



## FIFTH YEAR DENTAL SCHOOL:

# The Business of DENTISTRY

Part IV of IV

WELCOME TO THE FINAL INSTALLMENT OF THE “BUSINESS OF DENTISTRY” SERIES. We hope you enjoyed the first 3 parts of this series, which covered your vision, mission, treatment philosophy, competitive intelligence, positioning, patient segmentation, patient profiles, patient targeting, and unique selling proposition (USP). Now that you possess a comprehensive, honest understanding of your business and your patient base, it’s time to drive demand to your practice. The last phase of our business journey focuses on tactical strategy execution to grow your dental business. This phase has 3 key components:

- Goals and measurement
- Branding
- Marketing tactics

### Goals and Measurement

You and your team are now ready to establish business goals that are congruent with your vision, strengths, positioning, and USP. A goal, by definition, is a purpose. What is your purpose? Why are you and your team working so hard, and what are you trying to accomplish? Focused Evolution consultants recommend using the balanced scorecard management system to establish and track practice goals. The balanced scorecard system was developed in the early 1990s by Drs. Robert Kaplan and David Norton to enable business



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enterprises to clarify their visions and translate their strategies into action. It provides a feedback mechanism for internal business processes and measures external outcomes to enable continuous improvement of strategic performance.

The balanced scorecard is a real-time visual depiction of your strategy and its execution. To build a balanced scorecard, organizations must choose 2 to 3 strategic goals for each category: financial, patient, hygiene and restorative operations, and growth and learning. Goals are important in each perspective to ensure that a balanced ap-

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proach to strategic execution is in place. By focusing on the few critical goals that drive your practice and how you will measure them, you enable your team to align their activities around those goals. This team-based approach to strategic execution significantly increases the probability of success.

We have experienced many dental practices mired in tracking numbers for the sake of tracking numbers. Numbers are simply data, and data are strategically meaningless unless they are turned into knowledge. Knowledge is the key to changing behaviors and making adjustments to your tactical initiatives. Each practice should graph all critical measurements of its goals and analyze the graphs as a team each month. What trends do you see? Are you making progress on achieving your goals? Is your means of measurement accurately depicting the status of each goal? Only through objective,

thorough analysis may knowledge be turned into actionable information. What can you do to improve your execution?

The balanced scorecard for your dental business can consist of goal *categories*, specific goals, *measurements*, targets, frequency of progress reviews, and designated champions (Sidebar). A champion is an advocate that supports and manages a specific initiative. We recommend appointing champions beyond the dentists or practice owners to disperse the accountability for achievement and empower the team as

a whole. It is unreasonable to expect any dentist to be the lead chairside dentist while also leading and managing a comprehensive business strategy and its execution. Your business success is predicated on:

- Your team’s commitment to your business strategy
- Your ability to leverage the balanced scorecard as a strategic implementation tool
- Your team’s ability to recognize successes and failures
- Your team’s ability to adjust tactics based on measured performance

Organize the goals on your balanced scorecard into 4 key strategic categories:

- Financial
- Patients
- Hygiene and restorative operations
- Growth and learning

### **Financial**

**Increase revenue/production**—If you want to grow your business, you want to increase production. You need to develop production goals that are attainable by effective tactical implementation of a cogent strategy. Business goals should neither be too easy nor too difficult or you will demoralize the team and make minimal progress. Establishing your production goal for a calendar year should include historical data (for the basis of your new target) as well as an understanding of the tactics required for sustainable growth. There is a science behind forecasting; targets should not be based solely on intuition and desire. The goals and targets are for you and your team to establish, track, and achieve.

**Increase profit**—As a business owner who carries most of the risk, you have a greater interest in generating profit than increasing gross production. Yet, the industry standard financial metric is gross production (top-line revenue growth). Focused Evolution, Inc, and Pinnacle Practices, Inc, recommend focusing your financial drivers on greater profitability. You may grow your top-line production in many ways: greater efficiencies, increased case acceptance, more hours of operation, investment in new technologies, etc. In some cases you need to invest to achieve your goal, but each investment should have a clear return on investment (ROI) or your profit (bottom line) will be compromised. We have witnessed the frustration of many practice owners who tell us, “I am working harder, my team is working harder, we are producing more,

## Balanced Scorecard

Category	Goal	Measure	Target	Frequency	Champion
<b>Financial</b>	Increase revenue/production	Production (\$)	\$2,400,000 \$48,000	Yearly Weekly	Dentist A
	Increase profit	Net income (\$)	\$480,000 (20% of gross production)	Monthly	Dentist B
	Collect accounts receivable	Collected (%) Collected (\$)	95% \$2,280,000	<b>Weekly</b> <b>Weekly</b> — Author: Should these be Yearly?	Financial Coordinator
	Loyal patients	Patient satisfaction surveys	80% or higher (percent ranking practice >7 out of 10)	Monthly	Treatment Coordinator
<b>Patients</b>	Retain patients	Percent of patients who visit at least once per year	67%	Monthly	Scheduling Coordinator
	Bring in new and reactivated patients	Number of new/reactivated patients	50/20	Monthly	Scheduling Coordinator
	Fill the hygiene pipeline	Percent of hygiene appointments filled	95%	Weekly	Hygiene Coordinator
	Increase case acceptance	Presented Accepted	\$30,000 \$21,250	Weekly Weekly	Treatment Coordinator Treatment Coordinator
	<b>Hygiene and Restorative Operations</b>	Implement VELscope	Number of VELscope screenings	30	Weekly
Implement snoreplasty		Number of snoreplasty treatments	5	Weekly	Dentist B
Implement occlusal guards		Number of occlusal guards	10	Weekly	Hygienist A
Implement Invisalign		Number of Invisalign patients	2	Weekly	Dentist A
Implement Lumineers		Number of Lumineers patients	2	Weekly	Dentist A
Increase veneers		Number of veneer patients	2	Weekly	Dentist A
Increase dentures/implant overdentures		Number of denture/implant overdenture patients	5	Weekly	Dentist B
<b>Growth and Learning</b>	Increase implants—standard and mini	Number of implants placed—standard and mini	2	Weekly	Dentist B
	Increase whitening	Number of whitening procedures	5	Weekly	Hygienist B

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yet I'm taking home less money." Your profit is simply your gross production minus all of your expenses. We recommend positioning your strategies for greatest profitability.

#### **Collect accounts receivable—**

Dentistry is a service business. You perform a service in return for financial compensation. Some practices have tried to get out of the business of "chasing" money and have adopted a fee-for-service model where

method for obtaining patient feedback and tracking your progress. Our clients typically partner with Smile Reminder to administer patient satisfaction surveys via e-mail. Smile Reminder is an application that links directly to practice management software and enables convenient online communication with your patient base. Satisfaction surveys should be executed routinely and reviewed by each goal's champion. When a pa-

tients who are seeking the type of dentistry in which you specialize. Your marketing message should be placed in the right marketing channel and should resonate with your target audience. The new patient experience should be focused on exceeding expectations and building loyalty. One important piece to your overall growth strategy is to build a healthy flow of new patients and to reactivate patients who have fallen off your radar screen.

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patients pay in full at the time of service and then are reimbursed directly by their respective insurance carrier(s) if the procedure is covered. Most practices, however, follow the process of direct insurance reimbursement and collection. Many tactics can be implemented to mitigate risk and collect monies owed to your business, but bad debt and write-offs are still unfortunate realities. The industry standard for collection is for your business to collect at least 95% of your billings and that is the metric we recommend you track on your balanced scorecard.

#### **Patients**

**Loyal patients—**Most successful businesses understand the value of developing loyal customers. In fact, loyalty programs, of which we are all members, is an industry all its own. Dental practices create loyal patients by exceeding expectations and delivering consistent, high-quality results. Satisfaction surveys are the easiest

method for obtaining patient feedback and tracking your progress. Our clients typically partner with Smile Reminder to administer patient satisfaction surveys via e-mail. Smile Reminder is an application that links directly to practice management software and enables convenient online communication with your patient base. Satisfaction surveys should be executed routinely and reviewed by each goal's champion. When a patient rates the practice favorably, consider seeking a testimonial. When a patient voices dissatisfaction, the dentist should call the patient and see how he or she can be better served in the future. Loyal patients are your best referral source and an important foundation for your business growth.

**Retain patients—**Throughout your dental career, how many patients have you seen just once? Why? What happened? Did they move? Are they not seeing a dentist at all or are they just not seeing you again? You need to have a system to appoint your patients of record. You can't leave it up to your patients to remember to call you for an appointment. You need to take a proactive approach and condition your patients to see you routinely, at a minimum, every 6 months.

**Bring in new and reactivated patients—**Growing your business requires seeing new patients every month. Your strategy and marketing initiatives should be tailored and executed to bring into your practice

#### **Hygiene and Restorative Operations**

**Fill the hygiene pipeline—**The hygiene team is an integral part of your business growth and success. Your hygienist spends the most time with your patients and, arguably, builds the greatest trust with your patient base. Filling the hygiene chair requires a systematic approach and the right people reaching out to your patient base.

**Increase case acceptance—**Case acceptance is the most fundamental element to dental business success. If your patients don't say "yes" to your recommended treatment, you simply cannot grow your business. Case acceptance involves many elements within your practice: perception of your practice, quality of your team, quality of your treatment, consistency of message between team members, and clear patient education/awareness of what you and your team can do. Tracking case acceptance provides you with the knowledge of your successes as well as opportunities for improvement.

#### **Growth and Learning**

To grow your dental business you need to maintain motivation and continuously challenge your team to grow.

Professional stagnation leads to complacency, which in turn leads to mediocrity. Challenge yourself and your team to

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better serve your community by adopting new techniques, products, and technologies that are congruent with your goals. We recommend adopting protocols that answer the questions:

- What is the new technique/technology?
- What problem is it solving?
- How does one use it?
- How may we implement it into the practice dynamics?
- How may we build patient awareness?

New technique and technology adoption requires discipline, but typically invigorates the practice and gets the team excited.

### Branding

Branding is the dialogue your dental business shares with your community; the stronger the dialogue, the stronger the brand. Your brand is the personality, attitude, and the face by which your practice distinguishes itself from the rest of the dental practices in your community. Your brand is not just your logo or your tag line. Your brand is comprised of the high-quality dental services you provide, your aftercare protocol, your mail or e-mail correspondence, your office ambience and culture, your technologies, your telephone manners, your location, your dress code, etc. Every interaction with someone associated with your practice is your brand.

Building your brand is an integral part of your strategic plan. Awareness of

your dental business is not the desired outcome. Awareness of what makes your business distinct, credible, and

world-class is the desired outcome. You and your team must deliver on your position to reinforce your unique value proposition. A well-defined, well-positioned, well-managed brand creates the desired effect of favorable awareness that leads to preference. You need preference so your patients feel compelled to return to your practice for more services as well as provide referrals.

### Marketing Tactics

Marketing should incorporate your entire business strategy and be executed through discreet tactics to build awareness of who you are and what you do. There are numerous marketing tactics you can use. They should be tailored to your specific community, your defined target market, and your marketing budget. Focused Evolution and Pinnacle Practices recommend creating marketing teams within your practice to manage the execution of the defined tactics. Marketing tactics that have proved successful with our dental clients include:

- Web site development and maintenance
- Creative portfolio—business cards, brochures, logos, posters, etc
- Phone scripts—on-hold message and voice mail
- In-office advertising/promotions
- Strategic partner collaboration with community businesses—cross-

promotions, crossadvertising, etc

- Direct mail campaigns
- Newspaper/periodical advertising
- Patient testimonials
- Current patient satisfaction/loyalty surveys
- Database management—capture how patients learned about your practice
- Distribution of flyers with limited timeframes for call-to-action promotions
- Management of aftercare protocols
- Recontacting former patients
- Presence at high-visibility events in targeted communities
- Peer-referral process (other medical professionals)

### Conclusion

Developing a strategy for your business requires time, discipline, flexibility, and knowledge. By reading this series, you have gained sufficient knowledge of the business principles required to develop and execute a strategy focused on your specific goals. You can succeed and you can mitigate your risk by implementing an integrated, methodical approach built around your strategy and positioning in the market. As always, we are here to help you in your endeavor, so please contact us with any questions. Good luck! ☺

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