



# WHEREVER YOU ARE TODAY, YOU WON'T BE THERE TOMORROW

By Roger P. Levin, DDS



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## Introduction

Dentists are CEOs. Unfortunately, they do not think of themselves in this way. And more importantly, they were not trained to become CEOs. Traditional dental school education is focused on clinical dentistry with little time spent on business management or leadership development. This leaves dentists at a tremendous disadvantage when they enter practice because they are now running a small business with no road map and limited knowledge of what it takes to run it successfully.

The business of dentistry is constantly evolving in response to changes occurring inside and outside of the dental profession. Now more than ever, it is critical to not only keep up but also stay ahead of the curve. What you did yesterday will not work today. What you do today will not get you where you want to be tomorrow. And one thing you can be sure of is that you will not achieve business success on your own.

Levin Group has worked with more than 21,000 dentists as clients, helping them increase production through proven business systems. We have found that for too many practices supply and demand for dental services was the chief reason for any level of success rather than the implementation of proven business systems. The demand for dental services was so great that poor practice management did not prevent an acceptable degree of success.

## The Pre-Recession Practice

In the past, the dentist could merely hang out a shingle, show up to work every day and know that production, profit and income would be sufficient to maintain an excellent lifestyle and provide for the retirement years. Outside of the occasional staff or patient problems, dentists led a very charmed business life. They did not have to deal with recessions, declining insurance reimbursements, changes in insurance plans or an influx of dental school graduates. Dental service organizations existed, but were not much of a threat. Today, they are growing in number and size, offering a wide range of services along with convenient hours, while accepting every insurance plan imaginable. All of these factors have a tremendous impact on today's dental practices.

To be successful in today's post-recession economy, a dentist has to be excellent, both as a clinician and business leader, which means implementing step-by-step business systems, such as:

- Setting and achieving key targets every year (e.g., having 98% of all patients scheduled at all times)
- Learning the nuances of effective case presentation to achieve a 90% close rate
- Collecting 99% of all money owed to the practice

According to the Levin Group Data Center™, 75% of all dental practices declined during the recent recession. This serves as a warning to all dental practice owners that they must think and act like CEOs or their production will be flat or even decline.

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## The Function of a CEO

CEOs have two primary jobs—to grow the business and protect it. Without sufficient training, most dentists are not fully equipped to accomplish either of these critical activities. The dentist graduating today learns no more about business than the dentist who graduated 30 years ago, but faces much greater challenges. It is now incumbent upon each practice owner to gain business management knowledge and skills to become an effective CEO.

In other businesses, CEOs use management systems to grow and protect their companies. In the post-recession economy, dentists must learn to do the same. By applying the best methods from the business world, dentists can consistently grow their practices. When step-by-step systems are implemented to achieve specific targets, dental practices can be highly successful despite the challenges of a sluggish economy. The new role of a dentist includes being both a clinician and a CEO.

## What Got You Here Won't Get You There

As a dentist, I understand how intense a typical day in the practice can be—treating patients, leading the team, handling emergencies and unexpected issues, etc. The main goal, focus and desire will naturally be to provide excellent patient care, but this alone no longer guarantees a successful practice. In today's world, practices must have proven business systems, or production will eventually decline.

Reaching production and profit targets in one year does not mean that it will be achieved again. For many dental practices a strong hygiene recall program creates a solid revenue base each year. However, when 40% or more of practice revenue depends on new patients and doctor production, there is no guarantee that the practice will continue to grow.

For example, a practice that grew 12% last year may...

- Grow by half (6%) next year
- Not grow at all
- Actually decline by 5% or more

All of these scenarios are not only possible, but also likely in the face of a changing dental profession. The only way for a practice to continue to grow is to implement proven, step-by-step systems. Relying on outdated methods and policies will no longer work. Clinical techniques are constantly evolving to provide patients with the best treatment options available. Similarly, management and marketing systems need to evolve or the practice will stagnate.



## The Impact of the Team

For systems to work effectively, the team must receive appropriate training. That, however, poses incredible challenges to most dentists. Think about the history of a typical dental practice. Dentists open a practice or buy a practice a few years after graduation. They have limited business skills to create effective systems or, if they have purchased a practice, they inherit outdated systems from the original owner. The dental team will only be as good as the practice's systems that are in place.

Appropriate training is also a prerequisite for excellent team performance. If training only consists of quick comments between patient appointments, the team cannot meet expectations. I've been hearing dentists complain about the quality of their teams since I entered the profession. Nothing will ever change if dentists provide haphazard training and still expect team members to perform as superstars.

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If a practice is going to thrive, the dentist as CEO must focus on the quality of the staff and their ability to learn and grow with the practice. By implementing step-by-step training that includes documented systems, this ensures the staff's success. Whether it is effective scheduling or closing a comprehensive case presentation, the doctor and team will benefit if there are high-performance systems in place.

## The Current State of Dentistry

Dental practices think about innovation relevant to clinical performance. Doctors will often buy new equipment or invest in new technologies that improve their ability to provide patient care, but do not spend nearly as much time and effort improving their business methods. Top companies understand that innovation is a continual process. Innovation can focus on management, marketing, team building or strategy.

Think about how dentistry is changing. Competition is increasing as more dentists are graduating than ever before. These young doctors carry 2–3 times more debt than those who graduated just 10 years ago due to higher tuition fees. In addition, the cost of purchasing a dental practice is extremely high, which makes paying off educational debt an even longer process. To avoid incurring more debt, young dentists are increasingly willing to work in different types of practices, such as dental service organizations. This means increased competition for existing private practices.

Changes in insurance reimbursements are also putting financial pressure on dentists. Like other for-profit companies, insurers are in business to make money. One way they increase profits is by lowering doctor reimbursement. Most of the traditional insurance plans have now disappeared and the current PPO model dominates the industry. Insurance companies reduce reimbursements on a regular basis, sometimes by as much as 15%. Levin Group helps many clients who find themselves experiencing decreased production as a result of lower reimbursements as well as other factors.

## Innovation for the Future

Many practices have been tremendously successful, even in the face of greater challenges, because they have implemented innovative strategies. These include patient acquisition strategies such as certificates for no-cost exams, the implementation and effective use of social media, the analysis of insurance plans, increasing the number of elective procedures provided to insurance patients, and a host of other innovations.

In response to changes in the dental economy, Levin Group has created new systems for its clients based on the following innovative principles:

- **Practices need to do more with what they already have.**

At the current time, dental practices have fewer new patients presenting than at any other time in history. This means that practices have to do more with the patients who are already in their care. Practices can accomplish this by:

- › Having 98% of all patients scheduled at all times
- › Reactivating 85% of all overdue patients who haven't been seen in the last 18–48 months
- › Offering ideal and comprehensive treatment, with 90% of cases accepted

If these three targets alone are consistently achieved, practice production will increase. Combine these with other key concepts and the practice has the potential to grow exponentially.

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- **All dental practices have a 30% growth potential.** Dentists don't know this or they would have already accessed that potential. Doctors can become so focused on the day-to-day treatment of patients that they have difficulty seeing ways a practice can continue to grow successfully. However, practices are achieving this every day. Even better, 30% growth comes without any new fixed expenses.

A practice does not need a new chair, staff member or technology to achieve 30% or more in growth. This means that the profit margin on the first 30% growth is higher. It also means that most dentists are working one full day a week unnecessarily. Think about it this way—if the practice can grow 30% without increasing fixed expenses, then it is clearly underperforming by at least 30% on a weekly basis. This means that one full day per week, at minimum, is actually unnecessary. Dentists fool themselves by not recognizing that they are following the principle that work expands to fill time. When a new Power Cell Schedule is put in place, the practice will have increased capacity to treat more patients. By creating a new mathematically designed scheduling system, the practice can then apply excellent marketing principles to fill the available openings. This is the general framework for growing a practice.

- **Patients today want more value for their money.** Most dentists do not have an accurate understanding of the patient experience. In one study by the Levin Group Data Center™, it was found that dentists and staff rated their customer service at 9.2 out of 10. However, when patients are surveyed, they rated the customer service at 7.4 out of 10.

While this is in no way a bad score, it is also not at the level of excellence which builds loyalty and referrals. This lack of superior customer service may be why, in the typical practice, less than 20% of patients refer one new patient per year. In contrast, the Levin Group client target is for 40–60% of patients to refer one new patient each year.

Consumers (including your patients) want more value today than ever before. Their financial situation is often challenging and they want the best value they can get every time they spend their money. They have been conditioned by retailers to seek discounts, deals and other opportunities based on either lower cost or higher value. In response to this new consumer psychology, the best approach for dental practices is to increase value, rather than reducing fees. They can do this with a laser-like focus on customer service, internal marketing and strategic innovation. The goal should be for every practice to routinely score greater than 9 out of 10 on customer service surveys.

## Conclusion

Superior clinical care is only part of the equation for practice success. The other part is expert business skills. In today's economy, you need to have both.

Dental school taught you the clinical skills to be an excellent dentist. In the challenging new dental economy, your success also depends on business knowledge and skills. Whether you take the time to learn the latest business techniques yourself—or rely on outside experts for guidance—you must change the way you operate your practice *as a business*. What brought you this far will not be enough to carry your practice to a highly successful future.

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## Dr. Roger P. Levin

Dr. Roger P. Levin is a third-generation general dentist and the Chairman and CEO of Levin Group, Inc., the largest dental practice consulting firm in North America. A keynote speaker for major dental conferences, Dr. Levin presents more than 100 seminars per year. He has authored 68 books and more than 4,000 articles. In 2014, he received the Dental Excellence Award for Best Practice Management Consultant from *DrBicuspid.com*. For the past 12 years, he has been named one of the "Leaders in Dental Consulting" by *Dentistry Today* magazine.



### ADDITIONAL RESOURCES:

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