

June 2019

*Exclusively to Clients and Friends
of Advanced Practice Management*

BULLETIN



Bill Rossi

A SURPRISINGLY SLOW START TO THE YEAR—THE DENTAL DOW 1ST QUARTER 2019

For the mature area practices sampled in the first quarter of 2019, practice production was up .07% and collections were *down* 2.3%. It's interesting and distressing to note that the collection percentage of the sample group was 84% the first quarter of last year and 81% the first quarter of this year. Anecdotally, we've fielded many questions from dentists about soft collections the first quarter. We feel some of this may be due to slow-down in insurance payments but have no hard proof of that.

Although collections are down, total exams are up 2%. New patients were down slightly (-1%). Production, then, was more a matter of doing less for the people seen than seeing fewer people. Crown & bridge per exam was down nearly 4%.

There were increases in both Doctor and hygiene open time.

So the numbers feel just as mediocre as the weather has been this year! Let's cross our fingers (and pay attention to business) to get these numbers up the 2nd quarter.

APM PRACTICE TRANSITIONS LLC



Matt Lahn

HOW LONG WILL IT TAKE TO SELL YOUR PRACTICE?

What we are discussing here are practices, typically solo, that are just outright selling... not bringing an associate in for a staged sale. Of course, if your practice has enough of a patient base to support two Doctors, or a Doctor and a half, the staging method is best. You get to groom the buyer, have the benefits of

having an associate for coverage, profitability, etc., and get a good price for your practice.

However, in some cases, an outright sale is called for.

What's Inside:

- **A Surprisingly Slow Start to the Year—The Dental Dow**
- **How Long Will it Take to Sell Your Practice?**
- **Don't Over Do the Digital!**
- **Do Patients Like you for More Than Your Network Participation?**
- **Management Works—Make it Work for You**
- **Collections Seminar is Friday, November 1**

Assuming your practice is appropriately priced for the marketplace, most **Metro Area practices will sell in 6 to 12 months. Outstate practice sales time** have great variability, with some taking up to **2 years** to find a buyer, if ever. Generally speaking, the further outstate you go, the harder it is to find a buyer.

In Metro Areas, "Corporate Dentistry" helps drive up prices. However, most of the larger groups that buy practices, such as Park Dental, Metro Dental, and Midwest Dental tend to stay within an hour or so of the Metro Area (with some exceptions). That's because it can be difficult to keep dentists in far-flung places, especially if they don't have ownership. **We recommend that you plan on about a year to sell your practice and if you are in a rural area, two years.**

The Closer You Are to Selling, the More Dangerous "Rules of Thumb" Are:

We've seen many instances where Doctors heard something to the effect of, "My accountant says the practice is worth 65% of collections," etc. If you are talking to someone that may one day buy your practice (your associate), it's especially dangerous to rely on these rules of thumb because they can be off by tens or even hundreds of thousands of dollars.

Bill tells of a case history in Wisconsin where a client was told by his accountant his practice was worth \$750,000 (based on "rule of thumb"), and he had an offer for that amount and was wanting to jump for it. Bill insisted that client get an appraisal from a reputable firm. Long story short, the Doctor got \$1,000,000 for the practice – well worth the \$3,500 invested in an appraisal.

Using rules of thumb is fine if you're 5 or 10 years away from retirement, for the sake of your investment portfolio planning. However, if you blurt out a number to an associate or potential buyer that turns out to be too low, you could end up with an argument at the altar.

We Believe In You!

We believe that Independent Private Practice is the best way to deliver dentistry. It is best for the patients, the doctors and the staff. Private practices can be more selective with their continuing education and technology. They can also be more adaptable and efficient. **Most importantly, the people who make decisions about patients' dental care are the ones in direct contact with them.** We also believe that professional management support helps **good practices be better** and thrive in a competitive environment.





DO PATIENTS LIKE YOU FOR MORE THAN YOUR NETWORK PARTICIPATION?

A lot of dentists feel that PPO participation is the key element in how many patients they attract. Our experience has been that PPO participation is a factor, but it's not the only factor or even the main factor. Your location, signage, customer service, hours, internet presence, staff

Bill Rossi

training, range of services, and level of technology, are all factors that affect your new patient flow.

So Doctors, please be assured that most patients like you for more than your "Network Participation Status." In fact, rephrase that question and ask your team and yourself:

"How can we make sure that every day we are working to ensure that patients like us for more than our Network status?"

BUILDING TRUST:

Trust is the foundation of a private practice. Note I said practice, not "clinic." It's trust that will have patients want to stay in your practice even though you may not offer evening or weekend hours, deeply discounted services, free parking, or lots of PPO participation.

A patient will put up with inconvenience, cost, and all manner of other "imperfections" if they know you are keeping their best interests in mind and are treating them fairly. Most of your patients don't really expect charity, and they don't want to think that their dentist is so desperate that they have to work half the time for free to keep their chair full. The conditions for trust are well known: validity, empathy and authenticity. Of these, the most important is "empathy."

A patient doesn't sense empathy from you just because you accept a discounted fee schedule. A patient feels empathy from you when you truly listen to them. Other forms of social proof such as patient testimonials and, importantly, the full faith and trust of your team help build trust too.

What I'm leading to is this:

When I see Doctors who are willing to work for just 65%, 60%, even 50% of their normal fees, I can't help but think that they don't hold themselves in as much esteem as their patients likely do, and they don't realize that patients *aren't* coming to them primarily for their insurance status. If they developed trust with patients, many patients will happily see them out of network. You are *already* probably seeing many patients out of network.

What if you sat down with your patients and asked them, "Would you go to another dentist if you could save money?"

Almost every dentist I know would hate to ask that question because they would be afraid of the answer! Yet, I think you'd be surprised at how many patients would say, "No, I like it here."

In fact, we recently surveyed 100 adults, ages 18 to 68, and asked them just that: 83% of respondents said they trusted their dentist. **Of those who trusted their dentists, only 8% said they would leave to save money.** 66% said they would not leave and 25% said "maybe" they'd leave. Of the 16% who said they just "sort of" trusted their dentist, 44% said they would leave to save money and 31% said maybe they would leave.

So Doctor, ask yourself, ask your team: **Are we working as hard to gain patients' trust as we are working to outrun the discounts?**

HOW DO YOU RATE YOUR SPECIALIST?

This article was written by Brandon Collier of the Collier & Associates Newsletter in collaboration with Advanced Practice Management. Together we surveyed 139 general dentists.

THE GOOD:

- On a scale of 1 to 10, the dentists overwhelmingly believed that their patients were satisfied with the specialists – 9.0 for endodontics, 8.5 for oral surgery, 8.8 for orthodontics and 8.7 for periodontics.
- The vast majority of responders say that they meet their specialists personally at least once per year.
- Average discounts from specialists (for Doctor, family members and team members) were 85% for endodontics, 78% for oral surgery, 81% for orthodontics and 74% for periodontics.

The referring doctors rate the following on a scale of 1 to 10:

1. Patient experience at the specialist's office: 9.7
2. How quickly the specialist will treat the patient: 8.7
3. How quickly the specialist sends follow-up correspondence: 8.2
4. Reciprocal referrals from the specialist: 6.2
5. Comprehensiveness of specialist website with useful patient info: 4.5
6. Specialist's PPO participation: 2.9
7. Specialist's holiday gifts and other entertainment: 1.9

POTENTIAL AREAS FOR IMPROVEMENT:

- Specialists (or representatives of the specialists' offices) are paying too little attention to dentists' team members. 45% of survey responders say that their top referrals communicate with their staff exactly zero times during the year.
- Dentists overwhelmingly want their specialists' receptionists to put their patients *directly* back in contact with their offices at their final treatment appointment, but this is only being done half of the time.

Doctors, insist on getting this courtesy back from your specialists. It will save your receptionist time and help ensure patient follow up with treatment. -Bill Rossi

Brandon Collier can be contacted at (216) 765-1199 or bcollier@collieradvisors.com.



DON'T OVERDO THE DIGITAL!

Our survey shows 58% of area dentists now use digital communications such as RevenueWell, Lighthouse, Solutionreach, Demandforce, etc. These are very helpful tools and we are all for them.

Heidi Benson

However, we have seen practices lose business because of over-relying on text, emails, and robo-calls. We like digital communication, but in addition to human contact, not as a substitute.

We all get “robo-calls” daily. The number on your caller ID comes up with a local number, and then someone on the other end of the line is trying to sell you a car warranty or something. Your patient communication product can put you in the same category as a “warranty salesperson.” We recommend that a **live person makes calls** to patients in conjunction with emails and texts.

The key thing is to have the digital communications in the same pattern that your human communications are. Many of our clients work delinquent recall by contacting, each month, people who are 3, 6, and 12 months past due that month. That’s when the emails and texts should go out from your digital communications, but there also should be follow up calls. Even good old postcards have a place (you can’t stick emails onto the refrigerator).

Call us to discuss the right blending of options for **your** office.



MANAGEMENT WORKS! – MAKE IT WORK FOR YOU:

We work with some of the most successful dentists in the state by any measure you’d like to use. Even with great, motivated teamwork, there needs to be regular “Systems Tune-Ups.” Recall systems unwind. There is staff turnover. Treatment Follow-Up, etc., falls aside.

Shelly Ryan

The right word, the right approach can mean the difference between an hour scheduled and an hour open, a new patient gained or lost, a crown scheduled or put off. Management is not just about “wow” ideas. Good management is kind, straightforward, and **ever diligent**.



Advanced Practice
MANAGEMENT, LLC

APM PRACTICE
TRANSITIONS

A FRESH APPROACH TO COLLECTIONS

COLLECTIONS MADE COMFORTABLE

The best dental collection seminar your team will ever attend!

Presented by: Shelly Ryan

Date: Friday, November 1, 9:00 am to 1:00 pm

Location: Embassy Suites Bloomington, MN

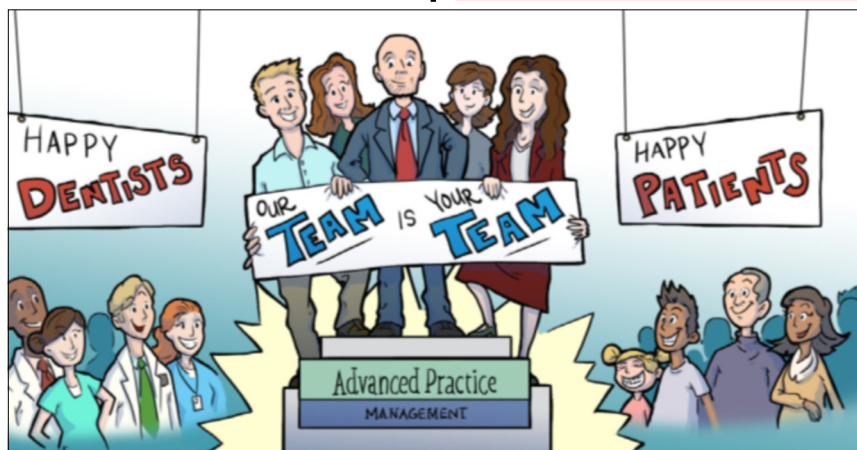
Fee: \$219 First person, \$199 each additional

This perennial favorite is a must-attend for you and your team. Dealing with patients, money and insurance is something you have to do every day so why not do it well? And, it takes the whole team!

Take the confusion out of dental fees and insurance so your patients follow through on treatment and your schedule stays full.

This seminar is almost always a sellout. \$219 first person and \$199 each additional. **\$20 discount per attendee if registered by September 15th.**

CALL TODAY 952-921-3360 or register online at: AdvancedPracticeManagement.com to reserve your space before we do our general mailing.



Matt

Shelly

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