



Welcome back Dr. Smith, CEO! We hope you enjoyed the first 2 parts of “The Business of Dentistry” series, which covered your vision, mission, treatment philosophy, competitive intelligence, and positioning. These necessary, defining documents combine into one introspective phase that Focused Evolution calls: “The Path to Clarity.” It is imperative that you gain a comprehensive, honest understanding of your business and a clear reckoning of your competition before proceeding to phase 2. To some, this first phase may have seemed nebulous, and intangible; however, without an accurate view of the local dental landscape, your decisions will be based on hope instead of information. To win in today’s competitive markets, you have to stand for something unique and you must deliver what you promise.

Your business success begins with you and your leadership skills, but it’s not all about you. Your team will have a profound impact on your success, predicated on their understanding and agreement with your stated goals and business objectives. Don’t overlook the power of your team or your team could overlook the power of your goals.

The next phase of your business strategy is called “Customer Intimacy.” The more you understand your patients, the more opportunities you will create for business success. Customer intimacy consists of 4 elements:



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FIFTH YEAR DENTAL SCHOOL:

The Business of DENTISTRY

Part III of IV

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- Patient segmentation
- Patient profiles
- Patient targeting
- Unique selling proposition (USP)

To further illustrate the practical applications of the customer intimacy concepts, we are going to use a client case study throughout this article. Dental Business A is a client of

You may already have “a good feel” for the makeup of your patient demographics, but it is critical to obtain firm numbers at this point. This analysis may confirm some of your thoughts and may enlighten you to other less obvious segment opportunities.

It is important to understand the present state of your dental business

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both Pinnacle Practices, Inc and Focused Evolution, Inc. Dental Business A has been practicing general dentistry for 25 years in suburban America. It presently has a staff of 17 dental professionals including 2 associates. The practice has averaged \$2.9 million in annual production over the past 5 years.

Patient Segmentation

What segments of the available population are you currently serving? This step requires rigorous analysis of your patient database and records.

and where your production is coming from. Use your patient database to answer the following questions. Each answer may be broken into subgroups or segments.

- Who are your patients—how old are they, what zip codes are they coming from, what procedures and how many are they having done annually, how compliant are they regarding hygiene appointments, how long have they been with your practice, are they a good referral source, what is their satisfaction level with your practice?

- What procedures are driving your business growth? Are the procedures consistent with how you have chosen to position your practice? Are the new patients coming to your practice in search of the procedures that you and your team want to perform?

With the use and integration of practice management software, getting to this data is not a difficult task. To begin, create 6-month reports focused on 3 segmentations: production by procedure, production by city or zip code, and production by age group. If you have difficulty creating these reports, contact your software provider for assistance. Get your technology working better for you. An example of Dental Business A’s segmentation data is shown in Figures 1 through 3.

This simple exercise provides insight into your current business success and key drivers. Knowledge is power. You can never know too much about your business but you can certainly know too little. The patient information you obtain will serve as a key piece to your marketing puzzle. For Dental Business A, the data clearly suggests which age groups, locations, and procedures are currently responsible for production. Dental Business A needs to compare the data with its positioning, desired patient base, and business objectives. If the practice is currently not drawing new patients from the targeted communities, it can refocus the marketing initiatives and measure its progress.

Patient Profiles

What are the behaviors of the patient segments you want to serve?

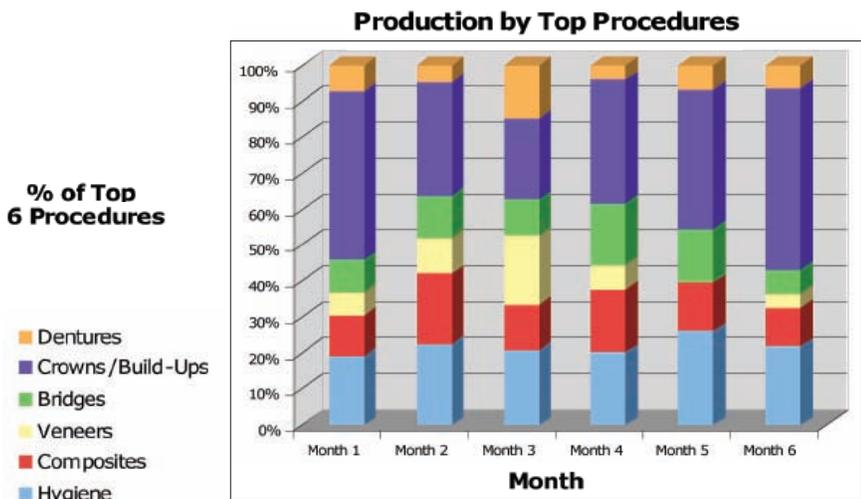


Figure 1—For Dental Business A, the top 6 procedures represented approximately 75% of their total production.

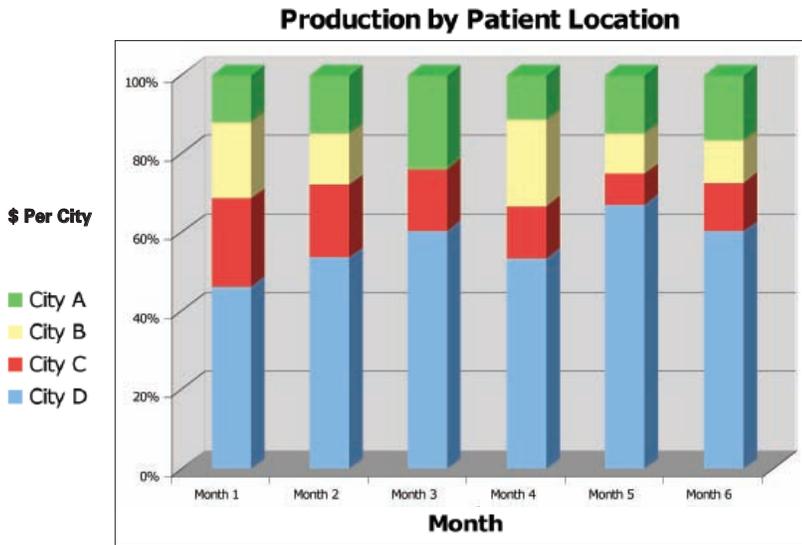


Figure 2—For Dental Business A, the top 2 cities represented approximately 65% of their total production.

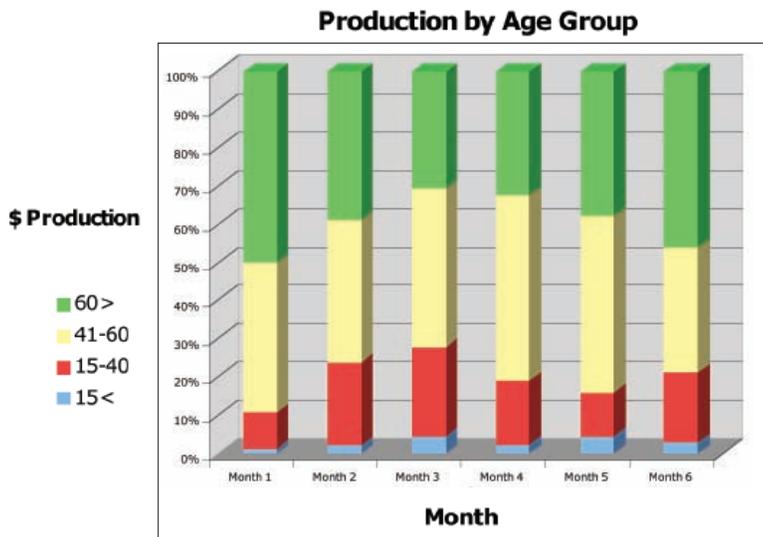


Figure 3—For Dental Business A, approximately 80% of their total production is coming from patients over 40 years old.

For example, Dental Business A has positioned itself as an interdisciplinary one-stop shop for cosmetic smile design. Its desired segments are 2 age groups (41 to 55 years and 56 to 75 years) in 3 cities focused on implants and cosmetic procedures.

It's time to put yourself in the shoes of your target patient and identify

behavioral profile elements:

- Where do your target customers learn about dentistry?
- Which local magazines do they read?
- What media outlets do they pursue?
- What clubs and social associations do they belong to?

- What are their oral health and cosmetic goals?
- What are their hobbies?
- What are their shopping habits?

The answers to these questions will guide development of patient profiles for your marketing campaigns. Remember, you can't be everything to everybody. A marketing message may not resonate with everyone, nor will the placement of your message be seen or heard by everybody. You want the right people seeing the right message and coming to your practice in search of the right procedures.

A sample patient profile for Dental Business A:

- Age: Greater than 40 years old
- Locations: City A, City B, City C
- Income: >\$65,000
- Homeowner with a home price: >\$200,000
- Do they use a credit card? Yes
- Lifestyles: healthy, routinely exercise, nutrition conscience, etc.
- Procedures: dentures / implants and cosmetic procedures

Patient Targeting

In which communities are you going to deploy your marketing campaign to capture the desired patients? You need data on the specific communities that you wish to target to better understand your opportunity and likelihood for success.

For Dental Business A, the target city has a population of 49,114. Approximately 40% of the population meets the profiling segmentation, which equates to a target population of 19,646 potential patients. Dental Business A wants to gain 120 new patients per month from 3 targeted cities (40 per month per city); therefore,

Dental Business A needs to get approximately 2.5% of the target population from City A to come to the practice over a 1-year period.

Unique Selling Proposition

A unique selling proposition (USP) is the culmination of everything we have discussed thus far: vision, mission, treatment philosophy, competitive intelligence, positioning, patient segmentation, patient profiles, patient targeting, and more. With the knowledge gained from the “Path to Clarity” and “Customer Intimacy” phases of business strategy, you and your team should be poised to develop poignant, targeted, honest USPs that attract patients to your practice. Figure 4 shows the disparate pieces that come together into a concise statement.

A USP for your business should clearly articulate what you are, what you

do, how you do it, and why a patient would choose your practice over a competitor’s. Your USP can be expanded into your “elevator pitch,” which can be delivered to your audience in the time span of an elevator ride (approximately 30 seconds verbally, or 100 to 150 words). Your USP also can be truncated to a marketing tag line, specifically tailored to your targeted patient profiles.

Differentiation is the key to a compelling USP. If you are just like all your competitors, then the people in your community will choose dentists based on proximity or price. You want to compete on value and differentiation. Here are examples of USPs as marketing tag lines:

- “When it absolutely, positively has to be there overnight.” (Federal Express)

- “Pizza delivered in 30 minutes or it’s free.” (Dominos Pizza)
- “The nighttime, sniffing, sneezing, coughing, aching, fever, best sleep you ever got with a cold...medicine.” (Nyquil)

For Dental Business A, Focused Evolution developed an umbrella USP and specific USPs for each identified patient profile and targeted position. Below is Dental Business A’s USP:

“To provide the highest-quality cosmetic dentistry using the latest technologies, advanced techniques, and compassionate, attentive customer service to patients over 40 years old at a premium value.” (Dental Business A—General dental practice)

Your USP is the focal point of your business strategy. Internally, your USP should be the cornerstone of your operational strategy. When you have announced to the world who you are, what you are all about, and why people should come to you, you better have your systems in place to deliver your promise. Externally, your USP should be the cornerstone of your brand. When people mention your practice, they should be saying what you want them to say (your USP). The development of your USP completes the “Customer Intimacy” phase of business strategy development.

We hope that you can see the cascading power of the methodology presented in “The Business of Dentistry” series. The final installment of this series will focus on your marketing goals, plans to achieve your goals, and measurements to assess your progress. As always, we are here to help you in your endeavor, so please contact us with any questions. Good luck! ©

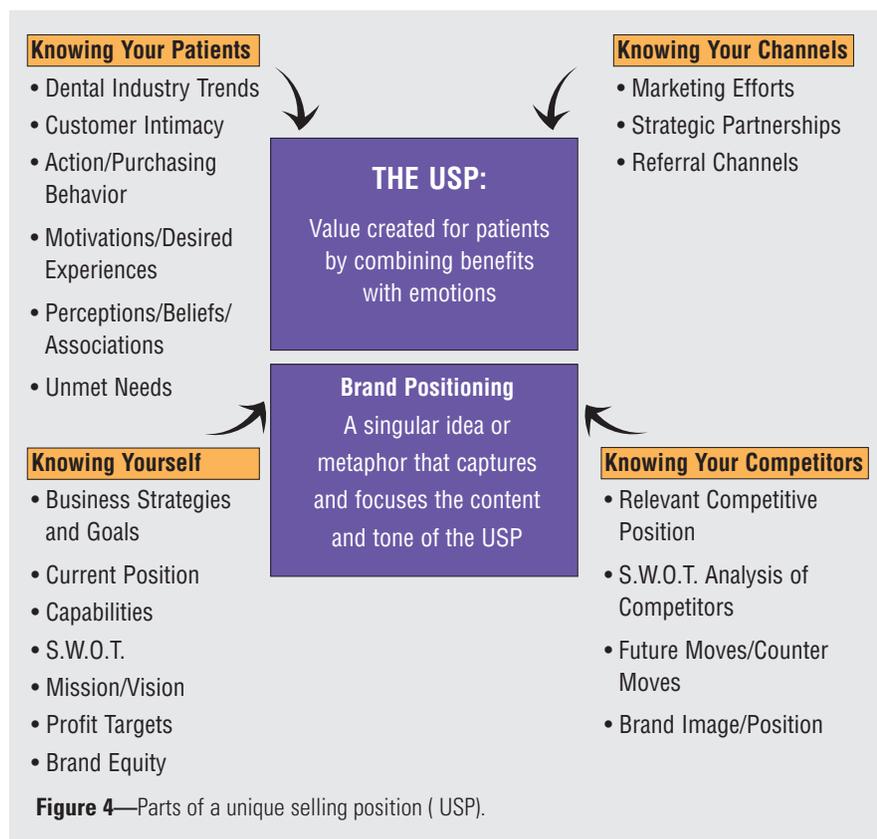


Figure 4—Parts of a unique selling position (USP).