



Numbers to Know: Running Reports

A perspective on leadership, metrics, and long-term success

Introduction

- Andrew Ranes
- This presentation is the tip of the iceberg!
- Questions and discussion are welcome

<https://www.dba-usa.com/uda>



Dental Business Advisors

- Transitions - Mergers & Acquisitions
 - Fastest, and Best Way to Grow!
 - Comes with patient flow, cash flow, and tax benefits
- Mentoring - Consulting/Practice Management
- Business & Career Strategies

Dental Business Advisors

- Our Goals:
 - Educate Doctors in the Business of Dentistry
 - Career Development/Options
 - Facilitate Growth
 - Improve Quality of Life and Financial Security for the doctor and the team

Learning Objectives

- How to measure success in your practice
- Use your data to make better decisions
- Know where to focus your efforts

Overview for Today

- Business Philosophy: Win/Win
- Perspective
- Defining & Measuring Success
- Leadership & Training
- Numbers to Know and Reports to Run

Business Mentality

- Fear of Business
 - Ignorance, Fear, Guilt, Anxiety, Discomfort, Shame
- “Business” does not mean you have to take advantage of anyone.
 - Quotas for crowns, etc. are unethical.
- As the owner, you are the best person to balance the needs of the patients and the needs of the business.
 - No one else is better qualified.

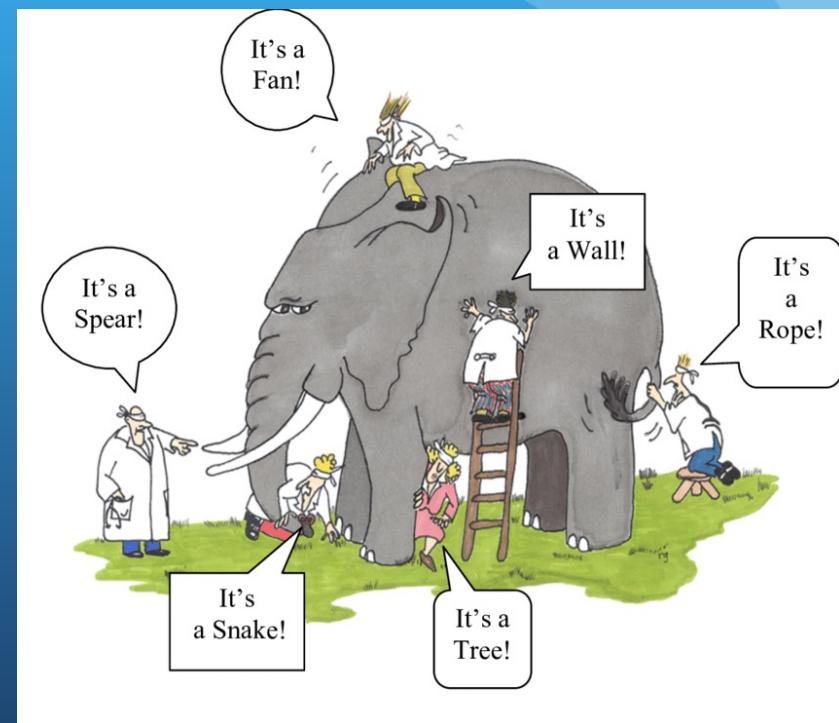
Embrace the Business

- Too Often
 - Clinical is Embraced, Business is Neglected
- Win/Win Mentality = Repeat Business
- Care for your team, your patients, and the business
- You have to become good at the Business
- Allows you to become prosperous

Good Business is Ethical Business

Perspective

- Indian fable/parable of the blind men and an elephant
 - an Indian fable about perception, where men touch different parts of an elephant—side (wall), tusk (spear), trunk (snake), leg (tree), ear (fan), tail (rope)—and argue over its true form based on limited experience



Perspective

- Meaning: It illustrates how individuals or groups can claim absolute truth based on subjective, partial experiences, ignoring the validity of others' perspectives.
- The Lesson: True understanding requires considering all parts (perspectives) to comprehend the whole, rather than relying on a single, limited observation.

Dentists are like ostriches.



Except they have their heads buried in...

The operatory!

Being in control:

OWNERSHIP

Do you own the practice?

Or...

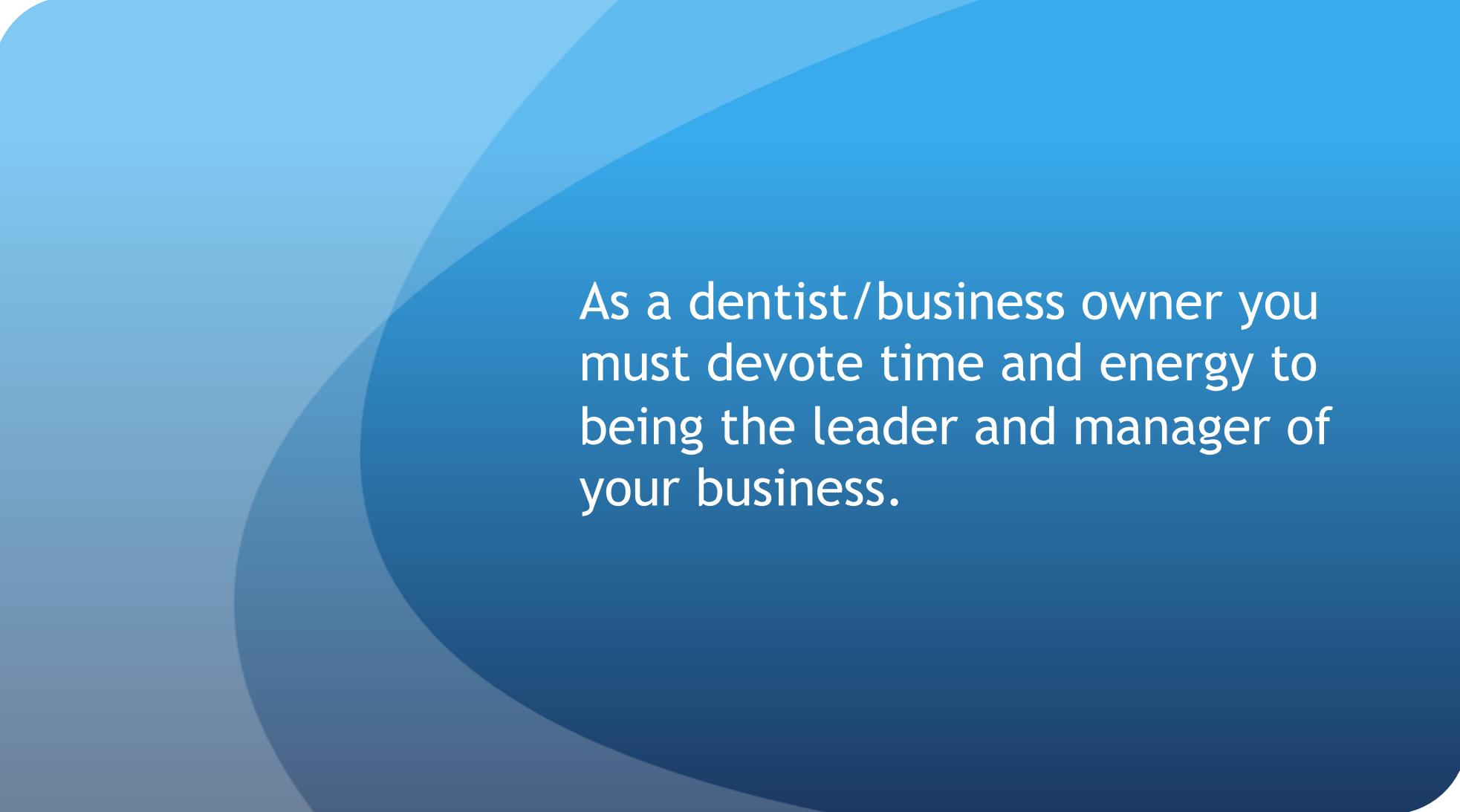
Does the Practice own you?

When the practice owns you.

- Only focusing on Clinical Dentistry
 - Only doing Clinical Dentistry All day Every day
- You work hard to make money to pay bills, that's your existence
- Burnout, no light at the end of the tunnel, frustration
- Being the limiting reagent
- The goal is to get beyond prosperity so that you don't get burned out

Spread thin?

- Overwhelmed by the issues in the practice
 - You don't have time to really connect with patients or team members.
 - You don't take time to manage the business
- There is no real direction as you struggle to get through each day

The background of the slide features a graphic design composed of overlapping circles in various shades of blue. A large, solid dark blue circle is positioned in the lower right quadrant, while several lighter blue circles of varying sizes are scattered across the upper left and center areas, creating a sense of depth and motion.

As a dentist/business owner you
must devote time and energy to
being the leader and manager of
your business.

Everyone is unique. DNA & Experiences.

Each has their own perspective.

Every relationship is unique and every practice is unique.

There is no “cookie cutter” solution that works for every office.

So what does your office need?

Remember: you are not alone.

Your team almost always knows what is getting done and what is falling through the cracks.

Your job is to organize and lead them.

You and your team have to be willing to do the work to figure out what your practice needs.

Defining Success

- Before you can measure success, you have to define it.
- How do you measure success?
 - Production/Collections
 - What's left in the bank account
 - Holes in the schedule
 - Seeing one more patient
- What causes those numbers to change?

Defining Success

- Success is Individual
- It's a Balance
- Having enough time and money (resources) to maintain your quality of life.

Defining Success

- What makes your practice successful?
- What would make it more successful?

Road Map

- Point A:
 - Where are you now?
- Point B:
 - Where do you want to go?
- Define how you will get there.
- Seek Your Team's Perspective as well as Expert Advice

“When performance is measured, performance improves. When performance is measured and reported back the rate of improvement accelerates.”
- Thomas Monson

Why Know the Numbers

- To be a better business owner.
- To measure success.
- To help you make the best business decisions.
- To ensure patients receive proper treatment.
- To attract and retain quality team members and patients.
- To improve profits.

Why are numbers important?

- Example: \$1K Maximum
 - I just write everything off after that, right?

Pit Stop

If you are not willing to change, how do you expect to improve?

Or even maintain?

Are you doing the same things over and over and expecting different results?

Lead vs Lag Measures

- Weight Management
 - Lag Measure: How much do I weigh?
 - I can measure everyday but it won't change anything by itself
 - Lead Measure:
 - Caloric Intake
 - Exercise

Lead vs Lag Measures

- Dental Practice
 - Lag Measure: Collections!
 - I can measure everyday but it won't change anything by itself
 - Lead Measure:
 - Production
 - Exams/Patients Seen
 - On average, about 40% of exams will result in some kind of work

Schedule/Take Time to:

- Be the OWNER/LEADER in your business
- Make this time sacred and productive
 - Don't blow it off to see one more patient
- If you don't, who else will make time to make decisions that are best for the business.
 - Someone else will step in and they will most likely choose what's best for them.

The patient comes first.

Which of these is the best philosophy for your office?

The team comes first.

Vision, Mission, Values, and Goals

- What Direction are you leading your practice/business?
- You are limited on your time, when are you the leader of the practice/business?
- Are you doing what the business needs you to do?
- Do you refine your vision periodically?
- Does the team share/support your vision?

Organizational Culture

- Consists of the values and assumptions that team members (and the doctor) share within the business
- What culture exists in your office?
 - Adaptive cultures are most successful
- What changes need to be made to the culture?
 - If any
- Before changes can be made
 - Must identify current culture and desired culture
 - Effective office meetings help you bridge that gap

“A Leader constantly seeks ways to do better
whatever needs to be done.”

-Vince Lombardi

Attracting and Retaining Great Team Members

- Walk in their shoes.
- What's in it for them?
- What is their motivation?
- Consider your reputation?

Team Member Motivations

- Understand how to motivate your individual team members and the team as a whole.
- Career Orientations - Brooklyn Derr
 - Getting Ahead
 - Getting Secure
 - Getting Free
 - Getting Balanced
 - Getting High

How to Keep the Best

37

- Give Appreciation
- Recognize Commitment
- Pay a Fair Wage
- Share the Profits from the Growth, a true bonus
- Give Sincere Praise Often
- Use their Names Often
- Team Bonding
- Improve Skills through Training Opportunities
- Good Working Environment
- Provide Leadership through Service
- Training/Personal Growth

Evaluating and Motivating Team Members through Proper Leadership/Communication

- Annual or Semi-annual reviews
- Daily Huddles
- Team Meetings
- Team Seminars/Retreats
- Business Relationship versus Friends
- A Gift of a Good Book

Each individual Team member's vision needs to compliment the vision of the business.

As the owner/leader/CEO of the practice you need to share the practice vision often and relate how everybody can benefit.

How to Praise

- Show Appreciation
- Recognize Positives
- Be Specific
- Be Sincere

Are you a Boss or a Leader?

The boss drives his workers; the leader coaches them.

The boss depends upon authority; the leader on goodwill.

The boss inspires fear; the leader inspires enthusiasm.

The boss says “I”; the leader, “we.”

The boss fixes the blame for the breakdown; the leader fixes the breakdown.

The boss knows how it is done; the leader shows how.

The boss says “go”; the leader says “let’s go!”

Your Attitude

- You do not have the luxury of being one of the team members.

You are the Team Leader!

- Your attitude affects their attitudes and influences results.
- This develops your business culture.
- What are you doing to create the culture you want?
 - What type of culture do you want for your business?

Management Style

- Manage by Effective Leadership
 - Communication is Voluntary
 - Use meetings to set goals and measure progress
- Manage by Crisis
 - Communication is Forced
 - Meetings are forced when a crisis arises

Crisis can be averted by having a plan and holding regular meetings

Implementing Change

- Open to Change
- Don't Overwhelm Yourself or Your Team
 - Focus on 1-3 changes at a time
- Coach Your Team Through Change
 - Connect the Dots

Team Dynamics

This is a story about four team members named **Everybody**, **Somebody**, **Anybody**, and **Nobody**.

If there was an important job to be done, **Everybody** was asked to do it.

Everybody was sure **Somebody** would do it.

Anybody could have done it, but **Nobody** did it.

Somebody got angry about that because it was **Everybody's** job.

Everybody thought **Anybody** could do it.

But **Everybody** wouldn't do it.

It ended up that **Everybody** blamed **Somebody** when **Nobody** did what **Anybody** could have done.

Expectations

- It is impossible for someone to meet your expectations if you don't know and share what they are.
- You are setting your team up to fail if you don't communicate with them.

People Skills:

Your ability to develop and maintain relationships with team members and patients will have more to do with your success as a dentist than your clinical skills.

80% Relationships/20% Clinical

Improving Patient Outcomes with a Better Patient Experience

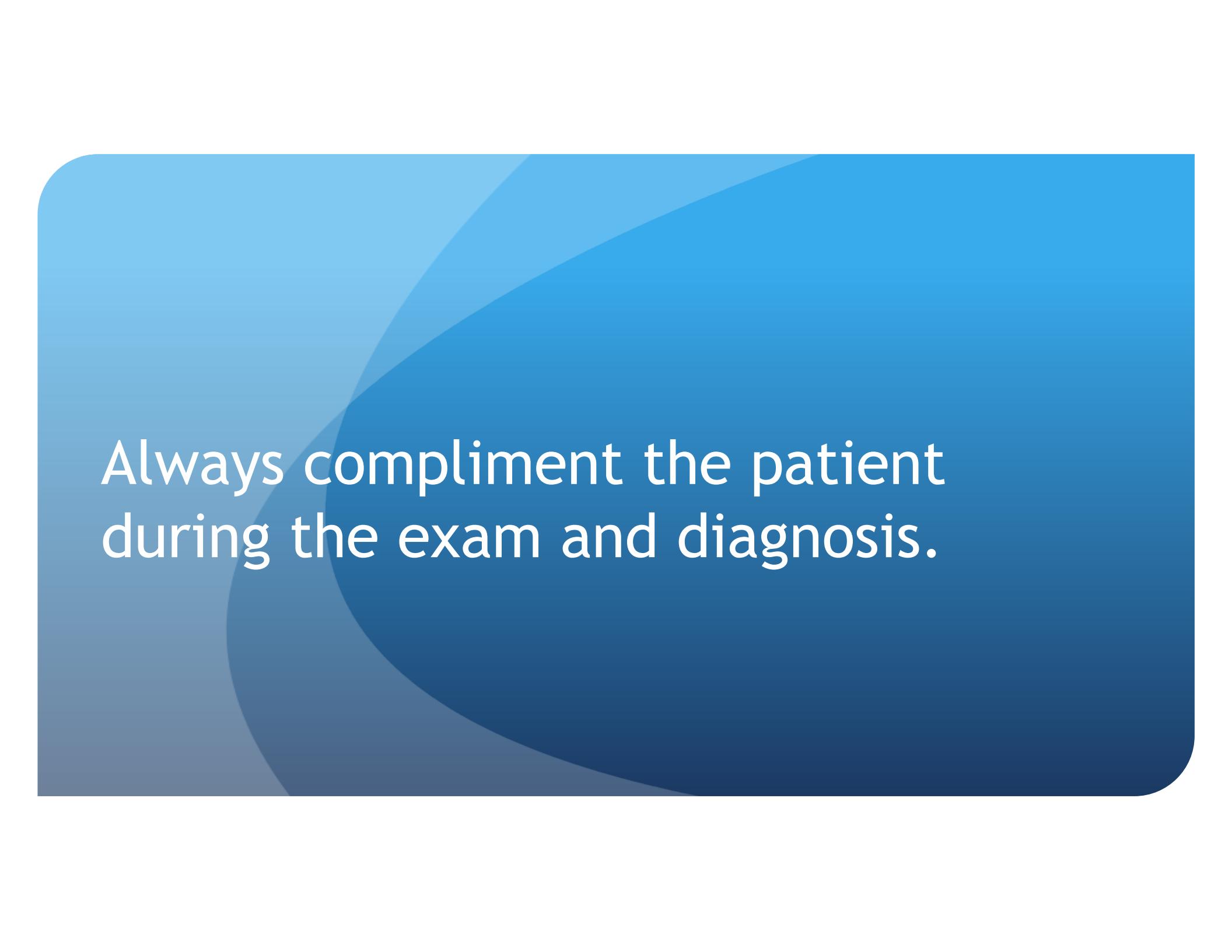
- Is it possible?
- Better experience means:
 - More likely to get treatment done.
 - More likely to return in the future.
 - Can poor clinical work be part of a good patient experience?

Case Presentation

- When does Case Presentation Start?

Patient acceptance of treatment will reflect the quality and content of the patient experience.

You must accept them if they are to accept you.

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Always compliment the patient
during the exam and diagnosis.

Game Plan

- Each of you needs to develop a custom game plan

Steering the Ship

- To reach your destination:
 - Plot a course with your team
- When do you make a correction?
- Fill your Ship with Trusted Team Members and Advisors

Options/Potentials

- 1,000,000+ things you could do

What are you excited and enthusiastic about building?

Opportunity Cost

Is this the best use of my time and resources?

Do you have an option with a better ROI?

Opportunity Cost

- You don't get to do everything.
- What is most important?
- Where do you want to focus?
- Will it make you happy?

What do you really need to know?

- Profit & Loss (financial overview)
- Daily Practice Performance
 - Key Metrics
- Patient Breakdown:
 - How many patients do you and your team serve?
- Aging Report

In order to succeed you must be able to analyze your present situation and take whatever steps are necessary to make things happen . They are not going to happen on their own.

How?

2 Ways to Grow

- Increase
 - Number of Patients
 - Market for them or buy them
 - Know your 12 & 24 Months
 - Revenue per Patient
 - Systems/Efficiencies/Training
 - How to calculate:
 - What did you collect in the last 12 months?
 - Divide that by the number of individual patients

Numbers to Know - Overhead

- Team = 22-24% of Gross Collections + 2-3% for taxes
- Lab = 7-10%
- Supplies = 5-6%
- Rent = 5-7%

Numbers to Know: Patient Breakdown

- Active Patient Count
 - 12 Months - Maintenance Purposes
 - Current Capacity/Chair Time
 - Revenue/Patient
 - 24 Months - Growth Purposes
 - How much do we need to increase Capacity/Chair Time to serve more patients
 - How many doctor days, hygiene days, etc are needed to serve more patients

Patient Breakdown

- Average Active Patient Count
- 300 Active Patients = 1 doctor day a Week for a Year
 - 1500 active patients = 5 doctor days/week
- Some doctors are faster and some slower
 - You might be closer to 250, or 400
 - Calculate this number for your office
 - $1400 / 4 = 350$

Patient Breakdown

- Average Active Patient Count
- 225 Active Patients = 1 hygiene day a Week for a Year
 - 1500 active patients = 6.67 hygiene days/week
- Some hygienists are faster and some slower, especially if double booking
 - Hygienist has an assistant to help them work out of two chairs.

Revenue/Patient

- Revenues in the last 12 months/Patients seen in the last 12 months
- ADA Reports this number from time to time
 - \$650 / patient / year
 - Examples
 - Herriman - $\$1,975,861 / 5383 = \367.06
 - Millcreek - $\$1,905,492 / 2888 = \659.79
 - Murray - $\$894,383 / 1226 = \729.51
 - Draper - $\$513,571 / 610 = \841.92

Patient Count

- Knowing your patient count and the Revenue/Patient allows you to make projections based on growth
 - Will you simply try to see more patients, or try to improve your revenue/patient?
 - I would try both

Chair Time/Capacity

- As your patient count increases you will need more chair time/capacity to serve them.
 - Start with your 12 month count, then look at total new patients, + recall/reactivation, less attrition.
 - As the schedule fills in you will want to add chair time to accommodate more and more patients until chair time is full.

Days Worked

- How many days do you work per week, per month, or per year?
 - If you want to do \$2MM in collections, how many days do you have to do it in?
 - 4 days a week for 48 Weeks = 192
 - $\$2MM / 192 = \$10,416.67$

Reports to Run

- Daily
 - Day Sheet and Deposit
 - Practice Daily Report
- Monthly
 - P&L (compare to your practice collections)
 - Provider Productivity (Hyg ~30% and Doc ~70%)
 - Recall/Reactivation, Unscheduled Treatment, AR
- Quarterly/Yearly
 - Review totals and set goals moving forward
 - Update Patient Count and Adjust Capacity accordingly

“We must have goals to make progress, and it's encouraged by keeping records. Progress is easier when it is timed, checked and measured.”

-S. W. Kimball

Profitability

- Profit and Loss (P&L)
 - Adjusted Income Statement
- EBITDA + Doctor Pay
 - Earnings Before Interest, Taxes, Depreciation, and Amortization
- Average Practice Nets 40% (60% overhead, before debt service)
- How profitable is your business?

Description	No. Months 12	Adjust Incr \ (Decr)	Notes *	Adj Annual Amount	% of Gross
Doctor Collections	644,013			644,013	70.85%
Hygiene Collections	265,000			265,000	29.15%
GROSS COLLECTIONS	909,013			909,013	100.00%
PRODUCTION EXPENSES:					
Lab Expense	87,037			87,037	9.57%
Clinical Supplies	86,230			86,230	9.49%
Office Supplies	25,346			25,346	2.79%
Miscellaneous					
OVERHEAD EXPENSES:					
Payroll- Provider / Owner	127,000	-127,000	4		
Staff Salaries	223,495			223,495	24.59%
Taxes - Staff	21,919			21,919	2.41%
Taxes - Owners					
Rent	34,020			34,020	3.74%
Insurance	14,320			14,320	1.58%
Contract Labor					
Bank Charges	12,025			12,025	1.32%
Telephone	3,578			3,578	0.39%
Legal & Accounting	6,725			6,725	0.74%
Repairs and Maintenance	9,907			9,907	1.09%
Postage	3,634			3,634	0.40%
Uniforms & Laundry	1,730			1,730	0.19%
Utilities	7,219			7,219	0.79%
Miscellaneous					
Taxes, Licenses & Permits	1,304			1,304	0.14%
Computer					
Equipment					
Advertising/Marketing	15,110			15,110	1.66%
Interest Expense	1,802	-1,802	1		
Depreciation Expense	42,706	-42,706	1		
Amortization					
Automobile	2,958	-2,958	2		
Dues and Subscriptions	2,586	-2,586	5		
Continuing Education	9,790	-9,790	3		
Meals & Entertainment	1,250	-1,250	3		
Travel & Lodging	2,888	-2,888	3		
Donations	3,400	-3,400	5		
TOTAL EXPENSE	747,979			553,599	60.90%
NET INCOME	<u>161,034</u>			<u>355,414</u>	39.10%

Cost Savings

- Watch your P&L REGULARLY to keep track of spending
 - Adjusted Income Statements
- Develop Tax Shelters
 - Buy a Practice
 - Buy Your Building

END-OF-MONTH REPORT

(To be completed on the last working day of the month. Give a completed copy to the doctor.)

Month _____ Year _____

I. TOTALS

Production: \$ _____

YTD Prod: \$ _____

Collections: \$ _____

YTD Collect: \$ _____

Annualized Collect Percentage: _____ %
(YTD Collect/YTD Prod)

Receivables: \$ _____

New Patients: _____

Patients Seen-Hygiene: _____

Patients Seen-Doctor: _____

Total Active Patients: _____

of Dr. Days:
(8 hrs = 1 day) _____

of Hygiene Days:
(8 hrs = 1 day) _____

Prod scheduled next month: \$ _____

II. ATTACH REPORTS - COMPUTER GENERATED

- Month End Summary
- Accounts Receivable Aging Report
- Insurance Aging Report
- New Patient Resource Report
- Per Provider Production/Collection Report
- Petty Cash Reconciliation
- P&L Statement

NEW PATIENT SOURCES

Patient Referrals:	_____
New Moves:	_____
Yellow Pages:	_____
Ins Referrals:	_____
Professional Referrals:	_____
Sign/Walk-ins:	_____
Staff Referrals:	_____
Unknown:	_____
Other:	_____
Total	_____

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“To reach a goal you
have never before
attained, you must do
things you have
never before done.”

-E. T. Benson-

How to set goals in your business

Base the goals upon:

- Current Information
- Past Performance
- Future Expectations

Use your Periodic Reports/Graphs to determine if the business is on target with:

- Production and Collections
- Hygiene Compliance/Health
- New Patient flow



If the business is missing the target...



What needs to be done?

Practice Daily Report

Your data - 6 metrics/KPIs

3 Patient Flow Indicators

- New Patients seen
- Patients seen in Hygiene
- Patients Pre-Appointed

3 Financial Indicators

- Production
- Collections
- Over the Counter Collections

Start with the basics then customize it to fit your needs.

Practice Daily Report

- Go to www.dba-usa.com/uda
- Sample Practice Daily Report if you want to start tracking the basics.
- Once its open, click File -> Make Copy
 - You can add it to your Google Drive



Takeaway?

- Love dentistry!
- Love your career!
- Actively direct where you are going!
- You have choices!
- Where will you steer your ship?

Questions & Answers

- Feel free to share any questions you have with the group.
- You can also anonymously ask a question through our survey at www.dba-usa.com/uda

How can we help?

- Free Practice Analysis
- Growth Strategies
- Career Planning & Development
- Associate Placement
- Reviewing Contracts & Agreements

Dental Business Advisors

- Please let us know if you have any questions on our presentation or if you would like to touch base with us.
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