Setting Up On Your Own

“Kitting Out” the Practice – Intangible Assets

Last month, we looked at the tangible assets that you will need to acquire when setting up a dental practice. This month, we will focus on building up “intangible assets” i.e. goodwill and intellectual property rights.

As you are starting from scratch, you will not be purchasing another dentist’s goodwill and you will therefore need to focus on, right from the outset, establishing your practice and building up your own goodwill. Clearly, this is not as simple as, say, purchasing equipment or an IT system and it will require clear, defined objectives and a detailed Business Plan on how to meet the objectives.

You will have already established a core Business Plan when applying for finance. Now is the time to start developing it, with the aid of your bank/lender or financial advisor. Clearly, not all objectives in your Business Plan will be achievable straight away and you will need to identify which are short-term, medium-term and long-term.

Put shortly, goodwill can be defined as the likelihood of patients to come back – the more prospect of repeat business, the higher the goodwill and the saleability of the practice in the future. In order to develop goodwill, and the success of the practice, one key part of your Business Plan will be to ensure that you have a precise marketing plan. A common approach is to divide the plan into six Ps. This will include what services you want to provide (“Product”), your charges for providing the services (“Price”), where you want to provide them and ensuring the practice is professional, clean and well maintained (“Place”), how to target patients (“Promotion”), ensuring that your staff are adequately trained and developing their skills (“People”) and the efficient management of a patient’s appointment at the practice and after care (“Processes”).

A key aspect in establishing goodwill is promoting the services that you want to offer. You will need to budget into your Business Plan the cost of advertising and promotion of the practice. Your advertising method will need to fit in with the type of patients you want to provide services for as clearly your target areas will be different if you are offering private care as opposed to NHS services, if you are providing care for mainly children rather than adults or if you are looking to create a niche market by specialising in specific services. You will also need to ensure that your advertising budget is realistic and accounted for in the Business Plan.

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All businesses will want to develop intellectual property rights as this will be a valuable asset to the practice. There has been an increasing awareness among dental practitioners about the value of branding to their businesses. Branding is as valuable a tool to the dental business sector as it is to the consumer market, more broadly as brand awareness, in any sector, is integral to the issues of customer/patient loyalty. It will set your practice apart from competitors and will form an important part of your overall marketing structure.

Your intellectual property may include, amongst other things, the practice name, the practice logo and your website. It is vital to your practice’s success to ensure that your IP rights, such as business name and domain name, are protected and secure.

Next month: Hiring Staff and Engaging Associates and Hygienists

About the author

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