss as irrelevant when the pursuing power of the pound under threat and the business turnover is a six or seven figure sum but dentists who’s, do so at their peril.

For more information on finding the very best practice valuation and sales advice, contact Frank Taylor & Associates on 08456 123434, email team@ftassociates.com or visit www.ftassociates.com.

About the author
Ian Stead
After graduating from Imperial College London, in 1980, with a degree in Zoology, Ian Stead joined Rentokil PLC Pest Control Division in a graduate recruitment scheme and soon progressed to sales manager of its West London branch. In 1995, Ian established an independent pest control company in London, which was sold in 2004. As the son of a dentist, Ian possesses some empathy with dentists and dentistry. It was with this understanding and his excellent knowledge of running a successful business that Ian joined Frank Taylor & Associates in April 2006 as managing director.