Thriving in an economic downturn

R
cession. There aren’t many words in the Eng-
lish language that evoke such a variety of strong emotions from business owners, ranging from fear to uncertainty. Others may take refuge in their igno-
rance, either knowingly or not. This article reviews the validity of each of these as well as the op-
portunity the current economic climate presents to the dental practice owner.

Fear can be a healthy re-
sponse to a potentially threaten-
ing stimulus. It can also be an un-
warranted reaction propor-
tionate to the actual circum-
stances and cause the business
owner to make decisions that sti-
dle the economic growth of the
business. Many dentists will be
tempted to withdraw into their
business shell while they ‘weather’ the recession storm. Savvy dental practice owners will see this portion of the eco-

nomic cycle as an opportunity to thrive while others brace for the worst.

Uncertainty may be the most stressful emotion of all. All have the fearful and blissfully ignorant have a plan. The uncertain prac-
tice owners are paralysed by an inability to move in any direction, or they go one way and then the other, wasting both time and re-

sources.

Others will choose to ignore the obvious events occurring in the economy and their rami-

fications to their local marketplace, oblivious to or refusing to ac-

knowledge how they are affected by it.

Many of these dentists have the ‘head in the sand’ mentality that if they don’t think or talk about it, then they will not be im-

pacted by it.

The answer to all three of these responses to a recession is a large dose of reality. What are the facts? We know that a barrel of New York light sweet crude oil has for the first time eclipsed $90.48, resulting in our patients paying more than £2.58 per gal-

lon at the gas pump.

The sub-prime mortgage cri-
sis has affected lending to both suppliers and consumers, in ad-

dition to the highest foreclosure rate in recent memory. Real es-
tate values have plummeted, as has the value of the dollar; infla-

tion and unemployment have risen; the overall growth of the economy has ground to a halt.

Possibly the most important

statistic of all is perception, or

consumer confidence, the ulti-
mate determinant in what people do with their resources. Not

helped at all by the timing of a

presidential election year and an

unpopular war overseas. Eco-
nomic downturn or recession —

choose your term — nearly all the indicators point to economic con-
ditions that directly or indirectly affect the business of dentistry.

Are there opportunities for the practicing dentist to endure or even prosper in such a cli-

mate? The fact that there are can be substantiated by what I have observed during my work with all over North America both in this present downturn and previ-

ous ones as well. I’ve compiled these key methods for success into the following five strategies.

Five strategies to make the recession irrelevant

1. Adjust to the marketplace.

Take what the market
gives you and make it what it wants. Your response to the changes occur-
ring all around us should reflect the needs and desires of the mar-
keplace. Increasingly, in this economy and culture, when it comes to basic care, two things motivate people: affordability and convenience.

Money, and how to make the best personal use of it, is on the minds of many Americans at the moment. Take a drive down the highway, or a walk through an airport, and you don’t get the feeling that Americans are using less fuel, despite escalating prices. Sacrifices are being made else-

where. In general, patients are

less likely to commit to full-
mouth reconstructive dentistry, but will have smaller areas of their mouth restored as they seek an affordable compromise between the big case and allowing deterioration to continue.

If the dentist sees this tempo-

rarily downsizing as an unaccept-

able compromise for the patient, the patient will simply go some-

where else to get the more afford-

able option. The dentist that ends up treating the patient will see this trend for what it is, an opportunity to give people what they want now, while acknowledging they will likely commit to the full case or a variety thereof in the future.

The key here is to make dent-

tistry affordable for the patient. That doesn’t mean we discount the treatment, but we work within the patient’s perceived budget. Phasing the treatment plan, using creative outside fi-

nancing options such as Care

Credit®, giving patients other treatment options (only after they ask), and as a last resort, just keeping patients in the practice re-care system until they are ready to proceed with compre-

hensive care.

While affordability speaks to money, convenience addresses time. Increasingly, people want to space care out of each day, and they want their dental ap-

pointments to work within their schedule, not yours. If you can make their visit and their subse-
quent appointments as conven-

ient as possible, you will be able to capture and retain more than your share of the market.

Of course, to today’s patients other factors, like trust, caring and excellence, matter. Combin-

ing these with affordability and convenience for the patient, while accepting the fact that you may need to do less dentistry on more patients for this economic cycle allows you to capitalise on opportunities that arise and make your visit what it wants.

2. Use targeted marketing.

A healthy flow of new patients makes you bulletproof. If you ac-
pcept the premise that the average size case will be smaller during this economic downturn, then you will need more patients to supplant what will be lost. You are also likely to need more pa-

tients as patients fall out of the re-
care system and postpone treat-

ment.

New marketing methods, both internal and external, will help you reach more patients at a time when past modes to attract them may bring you less return. The message of your marketing must establish you as distinct from the dentists they are already familiar with and set you apart as someone worth visiting in the eyes of your prospective patients.

The good news is that this is the best time to market your prac-
tice for the following reasons:

• There will be less competition as many dentists fail to see the potential and are reticent to make the investment.

• As a result of less competition in the dental market, marketing will be less expensive.

• When patients are placing more emphasis on affordability and convenience, they are more susceptible to the call to action from marketing (even if they currently have a dentist).

• When the economy rebounds, the prominence established from marketing will help you take maximum advantage of the upturn and allow you to dominate your marketplace.

3. Sharpen your saw:

Enhance the distinction be-
tween your practice and others by refining key systems. One of the great things about capitalism is that when demand for services goes down, competition goes up and the quality of services and products generally improves. Economic downturns tend to ex-

pose practice weaknesses. Scheduling systems require more focus, acceptance must be optimised, and the highest possible level, and team im-

provement is paramount.

If you are less busy, then you have some time on your hands, time to work on your practice. Even if you don’t have extra time, then your efforts to build your team, improve systems and im-

prove leadership will separate you from the pack even more during an economic downturn.

4. Expand your services.

If you can do more, you will do more. The mantra of any busi-

ness threatened by a slowing econ-
omy should be, ‘Take advan-
tage of every opportunity that presents itself.’ The more tools you have in your dental toolbox, the more opportunities you have to take advantage of.

Look at what you’re referring out to specialists. Are some of these services within your realm of practice if you procure addi-
tional training? Are there new and emerging areas of care that would give you access to a larger share of the market? If the an-
swer to either of the previous two questions is yes, then you have an opportunity to expand your services, appeal to more pa-

tients and increase both the size and percentage of case accept-

ance in your practice.

5. Focus on profit.

Profitability is the ultimate contingency plan. The typical re-

action when times are lean is to downsize, freeze all spending and wait out the recession. In-

stead, the focus should be on maximising profit as a continu-
gency against the inevitable ‘down’ month or two that accom-

panies a recession.

Spending is only one compo-
nent of the profitability formula, and the equation for this is: (pro-
duction X collection rate) – ex-

penses = profit System that pos-

itively impact any component on the left side of the equation lead to more profit. When times are lean, cash is king. Protecting cash flow by focusing on the bot-
tom line gives you the resources to take advantage of the opportu-

nities available in this economy.

Planning for more profitabil-
ity starts with a budget. The budget allows you to determine how much you need to collect and produce and, therefore, al-

lows you to set goals.

It is a dynamic instrument that is evaluated periodically and updated as necessary with the constant stream of keeping the busi-

ness on track for maximum prof-
itability.

Conclusion

A dental practice is not im-

mune to the ebb and flow of the
general economy. The degree to which it is adversely impacted by a recession is determined by its re-

sponse to the marketplace and its needs, taking its marketing methods to a new level, refining key practice systems, expanding patient services, and focusing on practice profitability.

About the author

Anthony Feck, DMD, is a nationally recognized clini-

ician, consultant, lecturer and au-

thor. His company, Sunrise Dental Solutions, works with dental prac-
tices across North America provid-

ing practice management, solu-

tions through monitoring, training and coaching.

To find out more about Sunrise Dental Solutions, visit www.Sun-

riseDentalSolutions.com or con-

tact Dr. Feck directly at (800) 750-

0757 or Tony@SunriseDentalSolutions.com.