



## **Keeping your Fingers on the Pulse of your Practice**

**By Janet and Lawrence Steward**

**QUESTION:** Sometimes I feel I'm really in the dark when it comes to knowing how well my practice is actually doing. My office manager and accountant give me lots of different figures and numbers, but the information is usually like trying to drink from a fire hydrant. How can I know what's going on without having to pour over tons of statistics?

**ANSWER:** Your question is one that nearly every dentist has or will ask at some point in his or her career. At the very heart of the issue is the critical difference between the mindset of the dentist as clinician and the attitude needed to succeed in business.

Success on the clinical side requires precision and a strict attention to detail. Success for business owners, particularly in established dental practices, however, lies in the ability to focus on the big picture and avoid getting caught up in most details. Tons of numbers aren't a help. They overwhelm but they don't inform. By grasping the bigger picture, you can gain more control over your practice and achieve greater efficiency and profitability.

In your question you correctly identified the fact that there are differences between the numbers provided by your accountant, your office manager, and the data you would find meaningful. What dental practice owners need are specifics that tell them exactly what they want to know, which allows them to detect problem areas and then determine appropriate courses of action.

In an established practice, doctors should be focusing on doing what they do best – dentistry – and delegating the authority and responsibility for the rest. The watchword is delegation, not abdication. The practice owner must maintain absolute control over the business aspects of his or her practice to avoid the risks of embezzlement or other malfeasance.

The solution lies in learning to use a comprehensive strategic monitor that measures 12 vital statistics. These statistics in the aggregate provide a clear snapshot of where the practice is and what, if anything, needs attention. The 12 vital statistics and the desired performance ranges for each include:

1. *New patients:* at least 25 a month if emergencies are not counted (40 if emergencies are included.)
2. *Appointments:* Reappointing 97 percent of patients before they leave the office since it's much easier to reappoint than reactivate. (While team members often estimate 97 percent reappointment, actual tracking often reveals considerably less.)
3. *Reactivation:* While reactivation should be unnecessary, if required the ideal is to schedule 75 percent or more of patients who can be contacted by telephone.
4. *Broken appointments:* This should be less than 5 percent of monthly production.
5. *Provider production goals and results:* Each provider should be assigned production goals and these goals versus results provided to the entire team each month.
6. *Advanced schedule to goal:* At the beginning of each month, schedules should be at 90 percent or more of production goals.
7. *Collections:* Ideally, this should be nearly 100 percent of production.
8. *Accounts receivable:* A/R should be less than the average of one month's production. Accounts 90 days or over should not exceed 5 percent of the total A/R.
9. *Adjustments:* This statistic should be less than 2.5 percent of total production.



Janet and Lawrence Steward ♦ 2768 Canby Way, Fort Collins, CO 80525 ♦ (970) 207-0776 ♦ [www.themanagedentpros.com](http://www.themanagedentpros.com)

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10. *Over-the-counter collections:* While this varies considerably depending on insurance plans, the ideal is 40 percent or greater.
  11. *Cash flow:* The available cash from all sources must exceed payment obligations. Our national research, including Colorado practice owners, shows more than 20 percent of practice owners frequently struggle to pay bills and meet payroll.
  12. *Overhead as a percentage of total collections:* The goal is total overhead of 60 percent or less of total collections. Here's a general guideline by subcategories: dental supplies (5 to 7 percent); lab expenses (8 to 11 percent – a higher percentage if reflective of more crown and bridge work is a good thing); marketing expenditures (2 to 3 percent); staff salaries (22 to 24 percent); payroll taxes (1 to 3 percent); staff benefits (2 to 6 percent); and, administrative expenses (2 to 6 percent).

These vital statistics are important because, as every practice owner knows, *the doctor only gets paid what's left* after everyone else gets their checks.

With the proper data monitors in hand, the practice owner has the tools to keep his or her practice on the path toward even greater business success.

Additional details regarding strategic monitors are available on the web at [ManageDentPros.Com/articles/Overheadmonitors](http://ManageDentPros.Com/articles/Overheadmonitors) or by calling Janet at (970) 207-0776.