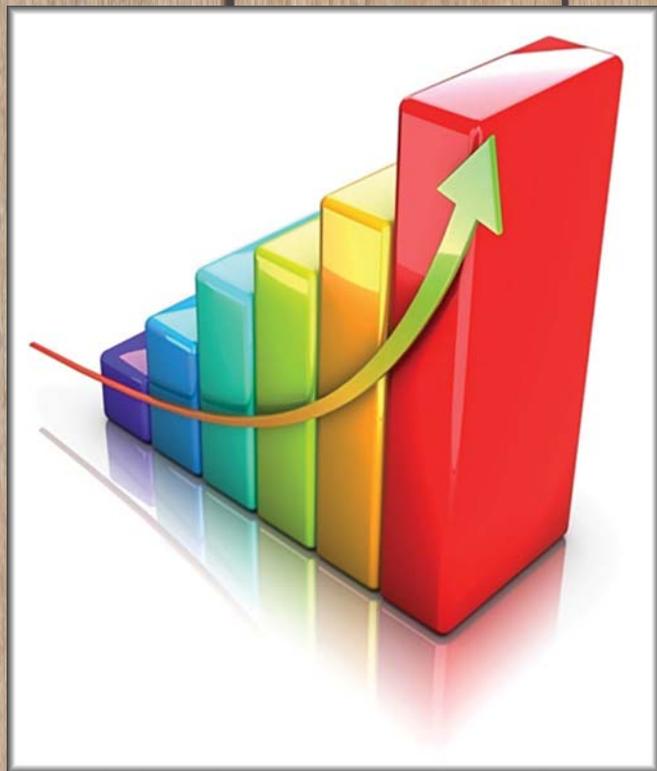


The

Profitability



of

Dentistry

- Darren Somsen
Half Dental Franchise

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Introduction

Your decision to become a dentist may be altruistic or economic. You may have chosen the field because it was the family business or because a guidance counselor stated it was the perfect career for you. So, you invested and sacrificed a lot of years and money into earning your DMD or DDS. You made choices and became a healthcare professional - you earned the title of doctor. But what the professors, bookwork, and practical education didn't prepare you - you are now a business owner! You are prepared to treat patients, but now you must negotiate real estate leases, equipment leases, insurance, hiring, firing, payroll taxes, business income taxes, design, marketing, customer service, customer retention, profit and loss statements, IT, and . . .



"Don't worry sir, I am a professional."

WHOA!

I'm just a dentist.

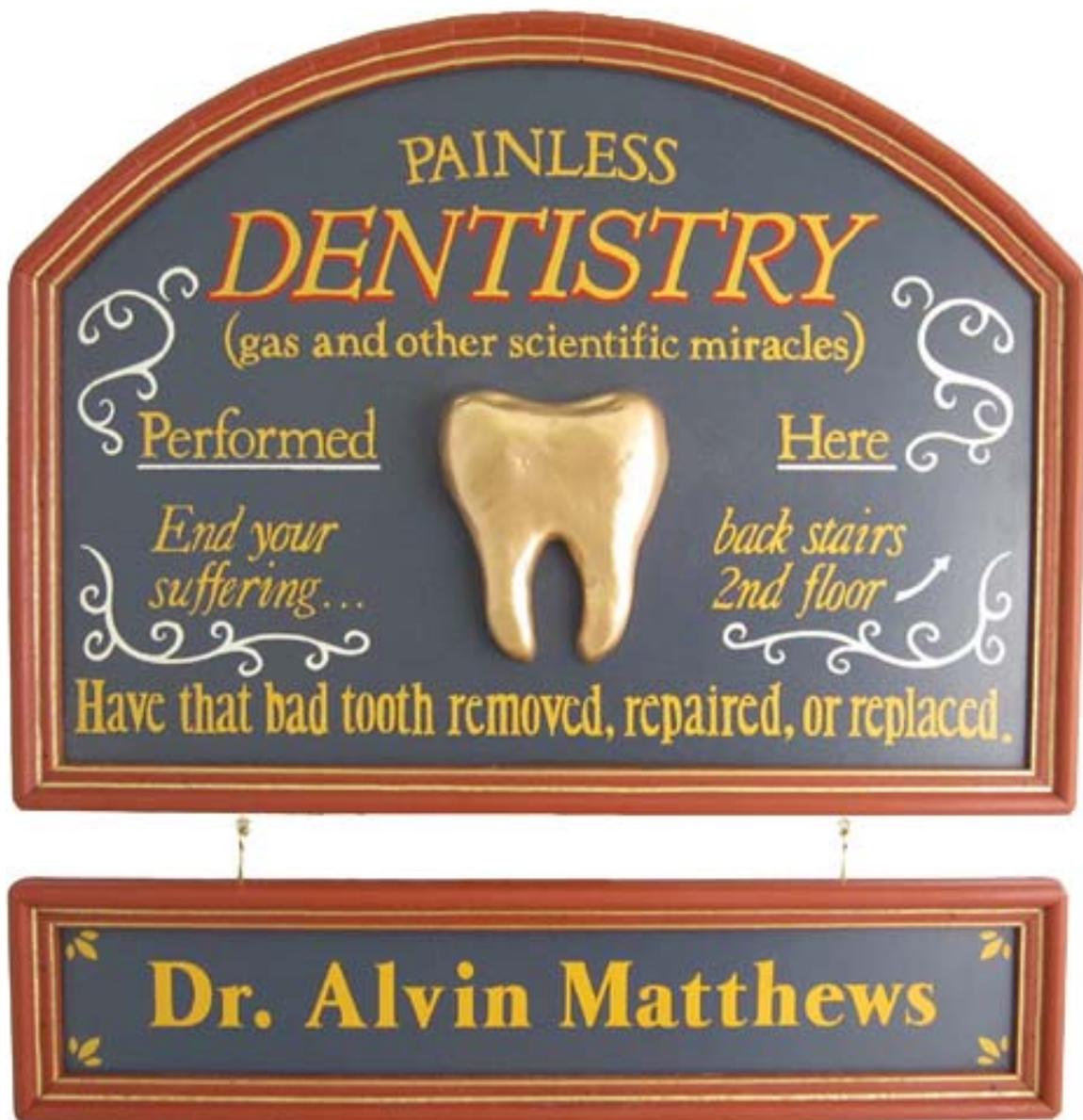
Not *just* about it. You are a doctor dedicated to improving your patients' quality of life. But to do so you must also manage a successful business of dentistry.



"Welcome to the party pal."

Hanging Out Your Shingle

When you decide to open your own practice you are in full control of your income. You decide this by the number of operatories in your practice, how many days a week you want to work, your hours of operation, your specialties, your staff, your location, your equipment, and how you market yourself. This series of articles will help you recognize pitfalls, practice strategies, practice operations, and quality of life to help you build a successful dental practice.



"Hi, I'm Dr. Matthews. I'll be removing your molars today."

If You Build It They Will Come

Your first step to business ownership is where to practice. To reiterate the adage, “Location, location, location.” You need to determine to whom you are marketing (families, business professionals, baby boomers, retirees) and where they are concentrated. One successful Chicago practice opened a second location on a floor of a prestigious downtown hotel. This allowed them to capitalize on the business people commuting into the city. [But, this was a *second* location. They already had a successful suburban practice and were a recognized brand.]



Choose an AFFORDABLE location which caters to your prospective patients . . .

You should select a location with high visibility from the road, convenient parking and easy access. A busy intersection with traffic backed up for blocks can be as big a deterrent to new patients as a medieval castle moat. Don't take the landlord's word that it is easy to get in and out of the parking lot – do it yourself, at different times of day. Be sure to note if it's difficult to access the proposed location based upon time of day, and if your vehicle scrapes asphalt entering or exiting the parking lot – because your prospective patients will notice.

Once you have selected a site it's time to build out your practice. You should minimize exposure to a long-term lease while allowing for a lease renewal favorable to you. An extended lease may have a favorable monthly



but doesn't put you, your staff and your patients at risk.

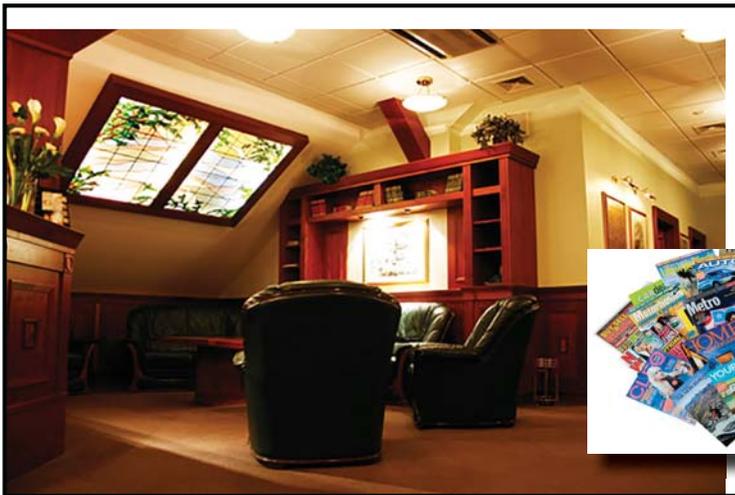
cost, but can shackle you to a location that may not meet your needs in a few years. When negotiating your lease include internal finish work to meet your current needs as well as projected growth. Include clauses to exit the lease based upon significant road construction which can hamper business, the departure of multiple tenants from the property, or an overall economic downturn within a 5-mile radius. You don't want to be the last business in an abandoned strip mall.

Who Are You Trying To Impress?

How you equip reception and the waiting room is as important as the equipment used in your labs and operatories. What impresses other dentists may not make an impression upon your patients. Pleasant decor, proper heating and cooling, comfortable seating and open-access Wi-Fi will make a larger impact with patients than a \$100k piece of equipment in your lab. Pay as much attention to interior design as you do your digital x-ray equipment and autoclave.



Select a reception area that is inviting, but reflects a modern office.

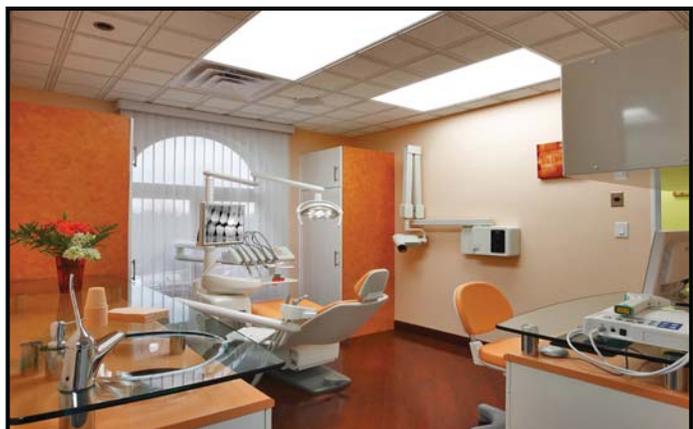


Choose a decor that puts your patients at ease. WiFi and CURRENT magazines makes them comfortable.



Regarding your equipment – **GET MULTIPLE BIDS!** Regardless of what your sales rep tells you, they are not “your partner in success” – they are your vendor. Request a bid, remove items you don’t need, then give another company a blind copy of the items you want. Compare the individual prices, the overall bid, the lease terms, warranties, service agreement, and interest rate on equipment financing.

Most importantly, you need to conserve your cash for operating expenses and payroll. Hygienists and office staff don’t work for free.



A professional operator should not break your budget.

Who Are You and What Do You Want?

Selecting the right staff is critical to your finances and, well . . . , finances. You need to find a balance between skill, experience, personality, and cost. A recently graduated hygienist may be a better choice for your new practice as their salary requirements may be less than one with years of experience. New techniques, willingness to take direction and a bright personality can be the right fit for you.

Your choice of front office staff is just as critical as hygienists and dental assistants. This person is the first contact your practice



She may have experience, but is this the face of your practice?



Glass isn't just a barrier for your patients, but can also be a barrier to your success.

Written job description for the receptionist/front office person will help you identify your practice's needs before their first day of work. Do you expect them to handle basic accounts receivable, insurance, billing and collections in addition to answering the telephone and patient check-ins? This can relieve some pressure from your work load as a business owner and will allow you spend more time with your patients. But with greater responsibility comes greater pay. Find the person with the right balance of personality, job skills and salary expectation.

has with a prospective patient – likely by telephone. You should conduct a first interview via telephone. You can hear what your patients will hear. Can you hear them “smile” during your call? Listen to their grammar, tone and inflections. Ask yourself, “Is this who I want as my practice's first impression?” If you hesitate, move on. Your staff is a reflection upon your practice and your business – make sure it's positive.



"Your job description? MAKE ME MONEY!"

Hello, My Name Is Doctor . . .

Let's review. You have your degree, you've selected the perfect office location, decorated it comfortably, installed the right (but not too expensive) equipment, hired the perfect staff, turned on your telephones and your name is lettered on the door. Now you just need to hang a grand opening sign, open the door and the patients will pour in like a gentle summer rain.



"I'm the doctor. It says so on my tag."

WRONG.



"Thanks Daddy!"

Other than your family, no one has been anxiously awaiting your grand opening. Why? Because you didn't tell them. You forgot one of the key steps to opening any new business – *marketing*. Your prospective patients need to know who you are, where you are, and why they should select you as their new dentist. The adage, "You have to spend money to make money", is no truer than in this moment for your new business. It's time to invest in a concerted marketing plan to build your practice.



"Okay, I made my checklist. Was I supposed to fill it out?"

“Dang It Jim! I’m a Doctor, Not an Adman!”

You have one goal to achieve in your business – increase your revenue stream. Revenue comes from a steady flow of new patients entering your practice. Below the simplicity of this statement hides the complexity of making it happen. Marketing your practice will be one of the most difficult procedures you perform as a dentist.

Let’s break marketing down into three categories: public relations, branding, and advertising.

Public Relations – an outreach to the community via the press and events which shines a positive light upon your business or brand.

“Doctor Doug Smith, DDS announces the opening of his new dental practice as the Three Points Shopping Center . . .”

This item would run in the business section of your local newspaper on a slow news cycle. Also, the advertising manager of the paper will call you and talk to you about running an advertisement in the paper.

Branding – any advertising, event, signage or social media that brings attention to your practice.

“Hi, I’m Doctor Doug Smith. Remember me the next time you need to see a dentist.”

This can be a print, radio or television advertisement. The tone should not be compulsory.

Advertising – a call to action for a consumer to purchase a specific product or service.

“Hey folks! Come on down to Doug Smith Dental where we are DRILLING away at tooth decay! Call us now and get a complete cleaning and exam for only \$99.95! For the first 100 callers you’ll get not one, but two complete cleanings and exams! Two complete cleanings and exams for ONLY \$99.95! With an offer like this I must be CRAZY!”

This is an example of a direct response advertisement. You make an offer and expect an immediate response from the viewer or listener. Variations can be designed for print advertising.

[Anything Else?](#)

When I began writing this article my inner voice kept repeating,

“You wouldn’t let your mechanic work on your kids’ teeth, would ya?”

It’s snarky, but the meaning behind the statement rings true. I’ve counseled numerous dentists about trying to do everything themselves. I had a conversation with a dentist who had cobbled together his office computer network from used, ancient desktops but then complained about all the time he spent after-hours trying to keep the network running. His practice management software ran slow, computers crashed, and he was incredibly frustrated. I sat down with him at the dental conference and asked, “Why are you trusting your entire business to 10-year-old computers running Windows XP?” His reply, “I’m cheap.”

He’s a doctor with a \$150,000 education and \$250,000 in office build-out yet he said he was too cheap to invest \$7,500 in new computer equipment to properly operate *his business*.

You have chosen to embark on an incredible adventure as a small business owner. Look around your area and identify businesses that are thriving and those that are failing. What are they doing right and what are they doing wrong. Are they offering a product or service people want? Are their prices reasonable? Do they have a good location. Take note, the businesses which are succeeding are not trying to do it alone. They hire other businesses with expertise in specific fields for support. This doesn’t make them weak – it makes them smart.

Half Dental Franchise offers new doctors and established practices the ability to effectively market and operate their practices while retaining ownership of their business and their patients. A Half Dental franchise allows dentists to benefit from our experience while exercising what they do best - excellent patient care.

For more information:

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Watch for additional articles in this series from Half Dental Franchise.