

THE 10TH ANNIVERSARY OF THE DENTAL ECONOMICS-LEVIN GROUP

Annual Practice Research Report

Another year of stagnant production; business solutions boost revenue for some practices



“THE MORE THINGS CHANGE, the more they stay the same,” the old saying goes. While very familiar, that cliché may be the best way to view the results of this year’s *Dental Economics*-Levin Group Annual Practice Survey.

Starting with the top-line production numbers, little has changed from last year. The average production per dentist (for doctors working at least 32 hours per week) is \$636,139, up only a negligible amount (.8%) from last year’s \$630,938. Although doctor production remained flat, optimism prevails in our profession with more than two-thirds of dentists (68.6%) stating that they believe revenue will increase in 2016. Fewer doctors this year reported having high or extremely high stress, which also indicates a feeling of optimism.

But that positive outlook may be based more on intuition than fact. A new question added to this year’s survey provides a previously undocumented insight. When asked how familiar they are with their practice finances and production metrics, less than half (47%) considered themselves “extremely familiar” with those statistics, and more than a quarter (26%) of them admitted to being “not at all, slightly, or somewhat” familiar.

Whether as the owner or as a main contributor to practice revenue, the vast majority of practicing dentists should know the financial metrics of their small business.

“As a practice owner, you’ve got to make it your business to know your numbers. Otherwise, you’re steering a ship with a blindfold on,” says Roger P. Levin, DDS, founder and CEO of Levin Group, a leading dental consulting firm. “The more you know about how your practice is performing, the better decisions you can make going forward.”

This year’s data, collected from February 2016 to June 2016, is reflective of practice performance during the 2015 calendar year and includes specific quantitative and behavioral information on more than 1,500 general dentists in 718 offices throughout the United States. The vast majority of respondents (83%) own their practices, and more than half of them have been in dentistry for over 20 years. Nearly three-quarters (72.6%) are male and 27.4% are female, which is similar to the demographics reported by other dental organizations and the US government.

MARKETING IMPROVES PRODUCTION

In a tight economy, many dentists attempt to control overhead by reducing marketing expenses. This year’s survey explores the impact that a marketing coordinator can have on practice production. As you will see, the data clearly shows that the return on investment for such a position is observable and significant.

Table 1: The effect of marketing coordinators on new patients and practice revenue

	Revenue for practices without a marketing coordinator	Revenue for practices with a marketing coordinator	Difference in revenue
Survey question: Did the number of new patients in 2015...			
Decrease	\$833,091	\$1,212,013	\$378,922
Stay the same	\$1,052,037	\$1,601,231	\$549,194
Increase	\$1,102,567	\$1,692,896	\$590,329

For example, regardless of whether a practice’s total number of new patients increased, decreased, or stayed the same, employing a marketing coordinator (even a part-time one) universally correlated to having higher revenue (table 1). This impact also further supports the positive role that internal marketing has on practice production. Even practices that didn’t increase the number of new patients from the previous year performed significantly better with a marketing coordinator.

“A well-trained marketing coordinator can make a dramatic difference in a practice’s bottom line,” says Dr. Levin. “This is something we have been teaching our consulting clients for more than 30 years.”

SOCIAL MEDIA TRENDS

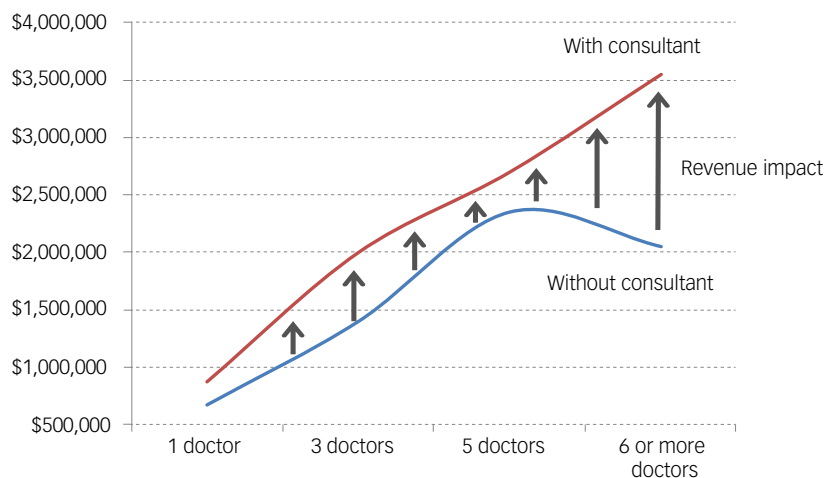
To promote their practices, most dentists (80%) are using some form of social media. Of those GPs who took the survey, 70.7% have a Facebook page, 41.1% are set up with Google+, 16.7% are registered on LinkedIn, and 15.6% use Twitter. With 68% of US adults owning a smartphone, online marketing should be viewed as an integral part of an office’s marketing activities.¹ According to this year’s survey data, practices with two GPs that utilize online marketing strategies and services have 17.3% higher practice revenue than those that don’t. Looking at practices of all sizes, there is a 5%–7% increase in production per doctor for offices active on social media.

“This shouldn’t come as a surprise,” says Dr. Levin. “Social media is just another way to reach current and prospective patients. Those who do it well will continue to prosper and grow.”

MORE DOCTORS—MORE CHALLENGES (ESPECIALLY TO PROFITABILITY)

One trend occurring in our profession is the movement toward more “small group practices.” Different from a dental service organization, a small group practice has four or more doctors working together, frequently with multiple practice locations. These doctors seek to experience the potential benefits and efficiencies that come with sharing space, equipment, and staff as well as improved purchasing power and the ability to offer a wider range of services, including emergency coverage. The data in this year’s survey indicates that bigger isn’t always better, at least not without business guidance and

Figure 1: Total practice revenue (by number of dentists in practice)



systems specifically designed for small group practice operations. As Figure 1 shows, production increases with each additional provider, up to four doctors. Beyond that point, a growing practice will require business systems and expertise typically provided by outside consulting experts who can guide the team and maintain the desired growth trajectory.

When asked about their use of outside consultants and advisors, those who engage consultants were found to be much more successful at generating revenue. There is a direct correlation between business expertise and business performance. In practices that utilized a practice management consultant, total revenue was 33.6% higher.

PRESENTING TREATMENT, TRACKING CASES

Dentists frequently bemoan the fact that patients often don’t accept recommended treatment. Many factors come into play regarding case acceptance, but the bottom line is that patients often need additional time and information before undertaking what is to them a significant investment, especially regarding elective treatment and larger cases.

The practices that gain greater treatment acceptance are the offices that take responsibility for presenting and tracking cases. This year’s survey shows that less than half of practices (46%) track recommended treatment versus completed treatment. The data also indicates that practices tracking this key metric had 15% higher production.

“You have to *measure* performance to *improve* performance,” says Dr. Levin. “Look at your favorite athletes. They are always measuring themselves against key benchmarks, so they can improve on weaknesses and build on strengths. Dentists need to do the same, especially in the area of case presentation.”

CONCLUSION

Since the Great Recession, dentistry has been in a state of transition. Yet, despite the challenges, dentists are finding ways to improve the business performance of their practices by using a marketing coordinator, promoting their services through social media, and tapping into the expertise of outside consultants. In addition, responding dentists said what they loved most about dentistry was being their own boss (40%) and working with their teams (34%).

“Unlike a lot of other professionals, dentists are still the masters of their own fate,” says Dr. Levin. “You have the power to grow your practice . . . to make things better . . . to enjoy your career. To me, that’s the message of this year’s survey.” **DE**

Editor’s note: For more survey results, visit levingroup.com/de-lg-survey or dentistryiq.com and search for “Levin annual survey.”

REFERENCE

1. Pew survey shows 68 percent of US adults now own a smartphone. PC World website. <http://www.pcworld.com/article/2999631/phones/pew-survey-shows-68-percent-of-americans-now-own-a-smartphone.html>. Published November 1, 2015. Accessed August 1, 2016.