Get out of your comfort zone

Accountant Geoff Long gives dentists some timely advice on how to survive the current economic downturn

Over the past 15 years I have probably visited around 20 per cent of dental practices in the U.K. One of the most common problems I come across in the dental profession is underperformance. Dentists seem to find a comfort zone within which they are happy to work, which is way below the potential of their practices.

In my estimation, most dental practices operate at 40 per-cent to 50 per cent of their true capability. Add this to the problems being caused by the current economic downturn and many dentists are finding trading is tough. So - what is the answer?

Be a nice person

When a young dentist buys his first practice, his success or failure will hang on whether the patients perceive him as a “nice person”. Patients will think you are a nice person if:
• You listen to them
• You smile when you talk to them
• You do not hurt them.
• Your work stays in for more than six weeks

Until you educate them otherwise; the quality of your work and post-graduate CPD will mean nothing to them.

The right spot

I am continually amazed by the number of dentists who set up practices in London. London has a dental practice in virtually every square mile, with many overseas dentists further adding to the competition. Overheads are also much higher, particularly rent and staff costs (a Harley St Nurse can command £50,000-£35,000 per year). In addition, many patients have a much smaller disposable income because their wages are eaten up by the high cost of living.

The exact opposite is true for practices outside of London. I can think of four practices in one small town in the North West all grossing over a million pounds; a rarity indeed in the capital!

New patients

A professionally produced high-quality brochure is a must for any dental practice these days. A budget of £2,500-£3,000 will produce the sort of quality necessary. Indeed, I have seen dentists spend as much as £15,000 on their brochure – and still make a handsome return out of it. The brochure should:
• List your dental services
• Explain your dental philosophy
• And do not forget to have it proofread by a nine-year-old child. Any words they cannot understand means the brochure is too complicated.

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Scale and polish larceny

There are two ways to rapidly expand a practice. One is to worth-lead the growth, the other...
is to hygiene-lead it. A hygienist, working a private book, will add £10,000 per annum to your profits for each day of the week they work.

One of my pet hates is dentists who do hygiene work. They usually manage to reduce the hygiene visit to a chargeable offence, taking three minutes 52 seconds at the upper end and one minute 21 seconds at the lower end. The result is the patient leaves the surgery feeling cheated, muttering... ‘I wish I could earn £25 for three minutes work’!

If you leave the cleaning to the hygienist, you will have more time to put together the complex treatment planning, instead of the £500* dentistry widely practised at the moment.

**Associates**

Associates are generally detrimental to practice profitability. The reason is twofold:

- Low grossing
- Instability.

The monthly break-even point for an associate is usually £8,000 to £8,500 per month, depending on practice overheads. Many associates work-part time or do not make the break-even gross.

I took a sample of associates’ pay and the results were staggering. Depending upon ability, an associate can earn the principal anything in the range of £20,000 to +£10,000 a year profit. On top of that, taking on an associate will probably add £10,000 to your practice overdraft, whilst you found the increased overheads for the first few months. In fact, if you add all the associates in the country together they would produce no net cumulative profit for their principals as a whole! What a waste of time.

To overcome this inbuilt problem with associate's profitability, I have rewritten the Associate Contract to include a more representative proportion of the practice's fixed overheads. This not only helps the associate appreciate how expensive it is to run a business, but also transfers some of the financial risk from the principal to the associate. It also strengthens the associate's self-employed status under the new Health Service Contract.

On top of that, there is the problem of instability. The minute they get their gross to £10,000 a month, they invariably leave to start their own practice or get another job. To overcome this problem, the principal needs a much more sophisticated recruitment strategy than sticking an advert in the back of the AJD – along with all the others.

**Craniofacial drug**

The problem of craniofacial drag involves the dentist costing out the treatment plan at, say £375, but when facing the patient £175 or even worse £120 comes out of his mouth.

To get this widespread malaise out of your system, practice in front of the mirror:

- ‘I’m so frightened I’ll do it for free’
- ‘Don’t worry about the cost, I will pay you, Mr Patient’

Good, feel better now you’ve got that off your chest.

Put together a price list, display it in reception and stick to it. It is surprising the response you get from patients when you offer them treatment plans of differing sophistication. Remember, patients will always buy the best-quality dentistry they can afford, providing the choice is given and the quality of solution is perceived. If you do not believe it, think about the car you drive and why you bought it.

**Ethical selling**

Many dentists I advise hate the idea of selling dentistry. It conjures up images of slick salesmen talking people into expensive items they do not really want. ‘I can’t do that Geoff, it’s so unprofessional…’ they say.

This brings me onto the concept of ethical selling. That is informing patients of the range of clinical options available to solve their dental problem, along with the associated costs. Dentists are often surprised by the uptake of sophisticated treatment plans by patients who they never imagined cared about their oral health!

To assist in selling dentistry, buy yourself an intra-oral camera. They can now be bought for as little as £800. A picture is worth a thousand words; a tooth magnified 40 times can be very persuasive when you are selling dentistry!

Unlike some, I am not the sort of dental accountant who simply says, ‘Leave the NHS and go private’. There is a lot more to it than that. Profitable practices are usually mixed, retaining a small NHS element as part of their overall independent provision.

Next, buy yourself a desk with two chairs, to sit the patient at when discussing treatment options. Do not try selling when the patient is at 45 degrees with a bright light shining in his eyes. All he wants to do is to get out of your chair as quickly as possible!

**Word of mouth**

Eighty per cent of your marketing effort should be aimed at word of mouth recommendations. Only 20 per cent should be placing adverts.

Over the years, I have seen some excellent dentistry but few dentists have systems in place to ask patients for a recommendation. This is important because patients are often busy people themselves and forget all about your excellent dentistry the moment they walk out of the door. In any case you’ve a state-of-the-art surgery with all mod cons – you obviously don’t need any new patients do you? If only they knew the truth. Put together these ideas form the starting point for your plan to gross a million pounds.

About the author

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