

July 2018

Exclusively to Clients and Friends
of Advanced Practice Management

BULLETIN



Bill Rossi

THE DENTAL DOW 2018:

Comparing the first half of 2018 to the first half of 2017, we find that Production was up 4.7% and Collections were up 3.3%.

Total Patient Flow was up 1.5% but New Patients were down about 3%.

The Total Production per Exam was up 3.4%.

This is a little slower than the pace for growth of 2017 when Production was up 6.1% and Collections were up 4.3%. Still, this marks four years in a row of pretty good growth compared to the years from 2009 to 2013.



Bill Rossi

KEEP A GOOD TEAM TOGETHER:

The market for Dental Team Members is tight. Finding good candidates, or *any* candidates can be quite a challenge anywhere in the Midwest.

It's cheaper to keep her!

- Has it been a while since you've done performance reviews and given raises? If it's been more than a year, it's time!
- Remember a raise with praise goes further than just a raise.

What's Inside:

- The Dental Dow
- Keep a Good Team Together
- Good Information Flow—Paper still works!
- Four Ways to Add to Your Practice Value:
 - What to Do
 - What Not to Do
- Collections Made Comfortable Seminar is Friday, Nov. 2

- Have you met one-on-one with each staff member to ask them the classic questions:

“How are you doing?”

“How am I doing?”

“How are we doing?”

Open the lines of communication and clarify mutual expectations.

- Medical benefits are highly prized. Even if you don't have a full-blown medical office plan it is now possible to award a medical stipend. This is something that a lot of offices used to do that was not permitted for a while, but now there's a way that you can do it, check with your accountant. Or, you can just pay them a set monthly amount and call it “Medical Benefits” although all the normal taxes will apply.
- Team Continuing Ed Events It can be a pain to take a day off, but they are great for engendering a happy, focused, productive staff.



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.

- About 1/3 of dental offices in our area offer incentives. If they're done right, they can work very well. However, every incentive program needs to be adjusted from year to year, and there has to be practice strategy to reach the bonus goals or you may just frustrate the staff.
- If you are advertising for an employee, make sure that your ad is just that – an *advertisement*. For sure, say who you are. People don't like applying to blind ads like, "Southern Minneapolis Practice Seeking Assistant." Would you?
- A tight labor market does not mean you have to suffer with underperforming staff. Stress carrying staff members can push out the good ones.
- People like working with their friends.

Help foster team feelings through:

- Group Continuing Ed
- Up-to-date Coordinated Scrubs
- Open and Respectful Communications
- Regular Staff Meetings
- Recognize Birthdays and other events!

- Don't be penny-wise and pound foolish. A staff member's productivity weighs in much higher than their relative rate of pay.

Example: In our area, most hygienists make between \$25 and \$37 per hour. Their productivity ranges between \$120 to \$220 per hour. What is more important; "holding the fort" by not giving a hygienist a \$1.50 raise or giving that \$1.50 raise but getting productivity that's \$10, \$20, \$30 per hour more?

We have data on staff wages, suggestions for want ads, data on production and other good information for you.

Remember MY team is YOUR team. We are at your service anytime should you wish to call.



Shelly Ryan

GOOD INFORMATION FLOW:

Sometimes Paper is Best:

Sometimes a paper trail really helps. For years, practices used "Routing Slips." With the advent of digital X-rays and EMR, this has fallen by the wayside. We estimate that fewer than 10% of offices now use routing forms. However, these can be very useful. If you print those off for every patient in your days' schedule, you and your team can quickly review things such as:

- Pending treatment
- Other family members due for recall
- Balances
- Insurance
- Address, date of birth, etc.
- Email

This paper will save you time in searching through various screens and makes it more likely your team will be on top of this information. This is great for Morning Huddles too, but especially helpful if you don't have morning huddles. Try it for a week or two and see if it works for you.

APM PRACTICE TRANSITIONS



Matt Lahn
APM Transitions

FOUR WAYS TO ADD TO YOUR PRACTICE'S VALUE:

Just like realtors "stage" a house, there are things you can do to fairly quickly add to practice value and desirability in the eyes of a potential purchaser.

1. Keep your fee schedule up to date including balancing your PPO participation: Low fees and a low collection percentage can turn off buyers. If you are collecting less than 80%, it's well worth checking into whether you are participating with too many PPOs. Our research shows that at a certain point, additional PPOs doesn't mean that you get or keep

more patients - they just essentially, in effect, bring your fees down.

2. **Keep the Hygiene Department Pumped Up:** Most appraisers and buyers take a look at the “Excess Income” a practice earns. That is, assuming the owner dentist became a worker and was paid about one third of their production, how much profit is “left over” after paying the doctor(s). A big factor in how much of this income there is then, is hygiene productivity.

If a full-time hygienist increases their production by just \$10 per hour, practice revenues go up about \$20,000/year, mostly profit. Practice value then may go up by \$80,000!

Having good patient flow (recall) and up-to-date hygiene protocols can add more to your profits and practice value than almost anything else. So, if you have not updated or refreshed your hygiene protocols lately, now is the time.

3. **Keep Things Fresh, Including Your Head:** The longer you practice, the more you are likely to be “house blind” to pending patients’ needs. You and your patients get into a groove and then one day you retire, and the **next doctor** gets to do all of the crown and bridge that you’ve been “**watching.**” More to the point, the crown and bridge you don’t do when you are practicing affects your practice gross, profitability **and** value.

The #1 determinant of how good your case acceptance will be, is how excited **you** are. So, keep up with your Continuing Ed. Lead your team in closing the gap between what you can do for patients and what they choose to have done.

4. **Timing:** If you are going to be selling outright and you are leasing your practice in a

professional space, timing is going to be important. Ideally, you put the practice up for sale one year before the renewable lease ends. This gives the buyer(s) the option of renegotiating the lease and signing on or moving the practice. Many practice sales nowadays involve a “merger” and those buyers do not necessarily want your facility.

If you have an associate on board that’s buying, the timing here is important too. You want to make sure that the associate is a partner “in reality” before they are a partner legally. In other words, don’t rush the buy-in but give the associate a definite future and help them ramp up. This also ramps up the value of the practice.

SIX THINGS NOT TO DO:

- **Don’t buy a lot of expensive equipment** within two years of trying to sell the practice. Your investment in high ticket, high tech items such as Cerec, Lasers, Cone Beam will not likely be recovered. The analogy here is adding a swimming pool to your home. It doesn’t necessarily add to the value and for some buyers, it will actually detract from it.
- Don’t let the practice become run down and threadbare. Keep the paint, carpet, countertops, etc. fresh.
- **Don’t sign a 10-year lease** when you plan on selling in 3 to 5 years! (see above).
- **Don’t hang on to underperforming staff members.** It’s very common to see Doctors late in their career, out of compassion and general mellowness, to keep too many staff people around or inefficient team members. I often see overstaffing by at least one member in a solo practice. This can bring down the practice value by multiples of the staff costs because the #1 determinant of practice appraised value is net income. \$25,000 in

“excess” wages can decrease your sale price by \$100,000. Overstaffing or underperforming staff is the #1 cause of high overhead as a percentage of collections.

- Don't let your website get out of date. This has to be up to snuff too. Any potential buyer nowadays is going to go to the website first thing. If it's out of date, they are going to think that your practice is out of date.

Avoid Clip Art and pictures of empty operatories. Show the rooms and patients in the rooms with your team. This is good for your website in any case and helps add to the curb appeal of your practice.

- Don't place blind ads. If you're looking for an associate with potential buy-in or you are putting a practice up for sale DIY, don't be vague, “Southern MN practice seeking associate.” Who wants to apply to something that general? The candidate would not know if they are applying to a corporate dental practice or to a friend of their current employer. So, make sure that you say, “Confidentiality Assured”, who you are and where you are. “Small town outside of Rochester”, etc.



A FRESH APPROACH TO COLLECTIONS.
COLLECTIONS MADE COMFORTABLE
THE TEAM APPROACH

Presented by: Shelly Ryan
Friday, November 2, 9:00 am to 1:00 pm
Embassy Suites Bloomington, MN
Fee: \$219 First person, \$199 each additional

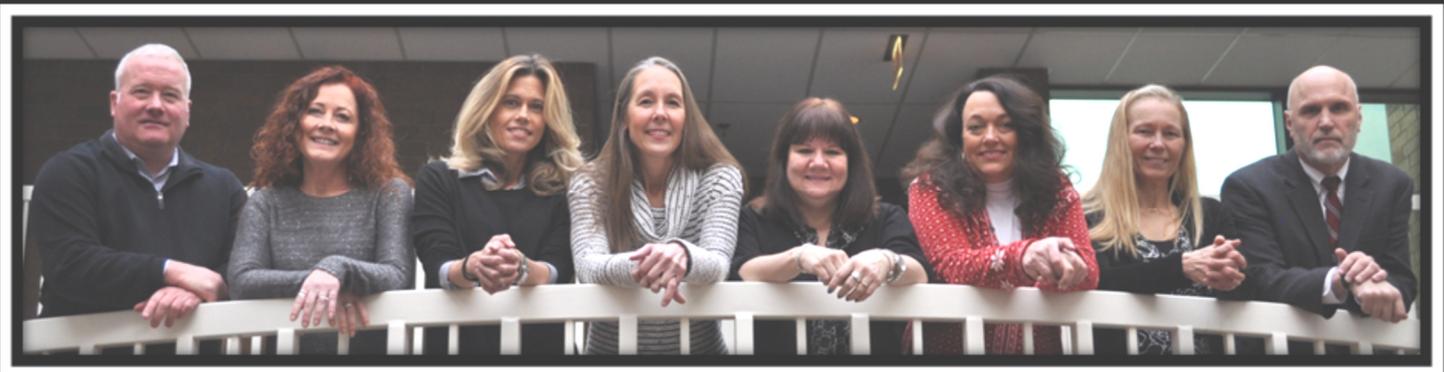
This perennial favorite is a must-attend for you and your team. Dealing with patients, money and insurance is something you have to do every day so why not do it well? And, it takes the whole team!

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.**

OUR TEAM IS YOUR TEAM!



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