So, what are the top 10 KPIs?

Using a man in a boat as an example, Mike Hutchinson draws on his experience to provide some Key Performance Indicators to benchmark your practice.

One of the most pleasurable jobs I have to do is being the Master of Ceremonies (that is a posh way of saying ‘the man on the mic’) at the local village regatta in Port Navas. I stand in the back of a pick-up truck with a microphone and people bring me beer throughout the afternoon, whilst I witter away to my heart’s content reporting on all things from lost mobile phones to the arrival of the RNLI helicopter, from cakes for sale in the field to who’s winning the rowing!

Rowing Race
Invariably the weather is fine and the tide is full. This year, one of the events was a father and child rowing race. It is precisely what it says on the tin: One father, one child, one dinghy (with oars). The idea is to row around a simple course. The first home wins. Simple!

I enjoy badgering people to have a go. In particular people who are down on holiday and perhaps don’t often get a chance to be on the water. One chap, who I assumed was the father of the child in the dinghy (no DNA testing this year), had clearly never rowed a boat before, or possibly even been in a boat. He sat at the back, rowed the boat backwards, whilst his daughter looked down helplessly at him from an angle of about 50 degrees.

This caused a huge amount of amusement amongst the crowd and any number of people came up to me and helpfully suggested I should ‘tell him what to do’.

‘Tell him what to do’
Well, needless to say, I didn’t. After all, in my experience I could not be sure that he even thought he needed help. So for me to start shouting instructions at him would be pointless.

However, as the ‘race’ continued, it became quite clear. He was overtaken by everybody – even the man with the dog hanging over the bow and barking at everyone (that’s the dog barking, not the man). He made very little progress and in order for the event to continue before all the water drained out of the creek he was eventually towed back by the rescue boat and received enormous cheers from all those standing on the quay.

I was thinking about this just the other day. He had all the right qualifications: He was the father; he had a child; he was in a dinghy (with oars). So what was the problem?

Well, by looking around him, he very quickly realised that he was not very good at rowing, or at least lacked the skills to enable him to be a better rower. So he had the qualifications, but lacked the skill. Now we are getting somewhere!

New skills
I see this many times over in...
some of the practices that I visit. They are very much like the guy in the boat. They are qualified to be there, so they think they should be, but often have absolutely no idea how they are doing against the rest of the pack. But if they did, do you think that might motivate them to do something about it? Maybe to learn some new skills?

Well of course they should! Most dentists are trained to be dentists, not businessmen. Running a business needs skills in finance, marketing, sales, operations, people management, client experience and personal development (like leadership and vision).

But getting skills is only half the story. Like the poor guy in the dinghy, for part of the race he had absolutely no idea he even needed help. That was until he started measuring his own performance against the rest of the duds (and children and dinghies).

**Benchmarking**

So, what about benchmarking? There are, of course, hundreds of things you could measure. So here is a selection of my top ten monthly KPIs (Key Performance Indicators) that we regularly bench mark amongst our clients:

1. Principal ADY – Good old ‘average daily yield’
2. Associate ADY – No hiding here, simply the bigger the better
3. Hygienist ADY – Ditto
4. Wages as a percentage of gross fees – We are talking about non-fee earners here. Often this can be the practice’s single biggest overhead
5. Fixed costs per surgery – This has been phenomenally revealing in the current economic climate

6. New patients – This is new patient registrations. The life-blood of any practice
7. New patient conversions – The acid test for selling skills
8. Number of surgery hours available – Where 60 hours in a week is the base line, multiplied by the number of surgeries
9. Net Profit – After drawings or owners salary
10. Net Profit as a percentage of the principal’s income – This is where many dentists realize that everyone in the building is earning more than they are!

I guess the proof of the pudding is in the eating. Measuring things means you focus on them. Sitting with a group of dentists just a couple of weeks ago we found the average increase in turnover was a staggering 54 per cent in the past year.

So, what do you think of that then? Can you think of a better way to win a rowing race other than to:

a) Measure yourself against your immediate competitors
b) Train in all the skills needed to row?

I am yet to find a dentist earning more than they are!

Mike Hutchinson is a director of Breathe Business. He draws on his experience as a partner in the largest accountancy firm in the South West as well as a Master NLP coach. Mike specialises in coaching dentists on leadership, developing successful business models and implementing the right key performance indicators to grow dental practices. Breathe Business is the unique leading dental business consulting company, which specialises in working with dental principals and their teams in order to develop and grow their practices. Breathe Business: 0845 289 7289 or visit: info@nowbreathe.co.uk

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