

Survive and Prosper

Mayer A. Levitt, DMD

Excerpted from his Mayer's Message column in The Meadow Brothers Monthly online dental newsletter

I recently was asked to give a lecture to a large dental study club on a fairly common topic these days – “How can your dental practice survive and prosper in these difficult economic times?” Doctors all over the country are nervous – and that is understandable. You would have to be crazy or on serious drugs to not be somewhat concerned about what is going to happen to your practice as we enter 2009 – smack dab in the middle of the worst global economic crisis since the Depression.

Let me state at the outset – I don't profess to have the answers. I wish I did! Usually my job as a management consultant is to offer concrete nuts-and-bolts strategies to solve problems or enhance performance. And as you read on, I would like to offer some of those to you. But first – perhaps some philosophy would be of benefit to all.

Doctors need to separate their own personal malaise regarding their investments – real estate, pension assets, long-term savings, etc. – from how they approach their dental practice. It is no fun looking at reports that show you are worth 30% to 40% less than you were a year ago. It is so depressing to watch the news or read the newspaper – nothing good is going on out there.

But if you are bullish on America – and if you have a long-term perspective, say 18 to 36 months – things are going to get better. The historical recovery from every bear market is proof of that.

And none of you are going to get fired – unlike so many Americans who have lost their jobs. So you will still be able to earn a living, even if you might have to adjust your lifestyle. Probably most of you planned on working in your practices at least five to ten years or more; thus you won't or can't tap into retirement assets anyway.

And remember that dentistry – even if economic conditions are bad for a while – is pretty recession- or depression-proof.

So my message to you is that you must separate your own personal investments and what has happened to them – and the anger and disappointment you may feel about them – from the way you manage your practice.

You have to compartmentalize those feelings and put them in the back recesses of your mind. It is similar to how you might handle staff members who are letting their personal lives interfere with their job performance. We have all had to deal with this. “When you hang your coat up in the morning, hang up those problems with it. You can pick them up at the end of the day.”

You also have to be a strong and inspirational leader of your team. Let's have a staff meeting. “Staff – we are going to get through this. We are a strong practice with a vibrant patient base.

We are definitely going to have to work harder and smarter, especially in the area of delivering great customer service and staying very much in touch with the needs of our patients. Things that just used to happen and that we took for granted ... well, that may be different now. So we will fine tune all of our systems and we will do a better job at everything we do. **The important thing to remember is this: Your jobs are secure. But I don't see any raises in the immediate future."**

Now let's talk about some strategies. I've got four ideas for you.

Develop a budget for 2009

I am an optimist big time – but when it comes to budgeting I am very conservative. I suggest your budget should be based on your 2008 collections. Do the work now of identifying any increased expenses that you anticipate incurring in 2009. Those dollars must come from fee increases – not from growth. Growth in 2009 could be hard to achieve.

Print out a production-by-procedure code report for 2008. Identify the 30 most performed procedures and arrange them by frequency. Raise the fees selectively (not across the board) in an amount that will cover your increased expenses. If you don't achieve this – and you have a flat year in 2009 (doing the same amount of procedures as in 2008) – the only place the dollars for the increases in expenses is going to come from is YOUR paycheck!

Obviously, if you participate as an in-network provider for some PPOs, your fee increases won't translate into increased revenue. But you have many fee-for-service and cash-paying patients. I normally see insurance write-offs in the neighborhood of 15%. So raise those production fees by 15% more than the cash you need to balance your budget and you will be fine.

Even in this economy, I am still OK with selective fee increases.

Learn your software

In the last 18 months, I have had four clients who were being embezzled. When the economy gets tough, people are more apt to do desperate things like steal from you. You just can't bury your head in the sand and believe that this will never happen to you. My observation is that most doctors are pretty clueless in knowing how to run even the most basic computer reports.

Three reports that must be printed each day are the Alphabetical Day Sheet report, the Adjustment report, and the Deposit report. Also, the month end process must be physically done in the software program in order for all charges, payments, adjustments, etc. to go into history. Once these codes are history, no changes can be made to them. If someone backdates a procedure, the computer will put an asterisk next to the line item on the patient ledger.

If your staff knows that you are looking at these reports consistently, the chances of your being embezzled become remote. I have just put together a detailed six-page memo that I am reviewing with all my clients. I would be happy to e-mail it to anyone who is interested.

Eliminate last-minute cancellations on the doctor's schedule

As a reflection of the difficult economy, I am seeing more of this happening. And you never get those dollars back. There is a technique that I call "the power of the doctor." When you are scheduling any appointment for an hour or more for a crown and bridge procedure, this is the script for the doctor:

"Mrs. Jones – we are going to schedule an appointment for you for these crowns. You may not be aware of this, but we only do these procedures at certain times of the day. And there are quite a few people involved in this procedure – I have my laboratory technician, I have my ceramist, I have my UPS guy all standing by. So when you make this appointment, let's be absolutely certain that it is at a time that works for you."

When you do this simple type of preparation, I find that patients will rarely cancel the appointment.

Create a professional, well-designed Website.

I am recommending that at least 2% of collections for the year be devoted to a marketing budget that is designed to enhance your position on the Internet. If you don't have a Website, you are missing out big time.

EVERYONE these days uses the Internet to find information. People under 50 never use the Yellow Pages – they do everything online – especially all the new people who are moving into your neighborhood looking for a dentist. And once you have the Website, that is just the beginning. You have to be sure it comes up on the first page of a Google search (something called search optimization). Then you have to learn strategies that will get prospective patients to call your office once they have visited your site.

There are plenty of companies that can help you – [TNT Dental](#), Page1 Solutions, and PBHS are just a few that I have used successfully.

You are certainly not alone in expressing legitimate concerns about 2009. But going to church or temple – while certainly important – is not going to be the answer. Be prepared to work hard. Be creative and think outside the box. Be well informed and you will be way ahead of the rest of your professional colleagues.

Mayer :-)

Dr. Levitt is the president of Jodena Consulting, offering personalized business and practice management advice to the dental profession since 1989. For more information, call (401) 421-3615, email jodena@cox.net, or visit www.jodena.com