

FIFTH YEAR DENTAL SCHOOL:



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The Business of DENTISTRY

GOOD MORNING DR. SMITH, or is it Dr. Smith, CEO? Some time ago you made a choice in life to pursue dentistry. You didn't just wake up one day in your early 20s and say, "Hey, I'm going to apply to dental school today." No, long before your 20s you made a choice—a choice to apply yourself intellectually to increase your options in life. You chose to earn high marks and you chose to go to college. You chose your major and possibly a

minor. Your life was full of choices and at some point, you chose to go to dental school and pursue the art and science of dentistry.

In dental school, you made the choice to focus on what was important: learning dentistry and passing all of your requirements. Business courses and the fundamentals of how to operate a small business were probably not keeping you awake at night. However, when you became a dentist with all the rights and privileges afforded you, many of you also became the CEO of a small business. This was by choice, yes, but not necessarily the clearest of choices.

What does it mean to be the

CEO of a small business? How prepared are you to lead your business? How confident are you that you are operating your business effectively and efficiently?

In corporate America, the ladder to CEO can be steep, but when you arrive you have a single focus: to lead a company and meet the expectations of the stakeholders. Most CEOs start their careers with a core competency in a craft, much like a dentist is an expert in dentistry. But as engineers, accountants, scientists, sales, and marketing professionals ascend the corporate ladder, they are trained on management principles and provided the opportunity to gain experience as

leaders. More significant than the management training, however, is the abdication of their respective craft. Business managers are not expected to continue to practice engineering, accounting, or science on a daily basis; they are expected to lead and manage their business. Dentists are not afforded the same luxury. Dentists are expected to lead their business as well as practice dentistry on a daily basis. How can they strike a balance?

CEOs in corporate America also have built-in support networks and accountability partners in their Board of Directors and shareholders. When a

accomplish? Most often the goal is to grow the business, either top-line revenue or bottom line profit. Business plans are developed as a guidance tool and a reality check. Does the idea make sense? Will it work? What will it take to make it work? What financial benefit can be expected? What intangible benefits can be expected (customer loyalty, increased brand awareness, increased competitive advantage). Business plans are created to minimize risk and communicate throughout the organization what, why, and how a project will get done, and what resources are required to ensure success.

standing of how fundamental business principles can help you become a better business owner.

The art of business strategy is built on the foundation of fundamental business principles and culminates in the development of a business plan. There is a linear progression to developing a business strategy that is as follows:

- Vision and Mission
- Positioning
- Segmentation
- Staffing
- Systems
- Measurement

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CEO wants to grow the business through the introduction of a new product line or by changing the strategic path of a company, a clear plan is created and presented to the board. The support in the form of advice from a diverse, experienced board is pivotal to the process. Equally important is the accountability to resource the plan correctly and measure its success. Where do dentists turn for advice on their business? What if you want to drop an insurance plan, add a hygienist, execute a new marketing strategy, or incorporate new dental technologies into your practice? Where do you turn for advice and support? How do you know if your ideas are the right thing for you and your business? How do you measure success? Who is going to hold you accountable for the execution of your plans?

Why does a CEO create a business plan? What is he or she trying to

So what do you want to do? Do you want to grow your dental business? Do you want to grow production, net income, or both? How are you going to do it? What resources and expertise will you need? How long will it take? Who will be involved? How will you know if you have been successful? How can you minimize risk and maximize reward? You need to write it down. You need a strategy and a business plan.

Contemporary Esthetics has put together a team of experts to author a series of articles entitled “Fifth Year Dental School: The Business of Dentistry.” This collaborative team of authors consists of a dentist, a practice management consulting firm, and a strategic marketing consulting firm. The goal of this series is to create awareness of how CEOs are trained to think in the business world. We want you to walk away with a better under-

Vision Statement

A vision statement is a high-level, long-term positioning statement that helps clarify your goals and galvanize your team to help achieve those goals. Creating a vision statement is not a trivial matter and should incorporate the answers to the following questions:

- What do you want from your dental practice?
- Where do you want you and your team to be in 5 years?
- What do you stand for?

Mission Statement

A mission statement is the compass that should guide your business. It is an intimate positioning statement that provides insight into how you will achieve your vision. This statement involves several elements that require introspection, and an understanding of how you want the character of your dental business to be perceived by the

world. To create a believable, inspiring mission statement you should reflect on and answer the following questions:

- Why are you in business?
- What are the outcomes you are trying to achieve?
- What are the core values of your business?
- What is your treatment philosophy?
- What is your business philosophy?

Positioning

Positioning your dental business is an important element to competing successfully in dentistry. There are 2 types of competitive advantage—compete on price or compete on perceived value. Competing on price typically occurs in mature industries where beneficial cost positions can be attained. Competing on price is great for consumers and bad for businesses because it drives down the price points for the industry and only those with a competitive cost position can survive. Competing on perceived value is simply about positioning

How you position your dental business is your choice, but it is a choice that you have to make. Don't make the mistake of thinking that you can serve everything to everybody; you can't. Don't make the mistake of positioning your practice in isolation. To mitigate the risk of intense competition, you should perform some competitive intelligence. You don't want to position your business as the high-tech dental practice, if there are 5 other high-tech practices in a 2 mile radius. Differentiation is the key to success. When a market lacks differentiation, price becomes the only factor and commoditization and low profits are the result. Differentiating from your competition and delivering what you promise are the keys to your success.

Segmentation

Who do you want to serve? It is your choice. You can't serve everyone everything, but you can serve a segment of the population very well and be successful. How you choose to seg-

tion create the foundation of a marketing plan to attract new patients. For example, if your dental business is positioned as high-end spa dentistry, where are you going to advertise and what is going to be your message? You want to advertise where affluent people who want to look their best will see it. Your message should incorporate a world-class business, where quality matters and price doesn't.

Staffing

You have developed your vision and mission statements; you have chosen your positioning and patient segmentation, now you need to build your team to deliver the type of dental experience for which you want to be known. Building a competent, confident, motivated team is the most important element to your success.

- The right people in the right jobs performing the right tasks.
- Each team member needs to be patient-focused—everything

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and delivering on what you promise.

- What do you do best?
- What would you like to do?
- What will be important in the future?
- How do you want your practice to be perceived?
- High tech
- Cosmetic
- Fixed and removable
- Conservative full-mouth restorations
- One-stop shop
- Spa dentistry

ment your patient base is directly correlated to how you position your dental business. You can segment your patient base by:

- Demographics—age, gender, education, occupation.
- Geography—what radius do you want to serve?
- Behavioral—oral home care, attitudes and responsiveness to treatment.
- Psychographics—lifestyles, values, personality.

Your positioning and segmenta-

tion about your practice should be tailored to providing your patients with a positive experience.

- Each team member should have a clearly defined role and accountabilities.
- You must continually communicate and train your team on your vision, mission, treatment philosophy, positioning, and segmentation.

Systems

Your daily operations, patient interactions, and staff interactions are where you get to deliver what you are promising to your public. Your daily operation is the difference between how you want to be perceived and how you are actually perceived. How consistent is the patient experience from initial contact through payment of services? Are you meeting expectations, exceeding expectations, or not delivering against what you are promising? How consistent are you? How consistent is your staff? How are you ensuring quality and consistency?

Business systems, quality systems, and training protocols are all ways to create consistency in your dental business. Again, you have a choice. You can implement systems by yourself or you can engage a practice management consulting firm that specializes in systems implementation. Hygiene, case acceptance, scheduling, and recall are just a sample of the systems you should have in place to ensure quality and consistency.

Measurement

How do you know if you are doing well? How do you know if you are not doing well? How do you know what is working and what isn't? If you don't have defined goals and milestones how will you measure success? What you choose to measure should reflect your goals. For instance, if your goal for 2007 is to increase your net income, then you want to measure production, case acceptance as it relates to production, accounts receivable, overhead, lab fees, supply costs, technology investments, and

marketing expenses. We recommend that you hold quarterly team meetings to review your goals, your numbers, and discuss best practices and tactics to make changes if necessary. Remember, what gets measured, gets done.

Conclusion

You have a couple of more choices to make. Is working on your business something you want to do in 2007? If so, do you want to do it alone or seek guidance from business experts? Doing it

alone will take time, knowledge, determination, communication, perseverance, and discipline. Working with a practice management firm will take time, determination, communication, perseverance, and discipline. Knowledge is the key. You don't have time for trial and error. Practice management firms have a depth and breadth of experience from proving their systems over many years to many clients. They are the business experts, you are the dental experts. Together you can build a great dental business. ©

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