



**Practice
Production
Series**

Turn
**YOUR
PRACTICE**
Into a
**GREAT
BUSINESS**

*What Dentists Can Learn
From Corporate CEOs
Part 2*

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Turn Your Practice Into A Great Business

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Part 2

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Introduction

A dentist who owns a practice is its Chief Executive Officer. We may not think of it that way, because the focus is on providing excellent clinical care with the doctor serving, first and foremost, as the practice's main producer. Yet the practice must also function as a business, and that business must have a leader... the dentist, as CEO.

Every CEO has a very complex and demanding job. Responsibilities include financial matters, strategic planning, investment decisions, staff issues, insurance and legal affairs, marketing, day-to-day operations—in short, everything that happens in the conduct of business. If the company does poorly, if employees do something illegal, the CEO bears the ultimate responsibility. And ignorance is no excuse.

Dentists must learn to think and function as CEOs because they have a high level of investment in the practice. Even an associate who is not yet an owner but expects to become a partner and eventual owner must learn how to behave like a CEO.

Another reason to think like a CEO—one often overlooked by dentists—is that the office staff will take their cues from the mood and attitude of the doctor. When the CEO exudes confidence and energy—or impatience and confusion—these characteristics are reflected in the atmosphere of the practice.

The Unique Challenges For Dentists as CEOs

Not long ago, I had the opportunity to teach a course to approximately 400 dentists under the auspices of a national dental organization. I spent more than six months researching and preparing the course, entitled *The Dentist As CEO*. It became clear that being a dentist and a CEO poses unique challenges that most business leaders do not face. Here are five complicating factors for dental CEOs:

1. Dentists need to spend most of their time caring for patients.

FORTUNE 500® CEOs spend most of their day strategizing, meeting, directing and making decisions, but they do not do the work. They have staff members who are the company's producers. Dentists have staff support, and should use it fully through delegation, but they cannot delegate the actual dentistry.

2. Dentists have had no real management or leadership training.

FORTUNE 500® CEOs have usually spent 20 or more years sharpening their business skills, undergoing training, climbing the corporate ladder, and learning from mentors, colleagues, authors and competitors. Dentists have been chairside, doing what they learned in dental school. And they did not learn business in dental school.

3. Dentists do not have a board of directors.

They do not answer to anyone but themselves. FORTUNE 500® CEOs report to their boards... and are held accountable. While there is something to be said for having total autonomy and control, the lack of oversight and objective feedback can lead to serious problems. Major decisions about a company's direction, strategy and large investments are better thought out when they must be presented to and approved by a board of directors.

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- 4. A growing number of dental practices are partnerships or group operations.**
In contrast with the solo practice, these operations typically have two or more doctors with an equal say in decision making. This usually slows down or stalls decision making. FORTUNE 500® CEOs, though accountable to their boards, do not have to share control with anyone else in the organization. They make the final decisions therefore things get done.
- 5. Dentists seldom rely on outside advisors.**
FORTUNE 500® CEOs routinely turn to independent experts for guidance when there's a lot at stake. Many dentists resent having to spend money—which they typically regard as their money—on outside experts or consulting fees for something they believe they can do themselves. Consequently, they often grapple with daunting challenges that outside advisors could easily help them master.

These differences, along with many others, mean that books, articles and courses about how to become a better big business CEO fall short of meeting a dentist's needs. It was this realization that led me to start Levin Group—a consulting firm that helps fill this void for dental professionals, teaching them business skills in the same way that dental school taught them clinical skills. It has been our mission and passion ever since, and we have now advised over 30,000 practices.

As a third-generation dentist, I understand the challenges of being both a practicing dentist and a CEO. This book series presents numerous ideas that will help the dentist become a better business leader. As a dentist, I have been able to write with a true understanding of the dual challenges of providing excellent clinical care and overseeing all other aspects of the dental practice as a business. My hope is that, in reading it, you will learn new ways to increase practice production and profitability, doctor and staff satisfaction, efficiency and effectiveness—and create an environment that is sustainable and enjoyable.

Part 2 of *Turn Your Practice Into A Great Business - What Dentists Can Learn From Corporate CEOs* will address the good habits and self-improvement methods of CEOs. How CEOs handle themselves and improve has a direct effect on their success. This book shares some of the good habits and improvements that successful CEO use to help them get the most out of themselves and their teams, including those often employed by the top 10% producing practices. These habits and improvements can be easily adopted by dentists looking to decrease stress and chaos and increase production and revenue.

Chapter 1:

CEOs Manage Their Energy

I love reading about CEOs. Whether it is biographies or features in magazines such as Forbes, Fortune, Business Week, Harvard Business Review and others, I can never get enough information about how top business leaders become and stay successful. One fact that used to continually surprise me was how many CEOs found time to do interesting things outside of work, including sailing, flying planes, hunting, and charitable activities, to name a few. I used to wonder where these high-powered businesspeople found the time to exercise, pursue hobbies, and spend time with their families.

Eventually, it became obvious to me that these leaders were experts at prioritizing and time management. They work long hours, but they also take breaks, go on vacations and pursue outside interests. Successful CEOs strive to find the right balance between work, family, friends and other activities.

Fatigue, Stress and Inefficiency

Like CEOs, dentists are committed to making their practices financially successful. While they work fewer hours per week on average than most Americans, dentists are very focused in the office. Working with patients requires large amounts of both physical and mental energy. In the seminars that I present each year, I often ask dentists to raise their hands if they feel that they are tired by 3:30 in the afternoon.

Naturally, most of those in the audience raise their hands. I then explain that this may be the first sign that something is wrong with the practice's systems and operations. There really is no reason doctors should be fatigued or exhausted by midafternoon.

The dentistry itself doesn't tire us out. It's all the other aspects of operating a practice. *Most fatigue comes from stress, which results from inefficient management and marketing systems.* Inefficiency induces the doctor to shift focus, answer questions, and micromanage administrative duties. All these non-clinical activities drain energy, leaving doctors spent before the end of the day.

Of course, it does not have to be that way. Many dentists and specialists leave the office with the same amount of energy they had when they arrived that morning, thanks to the power of high-performance systems. In fact, as one client put it, "I now have more energy at the end of the day than when I start. This is probably because I spend the day doing what I love, which is an energizing experience."

Case Study – The Danger of Exhaustion

When Dr. Andy came to Levin Group, he was so drained when he went home, he had little interaction with his wife and children, often falling asleep in his chair after dinner. Even though he had just turned 40, he wondered how much longer he could practice dentistry. He was considering hiring an associate to reduce his hours. After a practice analysis, his consultant pointed out that Dr. Andy was in no position to hire an associate unless he was willing to accept a 25–30% reduction in his income. Dr. Andy had mistaken his exhaustion for "busyness." Our analysis showed that, in fact, his practice was not at all busy. The positive side of this was that he had a growth potential of 35%.

Dr. Andy was deep in debt. He had a mortgage on his primary home, two car payments, a mortgage on a second home, and three children in private school. He equated his ability to pay his bills on a monthly basis with his practice performing at the right level. Contrary to what many doctors think, this is no way to judge practice performance.

He viewed his days off as renewal time, but he was spending his weekends catching up on the crises that had been created in the office. Fatigued and unhappy, Dr. Andy found little enjoyment in dentistry. He was working to pay bills and had come to believe this was the way life was supposed to be.

After meeting Dr. Andy and evaluating his situation, the Levin Group consultant implemented the following steps:

1. Within six months, all major business systems were replaced with documented step-by-step systems, including Power Cell Scheduling™, case presentation, flexible financing options, practice financial management, and insurance protocols. As new systems were implemented, staff members were fully trained to operate them.
2. A Levin Group consultant worked with Dr. Andy to delegate all non-clinical activities to his team. As the systems were rebuilt, new protocols were established to increase team involvement in day-to-day business operations.
3. Front desk staff members were trained not to distract Dr. Andy with minor operational issues or questions during clinical hours. Staff members were taught how to make decisions and the doctor was encouraged to spend 98% of his day strictly focused on dentistry and nothing else.
4. Dr. Andy arrived at the office at least 20 minutes before the first patient. This gave him time to organize his desk and attend a 10-minute morning meeting, which was run by the front desk coordinator. The focus was on that day's schedule, including production targets, emergencies, open slots in the schedule, and pertinent patient information.
5. With new systems in place and Dr. Andy delegating all non-clinical activities, he had time to occasionally take a break between patients. When he had a few minutes in his private office, we encouraged him to take 10 deep breaths and focus on something that had nothing to do with dentistry.

Dr. Andy loved to read travel magazines. His consultant recommended always having several travel magazines on his desk at all times. When he had a five-minute break, he would go back to his office and read. When an assistant informed him that it was time to report to a certain treatment room, he would put the magazine down and go back to providing quality patient care.

6. Dr. Andy was encouraged to take a 45-minute lunch break outside the office. This was something he used to do earlier in his career, but as the practice got busier, he ended up skipping lunch or eating at his desk. We also recommended that once a month he take a staff member to lunch with him for an informal chat. At first, staff members were skeptical and wondered what his ulterior motive was, but quickly learned that it was merely to have lunch, talk about the office, and share any ideas for improvement. There was a deli two blocks from the office. Dr. Andy made it a point to walk, which gave him a chance to get out of the office, clear his head, and generally feel refreshed before he returned for the afternoon.

7. Due to the new Power Cell Schedule™, Dr. Andy now saw his most complex cases in the morning. By the time he hit mid-afternoon, he was dealing with smaller and easier cases, allowing him to maintain his physical and mental energy level throughout the day. Within a few weeks after the new protocols went into place, Dr. Andy was amazed. He reported that the day flew by, and 4:30 was here before he knew it. When he got home, he had plenty of energy for his family and friends. Dr. Andy had also begun exercising every other day, which increased his energy level. After losing 10 pounds, he eventually upped his workout regimen to five days a week. His wife reported that he was much more involved at home, more fun to be around, and more energetic than she had seen him in years.

After one year, Dr. Andy's practice had grown by 30%, which represented an increase of several hundred thousand dollars. Dr. Andy went from a dentist who literally hated practicing dentistry to a doctor who loved what he was doing and who now had more money than he had ever expected to earn. The last time I talked to Dr. Andy, he was taking courses in an advanced area of dentistry so that he could continue growing his practice.

Conclusion

The best CEOs manage their energy by taking care of themselves—getting yearly physicals, exercising regularly, spending time with their families and taking time off throughout the year. Most importantly, these leaders know how to renew each day. In Dr. Andy's case, he was now able to take five weeks of vacation per year and planned his family vacations looking at travel magazines when he had a few minutes between patients. Whether it is exercise, reading, hobbies or time spent with family and friends, CEOs are experts at renewal, and dentists should be too. This allows you to do an even better job as a CEO of your practice and enjoy what you do even more.

Chapter 2:

CEOs Manage Their Time

By this point, you may be wondering how you can get it all done. How can you continue practicing excellent dentistry *and* lead your practice with the skills of a successful CEO? The answer is time management.

In the last 30 years, I have attended more than 25 courses and read twice that number of books on how executives can manage their time. While they do take different approaches, for the most part they all come down to the same basic concepts—which I will share with you here.

The following recommendations will be of tremendous help to any dentist who truly wants to improve his or her CEO skills.

1. Prioritize all personal activities.

Using a pad or electronic device you can carry around with you, jot down all your activities during waking hours in 15-minute increments for 4–6 weeks.

Although this will take some effort, it won't go on for long and will be well worth it. You will be creating a time log.

There is no need for detail. The easiest way to do this is to simply lay out every 15 minutes over six weeks how all waking hours are spent. All clinical activities at the practice can be called simply "patient care." Other categories of time would be:

- Being the CEO
- Administrative
- Family activities
- Entertainment
- Hobbies
- Vacation
- Charitable activities
- Spiritual
- Other activities that are part of your day-to-day life like exercise

Once you have logged your time for the 4–6 weeks, go through it and add up the total time per category. You will probably be surprised at how you are *actually* spending your waking hours. One recent client was shocked to find out that he was spending four to five hours a day watching television (he had thought it was less than two hours a day) and over 10 hours watching football on weekends.

Making a time log tells you how many hours and what percentage of your time is spent in different activities. You are the best judge of whether your "private" time is being well-spent. However, the work-related categories bear discussion here:

- **Patient Care** should account for 90% of your time in the practice during normal business hours.
- **Being the CEO** should consume the remaining 5%.
- **Administrative** duties at 5%.

The typical dentist will naturally gravitate toward providing patient care. Many also have the bad habit of micromanaging—evidenced by a significant amount of time logged for administrative matters. A dentist as CEO will break that habit, delegate *all* administrative work to team members, and check the numbers periodically to make sure performance is up to par.

Where dentists tend to fall short is in CEO time—spent on such critical matters as strategic planning, goal setting, meeting with outside experts, and other activities that advance the practice. If you are not devoting enough of your time to this, the solution is *not* to add more working hours to your schedule. In fact, dentists who have learned to be effective CEOs spend considerably *less* time working than many other dentists and have higher production. To give yourself 2% CEO time, start reducing time spent micromanaging and don't stop until you have minimized time in the "Administrative" category on your time log. It is not a priority, so you must delegate it to staff.

Dentists are do-it-yourselfers. Many of them form this habit in the early days of their practices, when high debt levels make them hesitant to hire more staff or pay outside experts. After a while, the habit becomes so ingrained they don't even notice it anymore. Trying to do it all yourself eats up a great deal of time and prevents you from focusing on dentistry. Another time drain is unimportant activities with deadlines that make them seem urgent.

Many dentists think that they delegate well, not realizing how many noncritical activities they fail to delegate. That's why it's so important to perform do a time log exercise.

2. Don't overrate running on time.

Most dental practice schedules are highly inefficient. The Levin Group Data Center™ reports that the average practice could work one day less per week and maintain the same level of production. Levin Group has regularly achieved 30–50% growth potential for clients. The potential is there! The first 30% of that growth almost always comes without any increase in fixed expenses, which means that the capacity for additional production already existed.

Work expands to fill time, so most dentists believe they are already working at peak capacity even though they are using their time inefficiently.

By implementing the right kind of scheduling system, a practice can easily grow by 30–50% while working the same number of hours per week... or work one day less each week and still maintain their current production. There is a widely held misconception that running on time is a sign of good time management.

The truth is that running on time is merely a sign of running on time. Staying on schedule is certainly important from a customer service standpoint, but it means nothing in terms of productivity, profitability, or doctor income. Are you efficient or effective? Why not be both?

The dentist as CEO must not settle for merely running on time. Staying on schedule does not indicate whether the dentist is spending time on activities that are important. Just as corporate CEOs fill their schedules with high-priority activities, the dentist as CEO should have a schedule front-loaded with the most significant cases, leaving time for larger cases that need to be started within seven days and also for initial appointments with new patients, all of whom should be seen within seven days. Dentists typically create a schedule, but do not control it. Unfortunately, this means that patients are put in the schedule haphazardly and dentists go through their schedule robotically, giving little or no thought to updating or replacing the scheduling system.

3. Completely replace the scheduling system at least once every five years.

Why once every five years? Most scheduling systems begin holding the practice back, slowing growth, after they have been in place for four to five years. Changes occur in the practice over time. Staff members come and go, new types of procedures and technologies are introduced, different types of patients join the practice, dental insurance changes, etc. Every such change makes the scheduling system—actually *all* practice systems—less appropriate for the practice. When CEOs fail, it is often because they are still scheduling their day the way they did in other managerial and executive positions earlier in their careers. Effective CEOs understand that time management must change constantly.

In dental practices, the front desk coordinator usually schedules patients, not the doctor. For this reason, the specific scheduling objectives must be clearly spelled out and built into the system so that each day is optimized. Too many offices have no plan for how to schedule patients. For example, if a front desk coordinator sees an opening in the schedule, she will often fill it in immediately with any patient simply to have a body coming in the door. In one of my seminars, I demonstrate how a practice could literally have 2 to 2 1/2 hours open every day and *still* out-produce a practice that has a completely full schedule. The difference has more to do with the type of procedures and proper scheduling rather than the number of patients who present to the practice. Think about it this way. Even 20% higher production per patient in an office would offset the need to be scheduled fully throughout the day. I am not advocating a light schedule. I am merely pointing out that having bodies in the chair is not a scheduling method.

Especially in a tough economy, dentists often send a clear message to the front desk—keep the schedule full for all chairs. Unfortunately, this understandable desire to fill the schedule clogs it up, restricting potential growth. I have met numerous dentists over the years who fail to understand why their practice production was not increasing. Upon analysis, we determined that the main problem was that there was no time left to add production. There were bodies in the chair, but the practice was not growing. Set and focus on daily production goals.

4. Reserve time for problem-solving.

Like every other kind of business, dental practices have problems from time to time. Unlike other business leaders, dentists have little time to deal with problems because they are involved in patient care throughout the day.

One solution to this that I have seen work well for many dentists is to set aside a single 20-minute block of time for problem-solving every week or two. It should always occur on the same day of the week and at the same time... just before closing, or even in the middle of the day. The time is reserved for dealing with problems—everything from talking to a financial advisor about a buy-or-lease issue, to having a conversation with a disgruntled team member.

Though it may at first seem questionable to wait until the appointed time to deal with any but the most urgent problems, it's far better than the alternative. Trying to shoehorn problem-solving phone calls or meetings in between patient appointments usually gives short shrift to both the problem and the next patient—and makes the doctor feel rushed and stressed. An issue that surfaces on Monday morning can probably wait until Thursday at 4:40 in the afternoon...or whenever a problem-solving block is scheduled. The advantage of this approach is that the problem gets the full attention of the doctor and whoever else is involved. Some doctors have attempted to schedule problem-solving sessions after hours or on off days, but this has a serious downside—extending working hours, which can tire and frustrate the doctor.

5. Use systems to increase production and decrease stress.

Excellent time management emanates from excellent practice systems. The key is efficiency. When a system is well-matched to practice demands, up-to-date and fully documented to facilitate operation, work flows more efficiently. For the doctor and team members, this improved workflow comes with a wonderful bonus—reduced stress. It may seem counterintuitive at first, but higher

production and lower stress go hand in hand. As the practice CEO, the dentist should therefore assign the highest priority to replacing all outdated management and marketing systems as soon as possible.

When new systems are implemented for Levin Group clients, I know the doctors are in for a surprise. After years of blaming stress on difficult patients and staff conflicts, they discover that those were either side effects of inefficient systems or minor issues that the new systems make much more tolerable. Many dentists who have previously experienced fatigue after a challenging day at the office find themselves energized when their time is well-managed thanks to excellent systems.

Of course, dentists are only human. Scheduling, based on procedural time studies, should leave enough breathing room for the doctor to move from patient to patient comfortably, without feeling rushed. By the same token, more demanding procedures should be scheduled in the morning to take advantage of the high level of energy at the start of the day.

Whether for a corporate CEO or a dentist, the principles of smart time management remain the same. These include prioritization, well-planned daily schedules, time allocated regularly to problem-solving, efficient operational systems and—perhaps most important of all—the willingness to make changes when needed for maximizing effectiveness.

Chapter 3:

CEOs Have Emotional Intelligence

Like so many people, I first learned about Emotional Intelligence (EI) in Daniel Goleman's book by that name. It has to do with people's ability to read and control emotions, in themselves and in others. I find the concept of EI very useful as a way of helping dentists understand and manage their relations with others—staff members, patients, vendors, other doctors. This skill can have a tremendous influence on the success of the practice as well as on dentists' enjoyment of their profession.

Start by imagining each of the following scenarios:

1. How do you react to a sales representative who arrives at the practice to discuss something new when you are busy?
2. How is that sales representative treated by the doctor?
3. How is that sales representative treated by the staff?
4. Is that sales representative viewed as an important and valuable individual who has key information... or as an interruption?

I chose these examples involving sales reps because, as a dentist, I know they seem to show up at the worst possible times. In many cases, the dentist might not be able to even meet with the representative, so it becomes a question of how this person is treated by the staff. In terms of EI, if the staff treats the sales rep poorly merely because it's a bad time, this indicates that staff members are also likely to treat patients poorly.

Personality Testing

To function effectively as a CEO, a dentist must have a high level of EI and be able to use it to encourage the best staff behavior. The key is to understand different personalities and know how to use EI to motivate them successfully.

For example, in personality assessments, dentists typically score very low for sales. This is why case acceptance is not higher. On the other hand, dentists score very high on the research/technical side of the scale. Fortunately, many dental team members score very high on the sales side. Given this information, a dentist who scores low for sales will know to involve more staff members in the case presentation and acceptance processes in order to increase the percentage of cases accepted.

I have never seen any studies relating the level of emotional intelligence to a particular personality type. A research/technical personality can have high EI and a sales-oriented personality can have low EI. The point is to recognize that whatever the personality, it can be modified in its day-to-day behavior.

Case Study – The Danger of Low Emotional Intelligence

I met a doctor at a seminar where I was presenting who told me that he was an excellent dentist, had attended numerous CE courses, provided multiple services for his patients—and yet he was very disappointed and frustrated that his practice was not larger. He was getting nowhere near the targets I mentioned in my presentation. He also mentioned that his practice had high staff turnover. He concluded by saying that he felt he was one of the better clinical dentists in the country and deserved to have a much more successful practice!

He clearly had very low emotional intelligence. This was not unusual. Many people have a moderate to low level of EI. He was just more outspoken (and naïve) than most. He really believed that his level of clinical skills merited an equivalent level of success. It never occurred to him that his complete lack of business training or experience might be responsible for his problem.

This dentist decided to have Levin Group perform a Practice Analysis. The goal is to provide the practice details of the strengths, weaknesses, opportunities, and threats facing it. This unique analysis is often quite revealing for practices where doctors have been focused on going to work each day, taking care of patients and going home. It opens the door for tremendous improvements and opportunities in practice performance.

In this case, our analyst found that the emotional intelligence of the doctor had significantly limited the growth of the practice. This was not really a personality problem. He simply did not relate well to other people. He was not unpleasant or mean-spirited. He just lacked interpersonal skills. Acknowledging his limitations, the doctor began working on his approach to patients and putting systems into his practice to compensate.

One of the components is to train the doctor and staff in interpersonal skills. In this case we began interpersonal skills training ASAP. Although his natural personality will not change (individuals' personalities are typically more or less permanent), he was able to significantly alter his behavior. Within weeks of his initial training, his staff was commenting that it seemed like they were working for a new doctor. Rather than being blunt and unaware of the effect of his words and actions on others, he began to think in advance before making certain statements. His turnaround was dramatic. He wanted his practice to grow, so he was highly motivated to do whatever was necessary to achieve the type of practice he always wanted to have. Responding to positive feedback, he quickly altered his behavior.

At the end of one year, all his staff members were still with the practice and pleased by the improved work environment. I would not go so far as to say that they now display extreme loyalty, but that will come as time goes by and the memory of the doctor with low emotional intelligence begins to fade.

Not surprisingly, the practice grew in production by 29.4% in the first year. Not only was a new staff member added to the team, but the doctor's income increased. Although it was out of character for him, he even implemented a bonus system to reward his staff.

By the second year, his practice had grown an additional 34.7%. Clearly the change in his emotional intelligence, implementation of documented step-by-step systems with checklists, and scripting contributed to creating a larger and more desirable practice for this doctor. And a happy team improves customer service.

Top CEOs have learned how to use EI to effectively influence people, and so have top dentists. Their skill derives in part from their understanding of the two types of EI—initiation of communication, and reaction to communication.

Initiation of Communication

When initiating communication, it is important to take a moment to think about what is being communicated, how it will be communicated and what reaction is desired. There are people who spend their lives continually shooting themselves in the foot. They do not give any thought to what they say and sometimes excuse it by saying, “I’m only being honest.” In one of the business courses I attended, the instructor said this was the same as saying, “I’m only being obnoxious.”

Thinking like a CEO, the dentist is always totally aware of the objective of communication... and how to achieve it. Look at communicating with staff, for example. We know that team members want to be appreciated, recognized and praised. But we also realize that there are times when they need to be judged and corrected. Here are examples of what the dentist might say, with EI and without EI:

Without EI: *“You’re obviously incompetent. You’re doing a terrible job!”*

With EI: *“That job could have been handled differently. Let’s look at some alternative ways to meet the specific objectives.”*

You can easily see the contrast between the two approaches... and imagine how different the reactions would be. Without EI, the dentist generates fear (of being terminated), anger, and resentment, and lowers the self -esteem of the team member. With EI, the dentist projects concern without laying blame and is clearly focused on working together to find a solution. This approach is unlikely to get a defensive or resentful reaction.

Reaction to Communication

The second aspect of EI involves how an individual reacts to communication. Complaints from patients, bad news from staff, or critiques from outside experts can all trigger a negative reaction by the dentist. If a sense of resentment, annoyance, or constant defensiveness develops, the dentist can make the workday miserable for practice team members, who will eventually look for jobs elsewhere.

The way a person reacts and responds to communication from others is a major part of emotional intelligence. Many people respond far too quickly, not thinking about the real meaning of the communication or what the response should be. Pausing for a moment, thinking it over for a few minutes or even sleeping on it before responding can be extraordinarily beneficial. It can prevent a response that would worsen the situation.

Dentists tend to be more emotionally intelligent when it comes to dealing with patients because they realize that showing poor EI could result in the loss of a patient, loss of revenue, loss of a family of patients or even negative publicity in the community. Unfortunately, they are often less sensitive about their impact on staff members, vendors, and professional colleagues. To encourage cooperation and more pleasant working relationships, a dentist who is EI-deficient should make the effort to communicate more carefully.

Most CEOs gain emotional intelligence as they climb the corporate ladder, interacting with others, noting the consequences of how they communicate with associates, and sometimes being counseled along the way. Most dentists have limited experience and no one to give them honest feedback and guidance. There is no mentor, coach, or board of directors responding to specific behaviors, so the dentist must make a personal commitment to developing EI and work hard to achieve it. Once the skill has been developed, it can help tremendously. With patients, it will lead to higher case acceptance rates, stronger relationships, increased referrals, and higher patient satisfaction. And with staff, it means less stress and turnover, more loyalty and efficiency.

Chapter 4:

CEOs Are Team Builders

Whether you are the CEO of a FORTUNE 500® company or a dental practice, you must know how to build a team and constantly upgrade the members' capabilities.

Most CEOs in the business world learned very early in their careers that they could not do it all alone. As they worked their way up the corporate ladder, getting training, mentoring, coaching and hands-on experience along the way, they saw how teams functioned—and how leaders relied on their teams to extend their power. The team often determined their level of success.

The corporate CEO's team consists of highly-paid Executive Vice Presidents, Senior Vice Presidents and Vice Presidents—all of whom are seasoned executives with expensive degrees, extensive managerial experience, and a burning desire to have the CEO's job someday.

It's very different in a dental office. Most dentists have become CEOs simply because they are practice owners. They bring very little business training or experience to the position. Having worked independently to get through dental school and become dentists, they often continue in that frame of mind. Feeling total responsibility for everything that occurs in their practice, they tend to be micromanagers.

In my experience with thousands of dentist CEOs and quite a few corporate CEOs in many industries, I have heard the same basic complaints from both types... their teams do not perform at the desired level, there's too much turnover, it's hard to find good people, etc. In short, team building is a tough job, whether you're running a gigantic multi-national conglomerate or a friendly neighborhood dental practice. However, because they have experience as members of teams and as leaders of teams, corporate CEOs know much more about teams than dentists. In order to position their practices for greater success, dentists should look to the corporate world to learn the value of having an excellent team and the techniques for building it.

The Special Challenges Dentists Face as CEOs

In some respects, the leader of a dental practice has a tougher job than a corporate CEO. There are two major challenges:

Challenge #1: You're On Your Own.

A FORTUNE 500® CEO gets constant input and advice from a number of executives who report to the CEO. In contrast, the dentist has sole responsibility when there are executive decisions to be made. As the practice CEO, he or she will structure the business, assemble and train the team, equip the office, implement operating systems and track results. Not only that, unlike a corporate executive, the dentist has no one on staff who can serve as a sounding board or advisor on high-level decisions that must be made.

Challenge #2: You Don't Have Time.

Unlike FORTUNE 500® CEOs, the dentist has very little time to devote to practice management and team development. A practice will never grow to anywhere near its potential if the dentist fails to delegate all non-clinical

responsibilities—except for major decision-making—to staff members. Even if a dentist had excellent managerial skills (highly unlikely), it would not justify turning away from chairside patient care. Practice management must be relegated to a very small fraction of the day.

No Team Is Perfect, and Micromanagement Is Not the Answer

Whether a practice team has been in place for 20 days or 20 years, there will be mistakes, complaints, and, generally, a failure to perform perfectly. No matter how long and hard you try to put together a perfect team, you will be disappointed. Staff management is an ongoing process with no fixed end point. Fortunately, if you accept that fact and focus on proven team-building methods, you can achieve great results.

Delegation – It’s All About Dental Production

For practices to succeed—especially since the Great Recession—dentists should spend approximately 98% of their day providing patient care. The dentist is the primary producer of the practice, so anything that takes away from productive, clinical time reduces practice production which must be a major goal of any practice.

Initially, dentists may not feel comfortable relying on staff members to perform virtually all non-clinical, administrative functions in the practice, but it is essential that they move beyond this attitude and emulate the corporate CEO. In my experience, many dentists take on more of the non-clinical work in the practice over the years, not less. Given the nature and background of most dentists, building the right kind of team and using it effectively is a difficult transition to make. However, it is worth bearing in mind that micro-managing achieves micro-results.

Build a Team to Build Profitability

Could the dentist outperform team members at various management tasks? Probably. Will team members make mistakes or be less conscientious than the doctor would be? Sometimes. But will a reluctance to delegate hold back a practice? Absolutely.

The question is not “Who can do these jobs better?” The question is “How can the team help maximize production, income and profit?” This is a completely-ferent and business-minded perspective. It is the CEO’s point of view.

All administrative tasks should be delegated to staff members, and they must be given the information and authority needed to do the job well. Performance targets should be set, systems developed to meet the targets, and scripts written to guide staff members step-by-step in using the syste

In the beginning, this approach will take extra work on the part of the dentist as practice CEO, but the effort will be rewarded as the team begins to take over full responsibility in non-clinical areas.

If you define a team as a group of individuals working together to achieve a common goal, the goal for a practice team is doctor production. When a dentist is involved in anything other than patient care, there is no production, *and that time can never be recovered*. Every time a chair is unfilled it represents lost time. Dentistry is not like developing new software, where you can go for years with very little profit and then sell a product for millions—making up for all those unprofitable years. Dentists earn their living patient by patient, day by day. This means that everything team members do in the office should be geared toward keeping the dentist directly involved with patients.

This will make the dentist as *CEO* very successful. It will also make the dentist as dentist very happy.

A Good, Productive Day

Imagine a day when you arrive in the morning, spend 10 minutes in a morning meeting, and then move from patient to patient as instructed by your assistants. Initially you may want to rebel against being directed around this way, but you will soon appreciate it. As CEO, you have created this new approach. You have set the direction, but you are not wasting your time on the logistical details any longer. Excellent assistants will not only be fully prepared for every patient, but they will also prepare you, the doctor, indicating where to be, at what time, to perform what procedures. You concentrate 100% on clinical care. You find that you are more relaxed and, at the same time, more energized... no longer fatigued by the dual demands of practicing dentistry and running the business.

Take the Systematic Approach

How can dentists possibly handle the never-ending task of managing and training the practice team when they don't have enough time? The short answer is *management systems*.

done in the practice. When these systems are put in place, staff members perform better. It really is that simple.

Levin Group has a philosophy that focuses on implementing highly specific management systems in their practices. When done properly, management systems are step-by-step, documented protocols for how *everything* non-clinical is

In a dental practice, step-by-step instructions are the norm. Everyone involved in clinical procedures must focus on completing each step before moving to the next. Fail to do so and the result could be anywhere from bad to catastrophic. Therefore, we have OSHA and other government regulations, standards of care, materials research, and many other sources of step-by-step guidelines for the dental profession.

However, the non-clinical aspects of practice operation are usually not regulated in this manner. Even the most skilled and experienced team members often fall short on performance simply because they lack up-to-date, carefully developed guidelines for their daily activities in the practice.

The best businesses have the best systems.

This is a powerful idea that the dentist as CEO must understand. Practices with the best systems perform better. After having worked with over 30,000 practices since 1985, we know that offices with inadequate systems struggle far harder each and every day. They also suffer from lower production, which means that the doctor will work more years and have less savings to show for it when retirement finally comes.

This situation can be turned around at almost any time by implementing proven, expertly documented, step-by-step management systems—and then training the team on those systems. The problem is that too many dentists are not acting as CEOs. They have not made this change. They take no action, allowing the team to operate as it always has... bad habits, obsolete procedures, bottlenecks and all. Without excellent systems, team performance gets worse, not better. The doctor is repeatedly distracted from dentistry and suffers mental

fatigue and frustration at the end of the day. Team conflict grows. Customer service suffers. And production inevitably declines.

CEOs know it is far easier to create a system and train an employee to follow its steps rather than trying to tell or show that employee what to do, without any documentation or reproducibility. Therefore, most practices have ongoing difficulties with team-based training and team development—they don't document the systems for ongoing training.

Excellent Systems Create Excellent Teams

The shortest and surest route to building the very best practice team is to implement proven, step-by-step systems. Start with the assumption that all members are excellent unless proven otherwise. We have worked with hundreds of thousands of staff members over the years and found that most of them *do* succeed when given the right systems to work with. It is usually not the person who is failing but a system that is holding that person—and the practice—back. Even when an employee has a bad attitude, it is often merely a manifestation of frustration at not being able to do the job properly due to poor systems. Unfortunately, most dentists are so busy and untrained as managers, the only option they can think of is to terminate underperforming staff members. This is not team building. It is never-ending team turnover.

Like corporate CEOs, practice owners must learn that the prerequisite to building a high-performance team is a full set of proven, step-by-step systems. In effect, the systems train the team members, improving attitudes as well as efficiency, achieving key targets into range, and propelling the practice to the greatest possible success.

Write Detailed Job Descriptions and Systems Documentation

One of the problems for dentists is that they have never worked with, hired or trained a high-level team, so they do not know how to build one. They don't know what successful team building looks like. This is a serious drawback, which can only be overcome by learning proven team-building techniques from experienced advisors.

One such technique begins with the creation of a clear job description for each staff member—and leads to other vital team-building documentation:

- **Job Description**

This should be more than a few paragraphs of vague generalities. To be useful, it should be a complete description of every aspect of responsibility for that team member. It should also correlate with a systems manual. And it should be updated routinely.

- **Systems Manual**

This is a complete step-by-step systems manual that documents all protocols performed by the individual team member. The systems manual must be clearly written, easy to follow, and updated whenever changes are made.

- **System Checklists**

For each system, there should be a checklist that the team member can review throughout the day to make sure that all the proper steps are being completed. Checklists have a phenomenal effect on team performance, resulting in the highest levels of efficiency and consistency.

Over the years, many dentists have asked me why their teams will not listen to them. It usually turns out that their practices lack documented, step-by-step systems or checklists—or that the ones they have are inadequate.

The Importance of Accountability

Once the detailed job descriptions, systems manuals, and checklists have been created, the next step is to assign accountability to all practice team members.

Most people working in dental practices are not familiar with the concept of accountability as it relates to practice success. They believe that if they do their best, everything will be fine, their job will be secure, and annual raises will be forthcoming. This attitude puts the entire burden on the doctor for overall practice performance. Team members do not feel that they are accountable for total practice performance. There are several reasons for this, including:

- No single team member is totally responsible for practice performance regarding production, profit, workflow, referrals, satisfaction, cash flow, case acceptance, etc. The functions affecting these parameters are distributed between the doctor and all team members, so no one—aside from the doctor—feels fully responsible for total practice performance.

- People have strong defense mechanisms. This leads them to believe that if they have given it their very best, that is acceptable. Many people, even those terminated for poor performance, will say, “I gave it my best. What more do you want?”

The most effective way to counter this mentality is with the concept of accountability. If there are step-by-step systems in place, with specific performance targets related to each system, the team members who use the systems must be made responsible for hitting the targets. As the practice leader and CEO, the doctor must make it clear to all team members that they are accountable for hitting their targets. This is a concept any team member can understand.

If the systems are up to date, based on proven business principles and current market conditions—and if the targets set are measurable and realistic—team members should be able to perform well. The question to ask becomes, “Did you follow the systems?” rather than, “Did you do your best?”

I recommend that 98% of all patients need to be scheduled at all times. Unfortunately, many front desk coordinators are not made accountable for reaching this target, and they invariably fall short. As a result, the practice loses production and referrals from overdue patients, many of whom will also become inactive. And, they may be lost to the practice permanently. If the proper systems are in place and the front desk coordinator is trained, it is reasonable to expect that person to be—and feel—accountable for hitting the 98% target. If performance is lagging, some simple troubleshooting should reveal why, and corrective measure can be taken. You must measure results.

Easier, More Meaningful Performance Reviews

Another benefit of implementing systems with targets occurs in performance reviews. Rather than giving general impressions or opinions about performance, the practice leader can address it with metrics. How do the quantifiable results measure up against the targets? Putting the review in these terms minimizes discomfort for both the dentist and team member. If the target was missed, the subsequent discussion centers on why. Does the system work? Is the target right? Did the team member understand and use the system properly? Is there a bottleneck limiting results? What can be done to correct the problem?

The performance review becomes a constructive conversation leading to improved performance, rather than a personal “attack” on the team member. And if that individual is essentially a good employee who wants to do a good job, he or she will be better able to do so as a result of the feedback and discussion during the review.

Note that this approach to performance reviews not only serves as an excellent team-building tool but also provides insight about the systems themselves. The first evidence of the need for new systems will often be seen in performance reviews.

I am fortunate to present nearly 100 seminars on practice management each year and there’s one example I often use to illustrate the value of having up-to-date systems. Imagine how the best tennis player in the world would fare if he had to play with a wooden tennis racquet with a small head, as was standard 40 years ago. He probably would not even make the pro tour. That is the landscape some team members face.

Ongoing Team Training

It has been said that most employees will become “obsolete” if they are not retrained every three years. I believe this is true for dental staff members as well. Retraining has become critical not only in clinical areas and technology but also business systems. Practices that do not have excellent business systems today will inevitably have undertrained and underperforming staff. Failing to understand the real cause of the problem, doctors will continue asking why their staff can’t perform better or why they don’t listen to what they are asked to do.

The problem is not a lack of listening by the team members but a lack of viable systems for them to operate. By implementing new systems, reviewing and replacing them regularly, and training team members to use them properly and be accountable for achieving targets, the dentist as CEO can build the best possible team and rely on its members to help grow the practice.

Chapter 5:

CEOs Change Their Game

Change is inevitable. Progress is optional.

– Tony Robbins, motivational speaker

Running a business—the dental practice—can be quite a challenge for a dentist, who would rather concentrate on producing dentistry and who did not learn business management or leadership in dental school. The situation is made even more difficult by the fact that the whole field of dentistry has now entered a period of profound and continuing change.

With fewer business skills, no roadmap for running a practice, and no idea of what the future may bring for dentistry, the dentist is working at a distinct disadvantage. What worked yesterday will not work today. What you do today will not get you where you want to be tomorrow. And you will not get there on your own. The rules of the game have changed and will continue to change. Here's why:

The 8 Permanent Game Changers

1. The Economy
2. Changes in Consumer Purchasing Habits
3. Opening of New Dental Schools
4. Decrease in Insurance Reimbursements
5. Expansion of Dental Service Organizations
6. Higher Dental School Student Loan Debt
7. Fewer Associateship Opportunities for New Dentists
8. Dentists Practicing 8–10 Years Longer

All these factors will ultimately impact every dental practice. They cannot be ignored or overcome with minor adjustments. It is important for every dentist to understand that successful operation up until now does not guarantee success in the near or distant future. As a result of the Great Recession and the other game changers, 75% of all dental practices declined for the first time in history. This statistic is a warning to all practice owners that, from now on, they must lead their businesses like a CEO, or their practices will be in danger of plateau or decline.

When the Game Changes, It's Time to Change *Your* Game

It is now incumbent upon each practice owner to gain business management knowledge and skills and become a true CEO. A highly successful practice and a prosperous career are attainable if step-by-step business systems are designed to achieve specific targets. Unfortunately, not all dentists recognize the importance of focusing on the business side of their practice. They can no longer assume that supply and demand will automatically provide a successful or sustainable practice. The new role of a dentist is that of a clinician *and* a CEO.

As a dentist, I understand how intense a typical day in the practice can be. Naturally the main goal is to provide excellent patient care, but this no longer guarantees that the practice will be successful. In today's world, practices must have excellent business systems and update them regularly. When 40% or more of revenue in a practice is dependent on new patients, there is no guarantee that the practice will continue to grow. Consider the following scenarios:

- A practice that grows 12% in one year has very little growth in the next.
- A practice that grows 12% in one year grows 6% the next year, 2% the year after that and is in negative numbers the next year.

- A practice that grows 12% in one year has a serious drop in production and profit when (pick one) the economy does poorly, new practices open in the area, or dental insurance reimbursements decline, because the practice owner fails to counteract the change successfully.

All these scenarios are not only possible, but likely. Given the new game for the dental profession, the only way for a practice to continue to grow is to implement specific leading-edge, step-by-step, proven systems. Relying on outdated methods and policies will no longer work. Dentists are accustomed to the fact that clinical techniques and technologies evolve constantly to provide patients with the best possible treatment options. Similarly, the business systems that propel the dental practice need to be innovative and renewed to improve and grow the practice.

Management systems such as scheduling, collections, overhead control, and case presentation need to operate at the highest level of excellence. The business of running a dental practice is dynamic, not static. Change is inevitable and necessary. Most dental practices resist change, making it nearly impossible for the dental team to reach its full potential. By replacing—not just “tweaking”—systems with new, documented, step-by-step protocols, the practice enables its team to train itself by simply following each documented step. What have you improved lately?

The systems you are using today will not take you to where you want to be tomorrow. They were not designed to meet the new challenges that now exist.

Innovation for the Future

Think about the value of innovation not just in terms of clinical care but also as it relates to business operations. Innovations are vital in management, marketing, team building, strategic planning, and other areas.

Many practices have been tremendously successful, even in the face of greater challenges, by implementing innovations. These can include:

- Patient acquisition strategies such as certificates for no-cost exams
- The effective use of social media
- Analysis of different insurance plans to determine which are valuable and which are not
- Increasing the number of elective procedures provided to insurance patients

On the management side, the dental practice must be more efficient than ever before. Dentists are becoming increasingly stressed, and many practices have plateaued or declined. Today, most dentists have to work 8–10 years longer than past generations unless specific changes are made earlier in their career. A dentist's income has the potential to be higher than ever before, but only if the practice is treated like a well-run business. Management systems that maximize patient care opportunities while working at high levels of efficiency and cost effectiveness are no longer optional. They are critical.

On the marketing side, maximizing customer service provides the basis for winning the game. We call it “Five Star Customer Service”. Patients want more value today for their money, and much of the value they perceive comes in the form of customer service. Most dentists do not have an accurate picture of the patient's experience. As mentioned earlier, a study by the Levin Group Data Center™ found that dentists and staff rated their customer service at 9.2 out of 10. However, their patients who were surveyed rated the practice at 7.4. This was not a bad score, but it was not at the level of excellence that builds loyalty and referrals. This may be why less than 20% of patients in a typical practice refer one new patient per year, rather than the 40–60% target we recommend.

The slow economy has led many consumers to seek the best value they can get for their money in every situation. They're being trained by the retail and digital world to look for discounts, deals and opportunities to either increase value or reduce costs. Like it or not, this is the game dental practices must now play. By embracing change and finding innovative ways to increase value rather than reducing fees, dentists can grow, now and in the future.

Chapter 6:

CEOs Never Stop Improving

Over the last three decades, I have participated in educational and coaching activities in four major CEO organizations. I have gotten to know hundreds of CEOs and all of them were passionately dedicated to improving their businesses. Whether they were company founders, like most dentists, or professional CEOs hired to take over the top job, they all had an innate understanding that their number one objective was to improve company operations, products and services, and the bottom line. Whatever the quality, CEOs are determined to make it better.

Like those corporate CEOs I met, dentists are highly dedicated to quality. As a dentist myself, I realize that every dentist strives constantly to provide the highest quality of care possible to patients. For most of the history of dentistry, that was all you needed to succeed. While quality care still matters the most, the business side of operating a practice now demands attention. As I have said many times, *simply hanging a shingle is not enough to be successful in dental practice any longer.*

Improving the Business of Dentistry

Dentists as CEOs are always looking for ways to improve their dental business. Many dentists fail to make a true commitment to this. Perhaps they took a course and found a pearl or two they could use in their practice. Perhaps they heard about a new marketing technique to add to their marketing mix. Perhaps they came up with an idea on how to hire, train, or manage staff better. Unfortunately, such occasional improvements will not be enough to take the practice to the next level as a business. Improvement must become a management *habit* ingrained in the mind of the dentist as CEO—and it must happen on a consistent basis.

In the 1980s Japan was a reigning economic power. Their car design and manufacturing quality had gotten so refined that they were taking major market share away from US carmakers. Leading businesses studied how the Japanese managed to produce such fine cars and other products at prices so much lower than their American competitors. They went in search of individuals such as W. Edwards Deming, the founder of Total Quality Management, who is credited with helping Japanese companies develop a concept known as continual cyclical improvement. Although he was a westerner, his ideas were adopted in Japan *first* and then later in the United States, only after Japan had become a dominant competitive force.

The breakthrough concept Dr. Deming introduced was that businesses need continual cyclical improvement—once the major areas of a business are being improved on a regular basis, the process of improvement “trickles down” to the next level, and then the next until even the most minor details are being improved regularly. Adopted by many American companies after witnessing what it did for the Japanese, this concept enabled them to improve and grow at a very rapid rate.

Achieving Continual Cyclical Improvement in Your Dental Practice

How does the dentist as a CEO create continual cyclical improvement in a dental practice? The first step is to implement a method for getting meaningful feedback from patients and staff on a regular basis. For example, the practice can begin surveying patients before they leave the office, to gauge their satisfaction. By asking for a combination of quantitative (multiple choice) and qualitative (written) responses, you will get a complete picture of what patients are experiencing as well as what they want. By analyzing survey results, you can formulate ways to make major improvements in customer service. Just remember to keep the surveys short.

Good CEOs Never Assume They Know What Customers Think

Experienced CEOs may know a great deal about their customers, but they nevertheless invest in market research to get the facts—and many excellent corporate leaders can tell stories about how wrong their assumptions were before research findings opened their eyes.

A dental practice cannot afford the kind of extensive market research that corporations conduct. Fortunately, the simple “exit survey” described above costs very little yet provides invaluable guidance for practice improvement—while stripping away misleading assumptions.

When Levin Group surveys patient satisfaction for clients, we often ask doctors and staff members to guess what their scores will be. Their answers have averaged 9.1 on a scale of 10. However, when we then asked patients for their ratings, the average score was 7.4. Although 7.4 out of 10 is not bad, it is far below 9.1. Why the discrepancy? We believe doctors and staff factor in clinical quality, whereas patients know too little about clinical matters to consider that aspect of practice performance. They rate customer satisfaction strictly in terms of customer service.

A practice can improve customer satisfaction scores from an average of 7.4 to over 9.1 in as little as six months, but only if they start with a realistic picture of where they stand.

The Levin Group Data Center™ reports a direct correlation between customer service scores and the number of new patient referrals made by current patients. As your ratings by patients improve, referrals go up. Set a target for clients of having 40–60% of patients refer at least one new patient per year. In our experience, a practice with a 9.1 satisfaction rating will achieve this target.

Some of Your Best Ideas for Improvement Will Come from Staff Members

Your staff is an excellent resource for creating continual cyclical improvement.

Monthly staff meetings provide the perfect opportunity for brainstorming improvements with your team. Like any good CEO, you should put it on the meeting agenda. One effective technique is “The 10 Improvements for the

Month.” At the monthly meeting, the group identifies 10 specific improvements to be implemented by the next monthly meeting. Some of the ideas will be major improvements, while others will be minor. The week before the meeting, send out a reminder that everyone should come prepared with ideas.

This program accomplishes a few things:

- It shows the whole team that you are committed to continuous practice improvement
- It can generate many excellent ideas for improving the practice
- It empowers all team members by encouraging them to think and participate in the improvement process

Tap External Sources for Improvement Ideas

I attribute a great deal of my personal education as a CEO to outside experts. I have taken courses at some of the nation’s top business schools. I am a voracious reader of books and magazines about how to run businesses and improve performance.

My mission in bringing sound business advice and fresh thinking into the world of dentistry from the business world convinces me that all dentists can benefit from this kind of cross-fertilization. When dentists learn about business strategies, their practice production will increase and stress will decline. It is the best of both worlds.

The Process Never Stops

One final and very important point about the CEO’s commitment to making improvements is this: *Gathering good ideas and transforming them into practice improvements is never-ending.* Economic conditions, patient needs, competitive activities—everything changes, and at a faster pace than ever before. Yesterday’s amazing, breakthrough idea may be totally irrelevant today.

Look at it this way. As a dentist, you keep learning and sharpening your professional skills so that you can always provide the best possible clinical care for patients. As a CEO, you need to take a similar approach to the business side of your practice. In the new, more challenging “dental economy,” the term *continuing education* has a broader meaning than ever before.

Chapter 7:

CEOs Believe In Marketing

For some dentists, this may be the hardest lesson to learn from corporate CEOs.

In the 1970s, dentists were prevented by “professional ethics” from advertising or otherwise marketing their services. In that era, dentists were not bothered by this restriction because no marketing effort whatsoever was needed to build a successful practice. The old cliché said, you could just hang your shingle and watch your practice grow.

Times have certainly changed, and dental practice marketing has gone from unacceptable, to acceptable, to mandatory. Unfortunately, even for dentists too young to remember conditions in the ‘70s, marketing seems somehow unprofessional. At a time when marketing has become essential to their success, many dentists are held back by outdated attitudes and a fundamental misunderstanding of marketing as a business discipline.

If you think like a CEO, you will learn that marketing and practice growth go hand in hand.

CEOs of large companies typically have a solid grasp of marketing and how it works, and they rely on a number of staff members and outside experts to shape and implement marketing strategies. Dentists, on the other hand, tend to have very little marketing knowledge and no experts around to advise them on creating programs for practice growth.

The Dentistry Brand

Corporate CEOs understand that they are ultimately responsible for protecting and enhancing the corporate brand—which is essentially the image of the company and everything associated with it. The image must remain positive at all times. If it suffers, the company's stock loses value, its customers turn away and its reputation becomes tarnished.

It is very different in dentistry. Dentists have a distinct advantage over the corporate CEO because they start out with a strong positive brand the moment they open a practice. The field of dentistry has a brand identity which serves as a strong foundation for any practice. People respect and trust dentists. They know we are highly educated and trained, licensed and regulated. In short, the overall dentistry brand is excellent.

However, like any brand, its power is directly related to how it is used in marketing and communication. The individual dental practice must add its own character to the general dentistry brand and then convey this distinctive image to key segments of their market.

Until recently, most practices could “get their share” of the market just by hanging out a shingle. Marketing was not a major concern. Then the Great Recession of 2008 changed dentistry forever. Marketing was no longer an option, but a necessity. The total number of new patients quickly dropped by a third, and marketing became the vehicle to add new patients.

There are more dentists competing for fewer new patients. The question now is, “Who will win more patients?” The answer is, “Those with the most effective marketing program.”

Moving Beyond the Law of Supply and Demand

When the demand for dental services was high relative to the supply of dentists, there was no need to worry about declining practice production. Most practices grew every year. For example, my dentist-grandfather increased his gross revenue each year by exactly 5%. How did he consistently hit this number? He simply raised his fees by 5% each year. The law of supply and demand worked in his favor, and he never had to worry about business matters. There were plenty of patients to go around. There was no reason for him to think like a CEO. Dentists now have to follow the example of CEOs because supply and demand in dentistry has reversed. There simply are not as many patients available per dentist—and certainly not as many fee-for-service patients as in the past. A dentist must now attract new patients and encourage referrals. Those are marketing functions.

To succeed in the new economy, dentists must recognize marketing as a standard business tool. In fact, numerous studies show that as good businesses grow their marketing, expenditures rise accordingly. CEOs understand they must keep fueling growth to avoid losing ground in their markets. Dentists must think the same way, stimulating continuous growth to avoid flat-lining and eventually slipping into decline. As I have often said in my seminars, “Growth is the enemy of decline.”

Internal Marketing Versus External Marketing

Whether or not they use the same terminology, corporate CEOs understand that all marketing can be divided into two types—internal and external. Internal marketing is aimed at an existing customer base. For a dental practice, this means current patients. Typically, this target is easier to reach and “sell” because you already have a relationship. There are existing communications channels (including face-to-face contact), high brand awareness and demonstrated preference. Whether trying to motivate current patients to refer others to your practice or consider taking advantage of additional services you offer, you can reach this audience more directly, and at a

lower cost, than any other. This makes internal marketing highly effective—and highly cost-effective.

External marketing is any effort aimed outside of your existing customer base. Examples are ads—in magazines, newspapers and phone directories, and on TV and radio—direct mail, promotional email, the internet, etc. Though sometimes carefully targeted, external marketing is still a “shotgun” approach. Businesses that use it expect a failure rate of 80% or more, in exchange for getting a message across to 20% of the audience at best. There is almost always a great deal of what marketing experts call “waste.” Unfortunately, quite a few dentists who didn’t understand marketing decided they needed to advertise. Turning to outside experts who specialized in external marketing, some practices squandered large sums on ineffectual campaigns because they did not test first and measure results. Both profits and doctor income were seriously hurt.

A Note about Community Affairs: Though outreach to the community qualifies as “external” activities based on the above definitions, Levin Group treats it as a component of internal marketing. We do this for three reasons:

1. A practice’s relationship with its community depends on forming personal connections and emphasizes community service rather than promoting the practice, making it a very “soft” form of marketing.
2. Though they may affect a broad range of local people, this is not really wasted exposure as in some external marketing, because the purpose of community affairs activities is to elevate the practice’s brand throughout the community as a whole.
3. Like internal marketing, these activities require very little capital outlay to work.

Primary Targets for Internal Marketing

CEOs are adept at identifying what works and directing resources in that direction. Levin Group has enabled numerous dental CEOs to discover the value of

internal marketing and then capitalize on it with well-crafted programs. Internal marketing programs can achieve positive growth right away. In our experience, two specific targets are most important:

- The first is for 40–60% of the practice’s current patients to refer at least one new patient per year.
- The second is to launch a campaign of 15 simultaneous, custom-selected strategies for generating referrals. The number 15 is not arbitrary. We arrived at this via a scientific process. Only a campaign with a minimum of 15 strategies would reach critical mass for the practice. Studies showed that with fewer strategies, effectiveness falls off dramatically.

Delegating Marketing Responsibilities

Many Levin Group clients have asked me or one of our consultants, “How can I possibly handle 15 different marketing strategies at one time?” My answer is simple, “You can’t!”

As the main producer for your business, you need to be chairside practicing dentistry, not juggling a huge number of marketing details. Instead, follow the example of the successful CEO and delegate internal marketing responsibility. Hire a part-time marketing coordinator, or MC.

Start this individual on a schedule of 4–6 hours a week, which we have found is sufficient in most cases. The MC will create the 15 strategies, plan for and supervise their implementation, manage them on the ground, and monitor results. The doctor, as CEO, still approves the marketing plan and reviews periodic progress reports from the MC.

Excellent CEOs make good hiring decisions. When looking for an MC, be open-minded about who might handle the job well. It could be a current team member, or someone else with dental practice experience... but dental knowledge is not essential. You need a detail-oriented self-starter who is

well-organized and likes working with people. Choose someone you think has the skills and attitude to be accountable for the two primary marketing targets mentioned above, and you'll be off to a good start.

Projecting the Practice Image

The image projected by the practice is all-important, and every team member contributes to that image, for better or worse. Without conducting market research (very rare for dental practices) you can only guess what your image—the practice image—is among patients and prospective patients. When Levin Group interview patients, we find that they view their dental practice as just that—a dental practice. They may like their dentist and believe they are getting good care, but they would not be traumatized if the dentist sold the practice and they had to switch doctors.

This probably explains why if the new dentist handles the transition properly, 85% of the patients will be retained. The fact is that when a dentist leaves a practice, patients would have to find a new dentist anyway, so they are more than willing to give the buyer an opportunity to be their dentist. If they don't dislike the new dentist, they are likely to remain with the practice... quickly forgetting the original doctor. I mention this to illustrate that a practice's brand image is typically not as strong as you'd like to think.

Most dentists have a highly inflated view of their image, believing that patients think of them as irreplaceable and possessed of rare dental skills. This is dangerously naïve. As the practice CEO, a dentist must set aside any personal bias and view the practice realistically, through the eyes of patients. Whether it's current patients who may decide to recommend the practice to friends, extended family, neighbors or fellow workers... or prospective new patients calling the practice for the first time and considering joining the practice... their perceptions are all that matter. *Shaping that perception is what marketing is all about.*

If the dentist and all team members have learned to build value in every interaction with patients, the practice will grow. It's that simple, which is not to say that it's easy, however.

Levin Group conducted a study with approximately 500 front desk coordinators and found that not one came even close to creating value during first calls to the practice—much less in routine ongoing phone communication. Creating effective scripts for handling these phone calls is a marketing function. The objectives are to convey a strong, positive brand message, instill confidence and build trust in the doctor and team.

Once the practice brand has been defined and brand messaging has been created, they must be communicated consistently at every possible opportunity. This will happen over the phone, during in-office conversations, through marketing activities—such as websites, email, social media and special events. The more often the brand message is reinforced the more likely patients are to have higher levels of confidence and loyalty and refer other patients. While this is a major step in marketing, it is not enough to generate strong referrals to the practice. It will create a foundation, but more is needed to stimulate referrals.

Developing a Multi-Strategy Marketing Program

The next step is to design a set of strategies that encourage referrals. Consumers today have entirely new buying habits as a result of the recession and slow recovery. The era of impulse buying has ended and consumers typically go through more steps psychologically before they decide to make a purchase. This has reduced demand for dental services, so effectively generating more referrals—and converting referred individuals to actual patients—is more important than ever.

If a practice wants to increase referrals, it has to do more to let patients know that referrals are appreciated. To accomplish this, the dentist as CEO must initiate strong marketing efforts, often with the guidance of outside internal marketing experts. As mentioned earlier, the marketing program should consist of at least 15 simultaneous strategies. This is not an arbitrary number. A scientific analysis by the Levin Group Data Center™ has found that the quantity of marketing activities is as important as their quality, and that 15 strategies are necessary for reaching critical mass.

A strong program for generating referrals must be paired with an equally effective “capture” program. The target is for 98% of first-time callers (referred or otherwise) to make an appointment and present for that appointment. Excellent scripting makes this an attainable goal.

To appreciate the power of internal marketing, look at the growth metrics up to this point:

- 40–60% of current patients referring at least one new patient per year
- 98% of those referred individuals becoming patients in the practice

Any CEO looking at those numbers would be very pleased at the prospects for the business.

The next target is to double the average production per new patient. I mention this only to illustrate how the process of growing a practice becomes so much easier when it is driven by a smart internal marketing program that consistently yields a large number of new patients, year after year.

The Strategic Value of “The Science of Free”

There are many types of strategies a dental practice can implement for generating referrals. Since the Great Recession, some of the most potent have been those based on what we call the *Science of Free*. Based on information and insights taught at the Harvard Business School, these marketing campaign elements take advantage of the new, post-recession consumer purchasing psychology.

Major marketers like Walmart and Procter & Gamble have whole departments dedicated to studying consumer behavior. They do more than surveys, focus groups, and product testing. Their market research includes sending people out to observe consumers in the real world. Excellent CEOs insist on doing whatever it takes to truly understand how consumers behave, what motivates them, what their needs are and what innovative products and services might make a difference in their lives.

The dentist as a CEO does not have the resources to perform that kind of scientific market research and analysis. However, if you recognize that consumer buying habits have changed and therefore marketing strategies must change as well, you are primed to benefit from what the experts have learned about the Science of Free.

Think of free, not in the sense of buy one, get one free or free drinks during happy hour, but more like a free trial or complimentary service. You've heard of brand awareness? This strategy is even better, because it involves direct, first-hand practice awareness. Awareness is the first of several steps in a process that includes bringing a new patient into the practice and results in closing cases when treatment presentations are made.

The most effective way to bring in a new patient is with a strong referral. The power of referrals can be strengthened dramatically with the Science of Free. Here are two examples of how to do this:

1. Free Exams for New Patient's Family Members

When a patient joins the practice, that's good in itself. It would be even better if that person's entire family also joined the practice.

You can make this happen with the Science of Free. Offer every family member an initial examination and preliminary *radiographs* at no cost. At first glance, you may balk at the idea of doing this. Wouldn't you be losing money? Yes and no. Yes, you would not collect the initial fee. As a dentist you expect to get paid for the professional services you provide. That's part of our DNA.

Now, think like a CEO. Look at that fee as a modest *investment* that could generate an exponentially greater return in a year's time—and probably for years to come. In terms of long-term growth and profitability, this free offer is unquestionably a winning strategy.

As a CEO, be sure your decisions are based on likely consequences rather than assumptions, bias or habit—and look beyond the short term.

2. Turn Esthetic and Implant Patients into Ambassadors

This is a variation on the above strategy... one in which the return on investment can be much higher.

Here's how it works. Give each of your esthetic or implant patients 1–3 certificates that will entitle the bearer to a free esthetic or implant examination, including radiographs, at no-cost. You would invite your patient to give a certificate to any family member, friend, fellow worker, or anyone else they think might be interested.

In our experience, this makes your patients feel they have been given something of considerable value to share with others. This value can be enhanced by putting a dollar amount on the certificate—e.g., saying that the free exam is a “\$115 Value.”

This strategy illustrates a principle good CEOs learn early in their careers. The best thing to give away for free is one that costs you very little yet has a high perceived value for your prospective customer. You risk very little, in exchange for potentially large gains. Since most dental practices make little or no money each year on the diagnostic side of dentistry and create profit on the treatment side, this strategy is a perfect application of the Science of Free.

Conclusion

CEOs understand that without effective marketing, their businesses will suffer. For the CEO of a dental practice, a lack of consistent internal marketing can lead directly to a production plateau followed quickly by decline. More than any other factor, this accounts for the fact that a staggering 75% of practices declined in each of the three consecutive years following the Great Recession. Those practices with strong marketing programs in place are more impervious to competition, changes in regulation or insurance, and downward trends in the economy.

A strong brand provides the foundation for an effective internal marketing program that provides the referrals and new patients that grow a practice.

To understand each office's production growth opportunity, Levin Group performs hundreds of in-office practice analyses each year, giving practice owners a clear picture of their strengths, weaknesses, opportunities and threats, as well as where they stand relative to key performance targets. Most of these practices fall short for one simple reason—inadequate or nonexistent internal marketing activities.

What's stopping them? Not a lack of resources. Internal marketing is relatively inexpensive. The problem is philosophical. Many dentists regard marketing of any sort with suspicion and therefore know very little about how to use this basic business tool. Like CEOs in other business fields, dentists today need to accept the value of internal marketing and do whatever they can to implement it in their practices. By consulting with outside experts to initiate a proven, scientific marketing program and by delegating program management to a part-time marketing coordinator, the doctor as CEO can stimulate dramatic practice growth without taking much time away from patient care and practice production.

Chapter 8:

CEOs Make Strategic Plans

Introduction

Periodically, Levin Group clients who have already build top dental practices come together for the Levin Group Practice Production Summit™. This program is unlike anything else taught to dentists because it has very little to do with dentistry per se. The Summit is devoted to life planning—identifying, clarifying and making decisions about how doctors and their spouses want to live their lives. Because the practice is such a major part of the dentist’s life and the family’s primary source of income, we explore ways to integrate practice life with family life, social life, health, support systems and the other factors that contribute to personal satisfaction and fulfillment.

I often begin the Summit by stating that *most people wander through their lives.*

When we decided to become dentists, the path ahead was predetermined. We knew we would have to go to college and dental school, possibly complete a residency, and then go into practice. Whether we started as an associate, opened our own practice or bought one, the goal for most would-be dentists was to become a practice owner. This pathway from high school to practice was clearly defined and all a bright individual had to do was work hard and follow the steps. There was no need for a vision.

Once dentists enter practice, the preset path ends. At this point, the need for strategic life planning comes into play. Simply showing up at the office every day and practicing dentistry is not a plan... nor is it a life. In my experience, many of the practices in plateaus or decline are falling short because their leaders have not taken the time to envision their ideal future or create a strategic plan for getting there. They seem to believe that, because they have invested so much time and money and have worked hard, they will reap great rewards. So they just show up. They are *wandering through their lives*.

What Are You Planning to Achieve?

The professional and personal lives of dentists are so intertwined, it is difficult to know where one ends and the other begins. It is nevertheless safe to say that every dentist I have ever known has had a passion for providing excellent clinical care—but is ultimately dissatisfied if unable to achieve financial well-being. Money may not buy happiness, but a lack of money will guarantee unhappiness. A prerequisite for meaningful life planning is to have the wherewithal to pursue your dreams and empower your principles.

If dentists are to avoid financial disappointment in the new dental economy, they must now think like CEOs and plan accordingly. Strategic planning is a must-have business skill. Fortunately, it can be learned.

There are many strategic planning methodologies in the business world. The truth is that most do not work very well, and many are the same old techniques dressed up with new labels—and sometimes big price tags. Though this whole book is about learning how to think and act like CEOs, strategic planning is one area where quite a few CEOs fall down. They spend a lot of time and money

creating plans that end up sitting on a shelf or in a drawer. A number of otherwise excellent business leaders have been conditioned by bad experiences to largely ignore strategic plans.

How to Approach Strategic Planning

There are many books you can read about strategic planning, but beware. Most of the authors are trying to cash in on the next hot trend, some of the books are just plain silly, and none reflect an understanding of the dental business. So, what approach to strategic planning will work for your practice?

I suggest that, once a year, dentists hold a half-day strategy meeting off-site with their team. Run the meeting as if you were a new CEO who has been brought in to turn around the practice. What steps would you take to make improvements? Try the following:

1. Start by having team members identify at least 10 - 20 items that have gone well during the past 12 months.
2. Then, ask the team to come up with 10 - 20 items that have not gone very well during the year. Encourage team members to be forthright, because these problem areas represent opportunities for improvement.
3. Review and discuss the two lists—what went well, what did not—with the objective of coming up with ideas for improvement. For example, something that has gone well might be expanded or applied in other areas of practice operation. For something that did not go well, think instead about innovative alternatives.
4. As a group, select the three best ideas created in step #3. Then apply metrics. How much will it cost? How long will it take? Who will be responsible for doing it? How will results be measured? What is the expected return on investment, and in what period of time? These are all key strategic planning questions.
5. These three ideas, translated into three strategic objectives, are your strategic plan.

If that sounds too simple, bear in mind that practice leaders do not have high-level managers who can be charged with implementing the plan. The practice owner and team already have ample day-to-day responsibilities, so the strategic plan should be simple. Meeting three new strategic objectives in the upcoming year can have a dramatic positive effect on the practice.

The Search for Creative Solutions

Strategic planning is, in essence, a creative process. Each practice is different, so it is up to the dentist and the team to identify their unique opportunities and create ideas for capitalizing on them. The ideas can come from anywhere.

A good place to look for ideas is the business world. When the recession hit, I organized teams of Levin Group experts to go out into the business world to see what companies were doing to effectively combat the negative effects of the recession. We looked at strategies developed by a number of FORTUNE 500® companies and other businesses known for innovation, evaluating what we found and focusing on what would work for dental practices. Another excellent resource for practical business ideas are business schools and other leading-edge institutions. Their students, many of whom are working executives facing real challenges, want exactly what dentists want... powerful, practical solutions.

Team Engagement

For strategic planning to be truly effective, the dentist must engage the team. It's natural for people to resist new ideas if they have not taken part in coming up with them, and brainstorming is not a one-person exercise. By making the development of a strategic plan a team effort, the dentist will end up with a better plan and get greater team commitment.

The team should be prepared in advance for the meeting. Give them exercises to prepare them for the creative process, such as listing ideas for improving the practice. Give them articles to read about strategic planning that are easy to understand, interesting, and inspiring. By the time the day of the meeting arrives, team members should be excited and energized and looking forward to

helping take the practice to the next level. Also, they should understand that the new strategic plan will not demand more of their time—that it is intended to make their jobs easier.

As the practice CEO, the doctor must be sure to keep the team focused on carrying out the strategic plan. The best way to do this is with metrics. Each of the three ideas should be measurable and measured regularly—weekly if possible, or at least monthly. Reporting these metrics to the entire team keeps everyone engaged and makes it possible to fine-tune protocols for maximum results. When the year is concluded, the team can look back at how well it executed the plan.

Strategic planning is a year-round process, not a once-a-year event. By regularly reviewing sources of business ideas, tracking progress on the current plan and insisting on consistent follow-through, the practice CEO can achieve maximum results from the plan. Also, continuous attention to the practice improvement process means that good ideas don't have to wait until the next annual meeting. They can be evaluated and implemented immediately.

Conclusion

When we evaluate the performance of top 10% dental practices, we find that the doctors have educated themselves about being the best CEOs they can possibly be. Why? Because in the same way that being a highly educated dentist is essential for the health of your patients, learning to think like a CEO is necessary for the health of your practice.

The Turn Your Practice Into A Great Business series explores the many facets of becoming an excellent CEO and leader of your dental practice. I suggest that you review each chapter in this book and follow the recommendations, making sure to measure and modify them on a regular basis. This is what successful CEOs do—focus on a specific direction, steadily make improvements, and carefully evaluate performance. When they hit a rough patch, they pave it and bring new ideas and directions.

So where do new ideas and directions come from? While this book as well as other business literature, articles, and web sites serve as excellent resources, we also highly recommend relying on mentors and experts for business experience and wisdom. If you look at the top leaders in any industry you see that they are surrounded by people (i.e. an executive coach, consultant, board of directors, etc.) who give them guidance and advice.

But remember, everything involved with turning your practice into a great business starts with *you*. It is my sincere hope that this book series helps you understand the strategies and behaviors that will help propel your practices forward toward maximum success.

Conclusion

Levin Group has worked with more than 30,000 dentists, helping them to increase production with proven business systems. During this time, we have observed a seismic shift in dentistry. In the past, a dentist could 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 a comfortable retirement. Aside from the occasional staff or patient problem, dentists as business owners had a charmed life. They did not have to deal with recessions, declining reimbursements and other insurance changes, or an influx of dental school graduates. They did not have to compete with DSOs that offer more services, more convenient hours of operation, lower profit prices, and acceptance of every insurance plan imaginable. All these factors now have a tremendous impact on today's dental practices.

Previously, the success practices achieved had more to do with supply and demand than with efficient operation and effective business strategies. Dentists had no reason to think of themselves as CEOs. Dentists must now recognize that they are, in fact, entrepreneurs tasked with not only providing premium dental care but also running a business successfully. Whether in strategic planning, financial management, marketing, or staff training, dentists must function as CEOs if they are going to not only survive but thrive.

To be successful in today's world a dentist must be both an excellent clinician and an excellent business leader... a dentist and a CEO. This means mastering basic business skills, setting a full complement of measurable performance targets, implementing new step-by-step business systems, and leading the entire practice team on a new path to success.

If you have learned one thing from these books, I hope it is this:

The dentist who learns the ways of a CEO will not only reap financial rewards but also enjoy the deep personal and professional satisfaction that derives from running a truly successful dental practice.

I wish you the very best for the rest of your career.



Levin Group