Building the $2 Million Ortho Practice

Roger P. Levin, DDS

Levin Group Inc.

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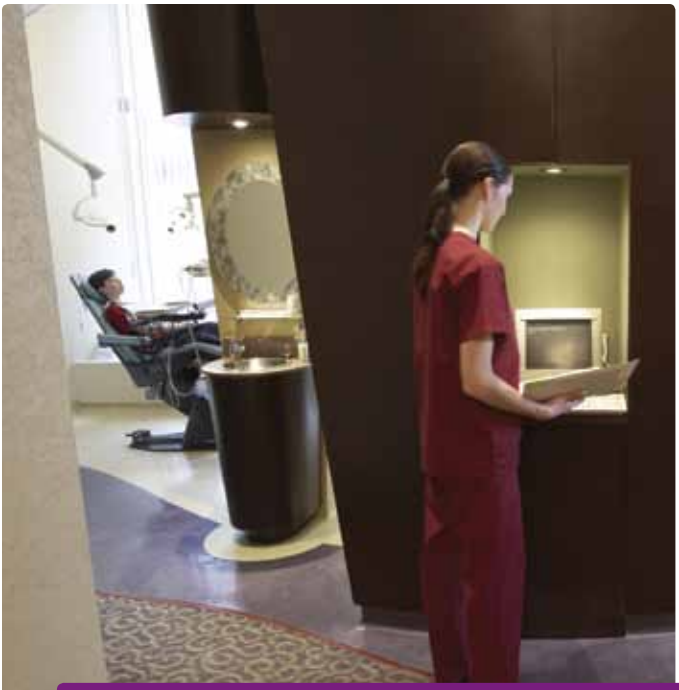

Foreword

By Joseph Ross

Levin Group Inc.

Forty-five years is a long time. Forty-five years happens to be the average length of an orthodontist's career. In all those years, though, my guess is that if orthodontists counted all the time they spent planning the best way to run their orthodontic practice, it might add up to a week.

I understand why. For one thing, most orthodontists are incredibly busy and don't feel that they have a minute to stop and create the best method or plan for running their practice. The other problem is that, even if orthodontists were to take the time to create better strategies for managing their staff, offering payment options to patients, scheduling, and so on, their ideas would be based only on their own experience and what they were taught in school.

The impact of a well-run practice is huge. When orthodontists make even small mistakes in how they work in their practice every day of their careers, molehills become mountains. And, as Dr. Levin will tell you, small but repeated errors in the business systems of the practice will cost orthodontists millions of dollars over their careers. The flipside is that when orthodontists design their offices and their business systems properly, they reap enormous rewards. Like compound interest, properly designed orthodontic systems and offices provide returns that balloon over time.

Foreword

The ideal business systems for the orthodontic practice are literally in your hands. For the new orthodontist, this book will help you get off to a great start. For the established orthodontist, Dr. Levin provides invaluable insights on how to build on your practice's strengths and overcome the most difficult of management challenges. Any orthodontist who studies this book and implements its recommendations should see outstanding results.

I am glad to have contributed to this book because I know it can make a difference. It is fair to say that *Building the $2 Million Ortho Practice* will improve the life of any orthodontist who puts its lessons to use. And the sooner, the better since, as any orthodontist near the end of his or her career will tell you, 45 years goes by so fast.

Joseph Ross

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Introduction

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The dental profession and specialty of orthodontics have undergone dramatic changes in the last 30 years. In that time, there has been an explosion of new techniques, supplies and technologies. Each of these has played a role in advancing the quality and speed of orthodontic treatment, but has also contributed to a growing level of complexity and management challenges regarding daily operations of the orthodontic practice.

Fortunately, the field of orthodontic practice management has also evolved and become much more sophisticated. The modern orthodontic practice management consulting firm now has extensive data, numerous experienced consultants and comprehensive models that allow orthodontic practices to provide outstanding patient care, while achieving the highest levels of productivity and profitability.

Both new and established orthodontists are all facing new challenges. The debt levels alone for many orthodontic residency graduates are staggering and that is before opening or purchasing a practice. While an orthodontic education is still a great investment, it is daunting to enter the profession with hundreds of thousands of dollars of debt. Due to the expansive clinical information that must be taught in dental schools and

orthodontic residencies, orthodontists enter their profession with little in the way of business education and training.

The first thing Levin Group consultants teach their orthodontic clients are those missing business systems. I believe that one of the best things every orthodontist can do is to design and implement step-by-step business systems that streamline operations and drive growth.

In a world where the average American can have anywhere from 8 to11 jobs over their work career, employee turnover and the addition of new staff over time are a certainty. Given the level of delegation necessary in orthodontic practices, turnover can be costly and time-consuming, yet that expense can be easily reduced by having written systems that allow new team members to be quickly and easily trained. The faster a new team member becomes trained on existing systems, the higher the practice performance.

Orthodontics is an outstanding field with a brilliant future. I would have no hesitation advising any young individual to enter the field and expect to have a wonderful career if, and only if, he or she is willing to master both the clinical and business aspects of orthodontic success.

The goal for every orthodontist should be The Continuous Growth Orthodontic Practice™. From a productivity standpoint, The Continuous Growth Orthodontic Practice™ is one that is always moving forward, adapting to new situations and replacing its systems every 5–6 years. Replacement of systems is different than minor tweaks or fixes, and when systems become outdated, the practice will not be able to move beyond that level. Orthodontists who hope to achieve The Continuous Growth Orthodontic Practice™ will be the ones who are continually learning both clinical and business techniques from the appropriate experts.

Too many doctors enter their profession, establish basic but inefficient practice systems and follow these same systems for the next 30 or more years. While this was always an unrealistic approach for continuous growth, it is nothing less than a guarantee of having an average or below average practice today.

I am often asked when an orthodontist should begin to place systems in the practice. Sadly, many doctors believe that there is no need to implement systems early in their careers, when they have extensive capacity. This is often a defining moment in an orthodontist's career, and an error or omission can take years to

correct. As the practice gets busier, what the orthodontist did not realize is that the lack of high-performance systems creates widespread inefficiencies that prevent the practice from reaching its production potential.

Levin Group has extensive data showing that almost every orthodontic practice has a 30%–50% growth potential until it reaches the very highest levels of production. So, when is the best time to implement orthodontic management systems and referral marketing? The answer is as early as possible. In an ideal world, orthodontists should gain practice management and marketing knowledge and seek out the best experts to guide them through the process of implementing high-quality systems. This would eliminate early plateaus and generate a return on investment that could easily be in the millions of dollars over the first 10 years in practice.

Chapter 1

The Orthodontic Practice Career Cycle™

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The Orthodontic Practice Career Cycle™ is a revealing exercise for many orthodontists. While the most successful practices are guided by a strategic leader's vision, many doctors do not know exactly how they got their practice to where it is today. The reality is that most orthodontic practices, up until now, have been successful simply due to supply and demand.

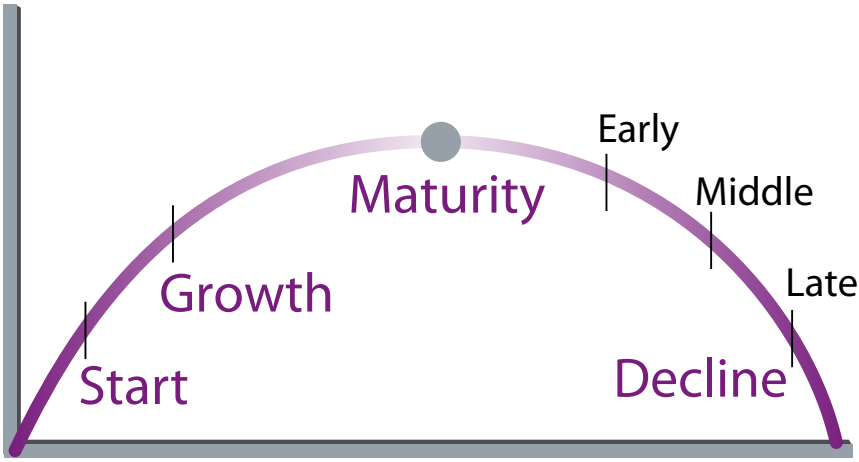
As every resident knows, there are only a certain number of spots to allow new orthodontists to enter the specialty. Until recently, the supply of orthodontists was insufficient meet the overall demand, ensuring that almost any orthodontist could make a decent living and have a reasonably successful practice. This scenario has changed as more orthodontists have entered the profession, and other areas of competition have emerged, including new technologies such as aligners, general dentists providing more orthodontic treatment and even porcelain laminate veneers which are often referred to as *instant orthodontics* for adult patients.

It is interesting to note that when the demand for orthodontic treatment was high, many orthodontists were more than happy not to treat adult patients as their cases are often more complex and time-consuming.

The Four Stages

An excellent exercise to perform is to see where you place on The Orthodontic Practice Career Cycle™ (see *Figure 1*), which includes these four stages:

Figure 1: Orthodontic Practice Career Cycle™



1. Start

The start phase represents a new or young orthodontic practice. The orthodontist is extremely passionate and excited, ready to get his or her career off to a great start. This motivation is enhanced even further by the desire to reduce debt. This phase is fun and exciting. There is an adrenaline rush toward practice building and

no hesitation about meeting potential referring doctors. At this stage, even marketing is fun.

2. Growth

Almost every orthodontic practice begins to experience accelerated growth in those early years. As you can see in *Figure 1*, there is steepness to the curve showing that the practice is growing very nicely. However, if there is a down economy or a high level of competition, the young orthodontic practice may be somewhat challenged to continue growing.

3. Maturity

During the maturity phase, orthodontists often reach a plateau that can last years, even decades, unless the practice's systems are updated and replaced. There are three natural plateaus in The Orthodontic Practice Career Cycle™. These occur at approximately three times: 5 years, 9–10 years and 15–17 years. There are specific reasons why each of these occur. For example, the 5-year plateau is often reached because the doctor and practice start to decrease their marketing activities resulting in a lack of referrals and growth. The 9–10 year plateau occurs due to the practice outgrowing its

systems. This is a time when many orthodontists begin to believe they cannot grow any further. This belief often becomes a self-fulfilling prophecy, and many practices experience flat production for a number of years when they could have been growing.

Some orthodontists are actually fine with reaching a plateau because they are still able to fund their basic lifestyle. Unfortunately, this lack of growth prevents doctors from saving enough and will often force them to work 8–10 years longer to reach financial independence. They are also not investing sufficiently in the practice. In a sense, the plateaued doctor is taking money out of the practice to fund his or her lifestyle, which is capital that should be invested in the practice. If the investment in practice growth is made, then income will increase and the orthodontist will actually have more income than ever before to fund lifestyle, savings and practice investment.

This cycle actually breaks down once a plateau is reached. I have met many orthodontists that needed to grow their practice for very specific reasons but were unwilling to make the investment because of their current lifestyle needs. This is a personal choice that any orthodontist can make, but unfortunately it often impedes his or her career potential.

4. Decline

At one time, this was a rare event for an orthodontic practice. Today, it is becoming increasingly common. Decline occurs when a practice simply has not done enough to ensure growth from both a management and referral marketing standpoint resulting in a slowdown.

There are three stages of decline identified in *Figure 1* as *early decline*, *middle decline* and *late decline*.

A. ***Early decline*** is defined as a range from 4% growth to 8% decline. This is not a catastrophic situation, and one that can be reversed easily if certain steps are taken. The biggest danger of *early decline* is that it can worsen quickly if nothing is done. *Early decline* is, in a sense, analogous to having chest pains. It is not life-threatening, yet it should be checked out as soon as possible, with specific steps taken to improve the person's health.

B. ***Middle decline*** is -9% to -18%. This is where an orthodontic practice really begins to slow down. *Middle decline* is faced by many older orthodontists, as their referral base ages and

have less referrals to send for orthodontic treatment. Given that many orthodontists cease referral marketing early in their careers and live with the referrals sent by their referral base and patients, these doctors do not recognize the signs of the impending crisis ahead. Preventing a decline in referrals is one of the reasons orthodontists should implement an effective and consistent referral marketing program. Referral marketing should take place throughout the year regardless of need, because you never want to have to initiate it and play catch-up when a need actually occurs.

Middle decline is not a great place to be, but it can be reversed if the right steps are taken. The analogy to middle decline is CPR, where immediate intervention needs to take place or the result will be long-term, permanent damage.

C. ***Late decline*** is -19% or greater. This is not a good situation. *Late decline* can often be reversed, but if it goes far enough, reversal will be next to impossible. Over the years, I have talked to many doctors who are in *late decline* and waited too long to get help. When this happens, there is little chance of the practice getting back on its feet. My advice to anyone in

late decline is to get immediate expert advice and a strategic plan to reverse the decline.

The Orthodontic Practice Career Cycle™ is an excellent opportunity to determine where a practice stands today. A young practice should be analyzing this chart every six months whereas a more mature practice can do the analysis once a year. It is as simple as putting an "x" somewhere on *Figure 1* to reveal your practice's status.

Practices should strive to have continually increasing production, continually increasing profit and continually increasing referrals. This can only occur in a scenario where the practice is achieving strong growth.

The overall benefit of The Orthodontic Practice Career Cycle™ is that it allows practices to identify where they are and make specific plans to move in the proper direction. A practice in the start-up phase should inevitably achieve growth, but should not believe that growth will be sustainable indefinitely. It is clear that plateaus do occur, as mentioned above, at 5 years, 9-10 years and 15-17 years. At any point in the growth phase of The Orthodontic Practice Career Cycle™, a plateau could occur.

When a practice hits a plateau, the only way to move out of it is by replacing management systems and implementing a strong referral marketing program. While everyone understands the general concept of step-by-step documented management systems for areas, such as scheduling, case acceptance, financial management, and customer service — not everyone understands referral marketing.

Levin Group has pioneered a referral marketing method that has allowed hundreds of orthodontic practices to experience significant growth. The method revolves around having a minimum of 15 marketing strategies for patients and 15 separate marketing strategies for referring doctors. These all are carried out by a Professional Relations Coordinator (PRC) who basically runs the referral marketing program in the practice. When done properly, referral marketing is a science, just like management systems or clinical orthodontics, and will produce consistent results. Referral Marketing will be discussed in more detail in an upcoming chapter.

Chapter 2

Level IV Orthodontists

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Level IV is a life-changing concept, and one that should be understood by an orthodontist as early in a career as possible. There are four levels that an orthodontist can achieve as an owner and leader of an orthodontic practice. Bear in mind that the level achieved will have a direct effect of the financial success and personal enjoyment reached by the orthodontist.

Figure 2: The Four Levels Of Orthodontic Leadership

Orthodontic Leadership Levels

Level I Orthodontists are in the start phase. This is similar to the first phase of The Orthodontic Practice Career Cycle™. Some start-up practices grow quickly, some grow slowly and unfortunately today some do not grow at all. The key to a start-up practice is to understand the practice's business plan prior to opening. Evaluating situations such as demographics, competition, affluence of the community, future growth plans, referral patterns and referral trends, and a host of other factors are all critical to the long-term success of the orthodontic practice.

There are far too many orthodontists who simply open practices based primarily on emotional factors. It may be the town that the orthodontist is from, where the spouse's mother lives, a desire to have a certain temperature or climate, or even to be in a specific part of the country. Many orthodontists open near where their residencies took place, and it seems like an easy and convenient thing to do. These emotional factors are frequently the worst business reasons to open an orthodontic practice.

When demand for orthodontic treatment was high, it did not matter where an orthodontist opened his or her practice. While some doctors did far better than others, almost everybody could make a living and have a reasonable career. Today, this is simply not the case. Orthodontists need more business and management knowledge to operate a successful orthodontic practice that will continue to grow throughout a doctor's career.

Level II Orthodontists are those who have become competent and can handle cases more easily. In the early years a lot of energy is expended by thinking through case design and case planning. Once the orthodontist becomes competent after approximately three to four years, it simply means that he or she can work more easily, putting less thought and energy into each case. In essence, competence goes along with becoming experienced, and that is exactly what happens.

Level III Orthodontist is the level to pay the most attention to. This level is defined as maximum work, which means that the orthodontist is going to work every day, seeing patients, probably has an average or above average practice, and things are going reasonably well. The vast majority of orthodontists are Level III Orthodontists.

Level IV Orthodontists

Let me be very clear. Every orthodontist wants to achieve Level III Orthodontic status. This is not a level to skip, but one that should be achieved, but you don't want to stay here too long. The reason is that despite making a living and having an above average practice, this level does begin to get more challenging every few years. The orthodontist reaches a point where he or she doesn't want to put in extra time, resents performing any marketing, finds patient and staff problems more irritating, and experiences increased fatigue.

I often refer to the **Level III Orthodontist** as being in the 15- to 20-year black hole. This orthodontist is basically on a treadmill, doing the same thing over and over, without noticing practice growth. In fact, as per The Orthodontic Practice Career Cycle™ the orthodontist may find that the practice has plateaued or is in *early decline*. Level III Orthodontists almost always experience platueaus and find it more challenging to grow. In many cases, nothing is done to stimulate the practice other than wishing it were better. Over time, referrals decrease and the orthodontist simply blames age as the key factor for the practice's inability to grow.

I can tell you from extensive personal experience that orthodontic practices can grow at every level if the right strategies and tactics are followed. The key is to recognize early on that the orthodontist has become a Level III doctor and to develop a plan to reach Level IV.

What Is Level IV?

Level IV Orthodontists are the most financially successful and professionally satisfied orthodontists in the profession. These are the doctors who have outstanding practices, excellent incomes, more money than they need to fund their lifestyle and retirement, and truly enjoy going to work every day. These orthodontists have more energy than many orthodontists far younger and are always focused on how they can improve or expand the practice because they are not frustrated, stressed out or even tired. They have energy to burn!

Level IV Orthodontists are what I refer to as individuals who work through others. While orthodontics has one of the finest opportunities for delegation in the dental profession, many practices do not handle this properly. Yet when I talk to these orthodontists, they think they are delegating beautifully. The problem is they don't

know what they don't know. In a top orthodontic practice, the orthodontist will be what Levin Group refers to as a Level IV Leader. This means that the orthodontist concentrates on two things and two things only. These are:

1. Focus On What You Do Well

There are orthodontists who go to the practice, see patients all day and leave at the end of the day energized, excited and fresh. The reason is that they are not wasting time on activities in which they do not excel.

At what activities do you excel? This is the question that often paralyzes orthodontists. The answer is typically only one thing —orthodontics.

Think about it this way. What does a top athlete spend his or her time doing? The answer is either practicing or playing that sport. What does a top musician spend his or her time doing? Either practicing or performing. You don't see top musicians arriving early in the morning setting up the lights for the concert, hooking up speakers, etc. They focus on what they do well, and they are paid a fortune to do so. Unfortunately, orthodontists, like many

professionals, think they have to excel at everything. Their view is that they are better than their staff at handling almost every activity in the office, so they will handle many of them personally. Or at the very least they will attempt to micromanage the entire practice. That would be a Level III orthodontist.

As an orthodontist matures in his or her career, it gradually becomes evident that spending time on the activity in which one excels is the most productive, financially rewarding and enjoyable use of his or her time. Orthodontists love performing orthodontics. Very few walk in the office in the morning hoping for no-shows so that they can hang out and work at the front desk. Level IV orthodontists work to eliminate responsibilities that others can perform just as well.

I have met numerous clients with multi-million dollar practices who would have never achieved this level of success if they stayed at Level III. Staying at Level III — which is where most orthodontists are — is almost a certain guarantee of reaching a plateau and delaying financial independence by years.

2. Spend Time On What You Enjoy

In essence, Level IV Orthodontists spend their time on either what they excel at or what they enjoy. Perhaps the biggest difference with Level IV Orthodontists is that they have more time for the activities that they enjoy. They tend to work fewer hours, have higher incomes and greater professional satisfaction.

To reach Level IV Leadership, the orthodontist must give away certain activities. In a special seminar I teach called Total Life Success, participants create lists of their daily, weekly, monthly and annual activities and then begin to determine which ones they can delegate to others. This leaves more time for orthodontists to focus directly on patient care and activities that they enjoy in their lives.

Without question, Level IV Leadership is not only financially rewarding, but creates the finest opportunity to realize the true professional and personal potential of each doctor.

Chapter 3

Power Cell Scheduling™

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The single most important system in the orthodontic practice is the scheduling system or what Levin Group refers to as Power Cell Scheduling™. Practice management is all about systems. The key is to implement each system in a step-by-step, documented manner with all accompanying scripts, but these systems have to integrate with each other to be effective.

Therefore, it may seem unusual that one system would stand out above all others, but there is no question that Power Cell Scheduling™ is the command and control system. If the schedule is not properly created and managed, practice production and practice efficiency fall far below practice potential. In many cases, a haphazard or outgrown schedule will result in stress, chaos, lower production, lower profitability and even staff turnover. An orthodontic team will stay with a practice for only so long if there are high levels of stress, chaos and confusion.

The problem with most orthodontic schedules is that they were never created as well-documented systems. For many practices, "systems" are not truly systems, but rather habits carried forward from the early days of the practice. This is why young practices sometimes require longer to grow. If they grow too quickly, they exceed the capabilities of their limited systems and then

experience high stress and greater turnover, with lower levels of production and profitability.

While it may seem logical to not put a great deal of effort into establishing effective systems when capacity is high, the truth is that most orthodontists never implement high-performance systems when they become busier. Why? Because the practices are then too busy.

Without documented systems in place, the practice will reach premature plateaus, take 10–15 years to reach maximum production, and the orthodontist will work approximately 8–10 years longer to reach retirement. This is an unfortunate scenario as most orthodontists do not recognize this deficiency until they are late in their careers. At that point, it becomes a scramble to increase revenue and income to fund retirement savings at a rate that will allow the orthodontist to leave practice financially independent. Once again, financial independence for most doctors occurs far later than necessary, and it all stems from not having the proper systems in the early years.

My strongest advice to young orthodontists is to establish the scheduling system, and then all other systems in an expert manner

as early as possible. To be considered a true system, it must be documented in writing and have scripting to help the team implement the system effectively. This documentation must be maintained and updated on a regular basis as changes occur in the practice.

Without systems, most practices will experience the following:

- The team is inconsistent in how they apply everything from scheduling protocols to collections procedures.
- New team members take twice as long to be trained at twice the cost.
- Customer service is far lower because systems have not been designed to meet or exceed patient expectations every time.
- Production is lower because systems, such as scheduling, are less effective and prevent the practice from maximizing opportunities for growth in the practice.

As an example, orthodontic practices with slower mornings and busy afternoons simply do not understand that this scenario is unnecessary, and the office may be losing up to 25% in production potential. The myth that the mornings should be slow and afternoons busy because all patients want to come in the afternoon has been disproven by Levin Group time and time again. The bottom line is that all open capacity in orthodontic practices reflects a loss of production, and there are proven techniques to fill mornings in at the same rate as afternoons once the proper Power Cell Schedule™ has been established.

Power Cell Scheduling™

Power Cell Scheduling™ is a scheduling system based on proven mathematical formulas that maximize the orthodontist's and the team's time spent in the practice. Time is after all quantitative, and anything quantitative can be broken down into mathematical formulas, which can be used to develop the appropriate models for an orthodontic practice to reach its productivity and production potential.

I encourage all orthodontists, new and established, to replace their schedule unless they have recently done so. As the command and control system of the practice, the scheduling system is so critical that it will limit progress in all other areas regardless of how well other systems have been established.

As an example, Levin Group had a new client enroll in management and marketing consultant programs. The practice had an excellent number of new patients who were presenting and had a reasonably healthy start rate. The problem was that the schedule was so haphazard and out-of-control that the practice could not see many of these patients to start them in a reasonable period of time. This caused many prospective patients to drop out and seek treatment at other offices that could see them sooner. In this particular case, as soon as the scheduling system was replaced creating a new capacity, revenue went up exponentially.

This is not an unusual scenario for ortho practices. While this office once had excess capacity, it vanished as the practice become more successful. Unfortunately, the lack of an updated scheduling system prevented the practice from reaching its production potential. It is critical that the new Power Cell Schedule™ be put in place so that all other systems can be maximized as well.

Power Cell Scheduling™

Almost every orthodontic practice has a potential to increase capacity by 30%–50% or more. Practices that currently have capacity should not ignore the importance of creating the most effective schedule possible, so that as they grow, they can meet increased demand for their services. It is always a shame when doctors are unable to take advantage of a practice's true potential and have to work 10 more years to reach financial independence.

The starting point of implementing a Power Cell Schedule™ is to analyze the practice's current condition. Answer the following questions:

- How many patients is the practice currently treating?
- How many new patients does the practice receive on a monthly basis?
- What is the close rate of these new patients?
- How many patients are in the observation program?
- How often are observation patients seen?
- How many start appointments are necessary each week?

- How many start appointments are necessary each day?
- How many days a week is the practice open?
- How many treatment chairs are available in the practice?
- How many clinical staff members does the practice have?
- How many front desk staff members?
- How many records chairs are there?
- Does the practice have its own in-house laboratory?
- How many debond appointments are necessary each week?
- How many patients are currently overdue for debond?
- What is the no-show rate of the practice?
- What is the last-minute cancellation rate of the practice?

While the preceeding list may seem daunting at first, the truth is that this entire exercise usually takes less than one hour to complete. Is an hour of time worth it to begin the process of creating a Power Cell Schedule™ that will increase practice capacity, close rates, production and profitability?

Procedural Time Studies

After answering the previous questions, the next step to building a Power Cell Schedule™ system is to perform *procedural time studies*. Each orthodontist needs to list all of the procedures that he or she performs and all of the procedures performed by the clinical orthodontic assistants. These are then measured a minimum of 10 times to determine their average time. All of this information is then used to help create the Power Cell Schedule™. Accurate scheduling increases practice productivity.

In a new orthodontic practice, the orthodontist may perform the entire start. In this case, the orthodontist would time how long it takes for the doctor portion of the start appointment. As the practice matures and staff is added, the orthodontist will most likely spend less time performing the entire start due

to help from orthodontic assistants. In this case, time for the start appointment would be measured separately for the orthodontist and the assistant.

Procedural time studies are performed for all services in the orthodontic practice from starts to checks to debonds. The doctor portion and the assistant's portion will be separately timed and an average of how much time each individual needs for their portion of the procedure will be noted. After timing each procedure 10 times, an average is then created which gives a high level of accuracy for how long each individual in the practice should spend on each type of appointment. This will then be built into the Power Cell Schedule™.

The ideal goal from a training standpoint is that the slowest orthodontic assistant be within 10% of the fastest orthodontic assistant. Otherwise the slower assistant will always be a major bottleneck to the practice and decrease the production potential. Training can be provided to enhance the efficiency of slower assistants. This strategy also makes it easier when building a Power Cell Schedule™ so that the schedule does not have to be built separately for each assistant.

Figure 3: Example Of An Orthodontic Power Cell Schedule

	TC		Records		Chair 1		Chair 2		Chair 3		Chair 4		Chair 5
8:00	np exam	x	records	x	sc	x	er	x			er	x	
8:10		x		x	sc	x	adj	x	bb start	x	adj	x	
8:20		x		x	bb start	x		I		I		x	
8:30		I		x		x	bb start	x		x	aw	x	
8:40		x		x		I		x		x		x	
8:50		x	records	x		x		x		I		I	
9:00	np exam	x		x		I		x		x	deband	x	
9:10		x		x		x		I		x		I	
9:20		x		x		x		x		I		I	
9:30		I		x		x		x		x		x	
9:40		x	records	x		x		I	short bond	x		I	
9:50		x		x	short bond	x		x		I		x	
10:00	np exam	x		x		I	aw	x		x	repair	x	
10:10		x		x		x		x		x		I	
10:20		x		x		x		I		I		x	
10:30		I	records	x		x		x		x		x	
10:40		x		x		x						x	
10:50		x		x									
11:00	np exam	x		x	sc	x			sc	x			
11:10		x		x			sc	x			sc	x	
11:20		I	records	x									
11:30		x		x	sc	x			sc	x	sc	x	
11:40		x		x									
11:50		x		x									
12:00	np exam	x		x	aw	x	aw	x	adj	x	adj	x	
12:10		x				x		x		x		I	
12:20		x				I		I			sc	x	
12:30		I									sc	x	
12:40		x											
12:50		x											

np exam	short bond	aw check 30 min
records	deband	adjusts 20 min
starts	emergency	short check 10 min

x = Assistant

I = Doctor

*Doctor time overlaps during short appts. Chair 5 is designated "overflow" chair.

Planning Out The Year

An orthodontic Power Cell Schedule™ is easier to create than schedules for other dental disciplines due to the high level of predictability, which is based on how many new patients will start each month. If Levin Group knows how many start appointments exist and the orthodontist's philosophy of how often check appointments should occur, it is easy to determine the total number of check appointments. One note is that Levin Group often finds that orthodontic practices do not have a sufficient number of check appointments, which causes an overdue number of debonds to clog up the schedule and reduce production potential. Once the accurate number of check appointments has been determined, it is then easy to determine how many debond appointments will be needed as well as retainer checks.

As you can see, it is relatively simple to determine how many appointments will be necessary in an orthodontic practice. The main problem is that many practices never evaluate how many of each service appointment will be necessary nor do they determine how much time is needed for each appointment. These two steps alone can have a remarkable influence on the production potential of any orthodontic practice.

Case Study #1

A client who came to Levin Group recently explained that his practice was completely maxed out. He had five children with the first one about to enter college and did not have sufficient savings for his retirement much less the college tuition. He wanted to find a way to increase his income, but made it clear that he did not think his practice could see any more patients.

Using Levin Group's extensive database, the consultant immediately recognized that the practice was only producing in the 67th percentile of practice production. When this was explained to the client, he balked at the idea that he could see more patients or increase production. His thought was to enter the consulting program, reduce his overhead, eliminate one or two staff members and increase profit without working more hours. This was a flawed concept, because the practice had significant potential to increase production. The office simply needed to replace systems because the schedule had been created so haphazardly that patients were simply being stuck anywhere in the schedule, which made for an up-and-down day and reduced production potential.

Working with the consultant, the practice created a new Power Cell Schedule™. This practice was able to increase its open time scheduling capacity by 31% without the orthodontist working any additional hours. Levin Group does not believe that clients should work more hours, but should replace systems to increase production and profitability.

When the doctor saw the new schedule, he was truly amazed. It simply never occurred to him that he could change the schedule and increase production capacity by 31%. He looked at the schedule and his comment was, "I can't believe how much open time there is in the schedule. Now I guess we'll have to do a better job of marketing to fill it in." Once the schedule was fully explained to him, he became very excited about the opportunity to improve practice performance. While he did need to hire one additional assistant, his income in the next 12 months increased by more than 42% due to high levels of efficiency, increased production and new overhead controls.

Once the Power Cell Schedule™ has been designed for the orthodontic practice, it will delineate how many starts, check

appointments, debonds, observation patients, etc. will be seen throughout the year. This ensures that the practice is not starting patients with an insufficient number of check appointments, which leads to overdue debonds, resulting in a practice plateau. The advantage of Power Cell Scheduling™ is that it creates a predictable year, positioning the practice to reach its annual production goals. Simply subtract the overhead, and the doctor will know exactly what the profitability or income of the practice will be.

Case Study #2

Dr. Johnson became a client of Levin Group approximately six months ago. It was after he had been in practice for 13 months and had already achieved an annualized production of $1.5 million. This was rapid growth for a young practice. He felt completely overwhelmed. He was upset that he wasn't seeing his two young children enough because he was putting in a lot of extra hours trying to keep up. He was already starting to feel fatigued and he had only been in practice for a very short time. This is not the first time Levin Group has come across this type of scenario.

We immediately began by creating a Power Cell Schedule™ for Dr. Johnson's practice. Without an efficient schedule in place, a $1.5 million practice is out of control. The right schedule allows the practice to continue to grow, creates a low-stress environment and delivers high levels of professional satisfaction to the doctor and team.

As soon as the new Power Cell Schedule™ was developed, the pressure began to ease up. Dr. Johnson was able to go to work and make it through his day without being fatigued, and the staff reported much higher levels of satisfaction. The new Power Cell Schedule™ was built to allow him to go to $2 million in annual production, with the corresponding changes, such as an additional assistant and front desk person before the Power Cell Schedule™ needed to be replaced again.

The best part of the result was that Dr. Johnson has also had a financial analysis performed, and he is now on track to be financially independent by age 51. Early exponential growth does create unique opportunities to accumulate wealth if it is properly analyzed and managed by professionals. Dr. Johnson in essence realized that he excelled at orthodontics and made a decision to engage experts

for other aspects of his life. His consulting experience taught him that he has the ability to produce far more than he ever realized in a low-stress environment while enjoying his practice. This led him to understand that even managing his own money was not in his best interest and that experts should be engaged for this purpose.

The point of this case study is that Dr. Johnson's rapid growth can present as many challenges as an office that is experiencing declines can. Either way, the Power Cell Schedule™ is critical. While Levin Group normally begins with new clients developing a three-year vision and setting at least 10 written and measurable goals, we began in Dr. Johnson's case with the Power Cell Schedule™ because the overarching goal was to reduce his stress, eliminate his fatigue, give him more time with his family and create opportunities for long-term practice growth.

Levin Group has found that Power Cell Scheduling™ not only greatly reduces stress for the office (Dr. Johnson's top priority), but it also enables the doctor to significantly increase production in a well-managed environment.

The Power Cell Schedule™ needs to be created as early as possible and replaced at least once every five to six years. In orthodontics, this is the growth-plateau cycle, whereby so many practices enter plateaus and never recognize that they have significant growth potential. I have spoken to hundreds of orthodontists since 1985 who have stated that they could not possibly increase production or see more patients only to find that 12 months later their practice was 25, 35, even 50% higher in production in a much more enjoyable environment!

Chapter 4

How Do You Hire A Great Staff?

Levin Group Inc.

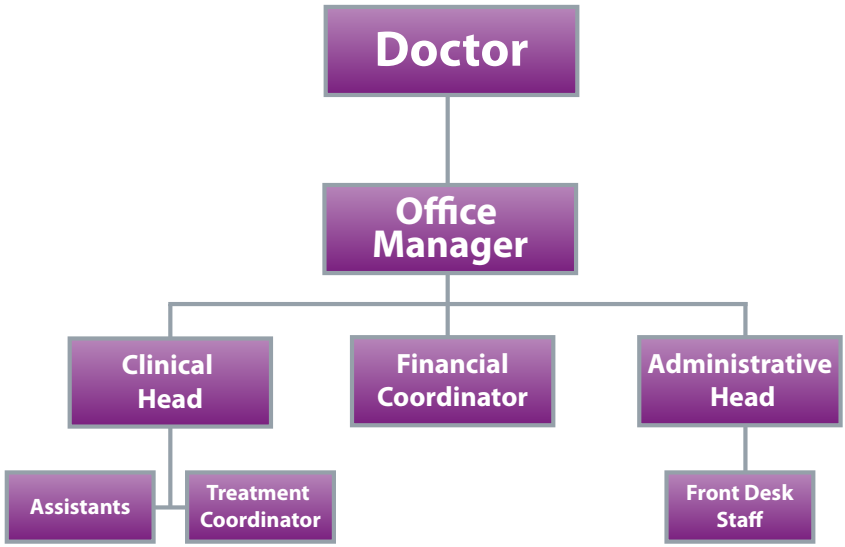
Creating a successful orthodontic practice requires a strong orthodontic team. Orthodontics has tremendous delegation potential, and the goal should be for the team to perform all activities allowed by law, freeing the orthodontist to focus on clinical care. This will maximize production and profitability. Most orthodontists do not delegate enough responsibilities, and this is one of the key issues that prevents orthodontic practices from achieving continuous growth. The ultimate goal is for the orthodontic team to run all aspects of the practice, with the orthodontist spending 98% of his or her time directly involved in patient care.

The first step in building an orthodontic team is to create an organizational chart, which visually depicts the employees, their department, their responsibilities and reporting structure. This is easier in an orthodontic practice than many other businesses, as there are not hundreds of employees, making it easier to understand the organizational framework. Because most orthodontic practices typically have between 3 and 30 employees, the concept of the organizational chart is often overlooked or considered unnecessary. After all, if everybody knows everybody

in the practice and who reports to whom and who does what, why have an organizational chart?

The answer is that in creating the organizational chart, it becomes obvious what is happening in the practice from a staffing standpoint, what everyone's overall responsibilities are, and most importantly where the gaps are in properly staffing the practice. I've often been asked at what point a practice should hire a new front desk coordinator, assistant, or treatment coordinator. To answer that question, a practice owner needs to evaluate the following: volume of patients, fees, speed of the orthodontist, experience of the orthodontic team, number of visits per patient, etc. Then, and only then, can a practice begin to understand exactly what the staffing needs to be.

Figure 4: Example of an Organizational Chart



As you can see in *Figure 4*, there is an ideal organizational chart for an orthodontic practice, but be aware that most practices are not ready for this type of structure. This is more of a goal for most practices as production and profitability must increase for this organizational chart to provide a return on investment. However, once the practice reaches a certain level, the organizational chart shown above is the ideal, and this framework will provide the highest financial return on investment from the orthodontic team.

It is important to realize that the orthodontist only has one major role in the practice and that is producing orthodontics. Simply stated, there are only two types of activities in which an orthodontist can engage during working hours: *production* and *non-production*. Any time spent on *non-production* is time that will never be recovered and is not contributing to the practice's financial well-being. Remember the orthodontist is the highest skilled individual in the practice, and those skills should be used in the proper way, which is providing orthodontic care to patients and generating production.

The Orthodontic Office Manager

In this ideal model, the office manager must be a true business manager who manages all day-to-day activities in the orthodontic practice other than those directly tied to producing orthodontics. These activities include all financial, administrative, human resource and non-clinical operations. In essence, the office manager handles what many orthodontists are doing themselves while they are involved in non-productive activities.

Most orthodontists will state that they do not enjoy the administrative activities of owning an orthodontic practice and that they truly would love to spend all their time with patients. This becomes completely possible and is financially much more beneficial but only when an office manager has been put in place.

The challenges of creating an office manager position include:

- Frequently, staff members are promoted into the position of office manager. In many cases, this is an excellent choice, but not always. Office managers require specific management and leadership skills and some level of business background. These are the individuals who need to understand financial operations, business management, and human resources, including managing and overseeing staff, hiring, and performance reviews.

  An office manager who does not have these skills is unlikely to learn them working in an orthodontic practice. This is due to the fact that most orthodontic practices do not have multiple employees with diverse business management backgrounds who are experts at coaching and developing personnel.

Orthodontic practices also rarely invest significant dollars in sending office managers for extensive continuing education.

While many current staff members do have the potential to be outstanding office managers, it is important to write a complete job description for the office manager (and every position in the practice) and match the staff member being considered against this job description.

- Promoting a current team member to office manager can sometimes lead to resentment from co-workers. This common situation can be prevented if the orthodontist is supportive and makes it clear to the team that the promoted staff member has the skills and abilities to be an outstanding office manager.

- Hiring an office manager from the outside also has its challenges. When you "parachute" an individual into a practice, it can be disruptive. As the leader of the practice, the orthodontist has to set the tone for the entire team. I have seen practices where several long- term team members have resigned when a new office manager has been brought onboard.

Once again, it will be up to the orthodontist to properly introduce the office manager to the team, but it should not be a gradual transition of authority. If the office manager does not receive complete support of the orthodontist from the beginning, her authority may be forever damaged. Such a situation creates stress and tension for the practice, orthodontist, office manager and the team. A good office manager will have the skills to bring the rest of the team onboard in a new culture where the office manager has overall authority for day-to-day operations.

Hirings, promotions and bringing new individuals on board, especially positions of authority, do not have to be disruptive. It is up to the orthodontist to set the tone for the entire team. These type of changes are absolutely necessary for orthodontic practices that want to grow.

A young orthodontic practice can benefit tremendously by having an office manager who can streamline systems and operations, accelerating efficiency and growth. An established practice will also gain enormous benefits from an office manager who frees up the orthodontist to spend more time focused on patient care, which inevitably increases production and profitability.

How Do You Hire A Great Staff?

There are three positions that can add millions of dollars to an orthodontic practice and the office manager is one of them. The other two are the Orthodontic Treatment Coordinator and the Professional Relations Coordinator.

Many orthodontists, once an office manager has been installed and fully trained, have commented to me or one of our Levin Group consultants that they are now enjoying orthodontics once again as they did in their early years. The longer an orthodontist is in practice, the more difficult and complex it becomes to do it all (provide orthodontic care, manage the orthodontic practice and handle day-to-day operations). An excellent office manager can take over staff development, oversee the implementation of new systems, and handle any day-to-day issues or concerns, allowing the orthodontist to focus comfortably on one thing—orthodontics!

The Orthodontic Treatment Coordinator (OTC)

The OTC plays a critical role in persuading patients and parents to accept treatment at your practice. This employee is basically a sales person for the practice. The OTC meets with prospective patients and parents and takes them through the treatment process, emphasizing the special care they will receive at the practice. The OTC's goal is to convert candidates into patients.

In orthodontic vernacular, we say that the OTC provides consultations and treatment presentations to educate prospective patients and parents and motivate them to accept treatment. In whatever way it is described, it is still a form of selling. Parents and patients come to the practice, and they either accept treatment or they don't.

We have now reached a point where it would be almost myopic not to think of the orthodontic treatment coordinator as a sales person with one job, and that is to have parents and patients accept treatment. The reason that I emphasize this point is that many orthodontists prefer to think of a consultation as simply educating parents and patients and having them accept treatment.

The OTC's responsibilities include education, motivation, developing relationships, using the best methodologies and scripting to gain case acceptance, and following up with parents and patients who are have not committed to treatment during the consultation.

For practices without a treatment coordinator, I would recommend that the OTC be added to your orthodontic team as early as possible. I regularly see practices where an OTC adds hundreds of thousands of dollars to an orthodontic practice in 12 months. In these situations, the practice has a strong patient and doctor referral marketing program being carried out by a professional relations coordinator (PRC). If patient flow is sufficient, an excellent orthodontic treatment coordinator can often close 90% of the cases while simultaneously increasing orthodontist's production time by 20% or more. This means more patients accepting treatment, with more time for the orthodontist to treat them.

The Levin Group target is that 90% of prospective patients start treatment.

An OTC who is closing well below 90% will need additional training. Too many orthodontic practices are closing in a 60%, 70% or even 80% range, which means that a large number of patients are accepting treatment at other practices. Orthodontics today suffers from shoppers—people who are looking at the cost of orthodontics as the decision factor for where they will have treatment. Levin Group has designed the OTC portion of its management consulting program to deal with shoppers in a proactive manner, so they end up closing in our clients' practices, usually at the first visit.

Excellent orthodontic treatment coordinators have extremely high close rates and are also outstanding at managing the observation program, which adds significant value to the orthodontic practice in terms of future production. The observation program is one of the most overlooked financial opportunities in orthodontics today, and I believe many orthodontic practices lose hundreds of thousands of dollars over a doctor's career due to poor management of observation patients. When the observation program is handled and tracked properly by the OTC, the practice will have another powerful revenue generator in the quest for total orthodontic success.

In young orthodontic practices, the orthodontist often doubles as the OTC which means that the doctor is not spending that time productively engaged in delivering orthodontic treatment. The practice at this point may have capacity, so the doctor does not see a reason to invest in an OTC. The problem arises when orthodontic offices wait too long to hire an OTC, losing production time that can never be recovered. In addition, well-trained OTC's will usually have higher close rates than the orthodontist because they have a much more structured approach to presenting treatment. OTCs will spend sufficient time with the prospective patient or new patient family to create a level of value that leads to a close. For more information on the OTC, see my book *Effective Training Scripts for Ortho Treatment Coordinators*.

Chapter 5

The Science of Referral Marketing™

Levin Group Inc.

Referral marketing is one of the most powerful practice builders that can ever be applied in orthodontics. In 1985, I had an idea. It was that referral marketing could no longer be based simply on "likeability". Prior to that time, specialists were able to attract referrals from general dentists in a number of different ways. First was simply being in demand. There were fewer specialists in a number of geographic areas, making those doctors successful regardless of other factors.

When demand is high enough and supply is low enough, almost anyone can and will be successful. That window began to close in the mid-1980s when orthodontists began to market their practices and compete with one another. Until that time, marketing was frowned upon, rarely discussed and if doctors did engage in marketing, they were looked down upon. That attitude began to shift very quickly as some doctors were no longer as successful as they had been in the past and were looking for avenues to increase patient referrals. While some decided to go with the external marketing approach, I knew that a far more effective method revolved around marketing to the referral base.

The main type of referral marketing performed up until that time had been fairly limited. Orthodontists would take a general dentist

to lunch, (still a very positive strategy) and impress upon their colleague why their practice was the best choice for orthodontic treatment. Whether orthodontists decided to rely on their natural personalities or discuss the quality of their practices, those approaches began to lose their effectiveness because "everyone was doing the same thing."

Having lunch is only one strategy, and one strategy, no matter how good, won't be effective forever. To build relationships with referring doctors, orthodontists need a multitude of strategies consistently implemented throughout the year. Strong relationships are created—not by one or two lunches—but rather through numerous contacts over the course of 12 months.

A successful referral marketing program requires ongoing, positive and consistent contact that builds relationships with referring doctors and their offices. Levin Group's orthodontic clients consistently achieve outstanding results with The Science of Referral Marketing™—a systematic approach for continually increasing referrals from patients and doctors. Implementing a wide range of referral marketing strategies will result in more referrals, more consults and ultimately more starts.

Referral marketing differs from other types of marketing. I recently spoke with the managing orthodontist of a five-doctor group who had just spent a huge amount of money with a marketing firm to increase referrals. The company had provided all of the basic marketing elements—new logo, brochure, business cards, stationery and direct mail pieces. After spending a considerable sum, the practice had very little to show for their efforts.

When the senior doctor queried me as to whether the marketing firm had done a poor job, my answer was simply the practice had gotten what they paid for. Marketing companies understand consumer marketing, not referral marketing. It is not a deficiency on their part, but rather that referral marketing is a subset of marketing that is not understood by most marketing experts. It would be like calling orthodontics the same as general dentistry or another specialty.

My main message here is to be sure that as you market your practice, you understand that referral marketing is not the same as other types of marketing.

A Key Marketing Team Member

The most highly successful orthodontic practices utilize a Professional Relations Coordinator (PRC). A PRC —a position pioneered by Levin Group—can help ortho practices gain new referral sources and maximize referrals from doctors and patients.

A PRC is a part-time team member who handles 95% of the practice's referral activities. Ortho practices that use a properly trained PRC typically have the most successful referral marketing programs and experience continual increases in referrals and production.

What are the PRC's duties and responsibilities?

- Work with the orthdontist to develop the marketing program
- Establish and monitor calendars, timelines and deadlines
- Act as a liaison and develop strong relationships with staff members of referring practices

- Implement a wide range of marketing strategies that target patient referrals and doctor referrals
- Support the orthodontist's relationship-management activities with key referring doctors by staying on top of notes, phone calls, letters, meetings, etc.
- Handle all the details for event planning, including announcements, patient activities, public relations, invitations and scheduling

How to Find a PRC

When I mention the PRC at my seminars, I can almost see the wheels turning in the minds of doctors wondering where they will find a PRC and who will it be. The one thing I tell them is that since 1985 Levin Group has never had an orthodontic referral marketing client who could not find a PRC.

There are four key sources for finding a PRC for the orthodontic practice:

1. A current staff member
2. Spouses of doctors
3. Parents of current patients
4. Other stay-at-home parents

1. **A current staff member** who can pick up the necessary 16-20 hours per week (This could be more if the practice has three or more doctors). While a staff member with expertise in orthodontics is not necessary, it does allow you the benefit of knowing the individual you are placing in this position. For a PRC, she must be available for 16–20 hours, which may present problems for some current team members. For example, an orthodontic assistant acting in the role as a PRC has a challenge because every time the practice gets busy, the PRC will be pulled back into the assisting role. Be sure that if you select a current staff member she has the time and motivation to do this job.

2. **Spouses of doctors.** Many spouses love the idea of being the PRC, working part-time and helping to build the practice. Spouses tend to be highly motivated and highly committed. I would also caution that if a spouse does not really want to be the PRC, then it is probably not wise to pursue the idea.

3. **Parents of current patients.** We encourage doctors to keep a list of parents who have had a positive experience in the practice. They often make excellent PRCs. Many parents are looking for a part-time job in their community.

4. **Other stay-at-home parents** in the community. Since this job can be done around daycare or school schedules, it is an attractive option for certain people who cannot pursue other jobs due to time commitments. Advertising will attract numerous résumés or applications from people in the community who are interested in performing as a PRC. The key is to understand the attributes and job description fully so that the right person can be hired. We find that a new client can usually hire a PRC in approximately two to six weeks and, with appropriate training, can be running the marketing program in a short amount of time.

The next key factor in identifying a PRC is to understand the three personality traits that are critical. These three traits are:

1. Strong interpersonal skills.
2. Excellent communication skills.
3. Professional appearance.

1. **Strong interpersonal skills.** The PRC will be visiting and calling referring offices on a regular basis, and therefore it is absolutely critical that this person has the skills and abilities to develop short and long-term relationships with others. It is critical that this individual be well-liked by the doctors and team members at your referring offices. When hiring a PRC (or any position), never rely on a single interview. Anyone can perform admirably in one interview. However, by having two or more interviews, you have a much better chance of determining if this person is as likable as he or she seems. It also makes sense to have a second interview in a social setting, such as a restaurant for lunch, where people often behave differently then they do

in-office interviews. As a final step, have key staff members interview the potential PRC to gain their perspective on his or her level of interpersonal skills.

2. **Excellent communications skills.** The PRC will need to be a strong communicator who is comfortable expressing himself/herself in a variety of situations inside and outside the office. This team member will handle 95% of the referral marketing program, taking enormous pressure off the doctor. The PRC will implement multiple strategies focused on patients, referring doctors and the community. Whether he or she is interacting with parents, referring offices or school nurses, it is critical that this staff member communicate effectively. There are times when someone is actually likeable, but cannot communicate well. If the practice wants to communicate high-quality orthodontics, caring about patients, outstanding customer service and that the patients will have fun during their orthodontic treatment, then the PRC must communicate this message to various audiences.

   The best way to determine the communication ability of a potential PRC is to ask questions. One technique is to ask several questions that the candidate has never heard before.

For example, "If they made a movie of your life, who would play you?" Once the answer is given, then ask why. This is a question that most people have never heard before. The answer is irrelevant, but the ability to communicate the answer and address the reason why will quickly show you how well this person can think and communicate on behalf of the orthodontic practice. Remember, this person will be visiting referring offices and potential referral sources making her a critical communicator for the practice.

3. **A professional appearance.** You want someone who will represent your practice well. Just as you and your team maintain a certain standard of appearance, your PRC who will going out into the community must do the same.

The PRC will administer the referral marketing program, implement effective marketing strategies, track and communicate regularly with referrals and referral sources, attract new referrals, and keep the doctor in-the-know about the performance of the program. This is why the individual needs to be organized and motivated.

Referral Marketing Case Study #1

Dr. Smith was an orthodontist who had been in practice for 11 years, and his practice had been flat for the past two years. He was working four days a week, had done very little in the way of a marketing program, and was frustrated that his practice and income were not growing. He recently had the revelation that his three children would all require postgraduate educations and that he had not saved any money toward this. One of his goals was to provide a debt-free education to his children, so that they did not have to endure the crushing debt that he had for college, dental school and residency.

When Dr. Smith became a client of Levin Group, he made it clear that he had one goal—he wanted to dramatically increase his income. I believe his goal could be easily achieved by applying a scientific referral marketing program.

Dr. Smith took the following steps:

- A PRC was engaged 16 to 20 hours per week to carry out the referral marketing program.
- An in-depth analysis of Dr. Smith's referral base was performed that evaluated production numbers, number of referrals and five-year trends.
- Another analysis of the potential referring doctors in Dr. Smith's area was also performed to determine who would be targeted and in which manner.
- A patient survey was implemented to determine how patients felt about the practice and the composite average score was approximately a 7.5 out of 10. Levin Group deemed this to be insufficient as the goal is 9 out of 10, but the score could easily be improved with proper marketing.
- A 15-strategy **patient** referral marketing program was implemented to raise the level of patient satisfaction. The program included promotions, education, contact, referral programs, annual branding event and a host of other factors. Patients immediately responded with enthusiasm to all of these marketing activities, many of which involved use of email and social media.

- A 15-strategy doctor referral marketing program implemented to focus on doctors and the community. Strategies were rolled out over 60 to 90 days, allowing referring doctors and the community to view them as natural rather than overwhelming.

- Dr. Smith had several referral marketing ideas. Some were excellent and some weren't. The consultant and Dr. Smith reviewed the strategies, and the ones less likely to be effective were eliminated.

- Every month the PRC performed an evaluation of the marketing program. This involved using comparative data to determine trends in the referral base. The consultant explained to Dr. Smith that referral marketing programs can never be stagnant and that in many cases strategies that work initially do not work as well six months later and need to be monitored and sometimes modified or changed.

At the end of six months, Dr. Smith's practice began to grow and at the end of 12 months his production had increased by 29% from $840,000 to $1.18 million. In the second year, his practice exceeded $1.3 million — a 35% increase. Dr. Smith was delighted with these results, because he was able to start saving enough money that would allow him to provide a debt-free education to his children. In addition, we recommended that Dr. Smith set up a new type of retirement program where he could put away significantly more money, tax-deferred, each year.

Needless to say, Dr. Smith was not only happy but reported that his stress was far lower, as the practice was now producing more income, allowing him to invest in improving the practice further. He enrolled in the Levin Group management consulting program, which helped him implement high-performance management systems. He was able to increase his production even more without increasing hours, and the practice has continued to grow.

Practice growth depends on a strong referral marketing program that targets both referring doctors and patients, resulting in increased referrals, production and profitability.

Referral Marketing Case Study #2

Dr. Jones came to Levin Group in the late 1990s concerned about her ability to build her practice. She was from a southern state and had been rebuffed by most of the referring doctors. According to her, she was stuck in an area that had an "good old boy's network." As a 30-year-old single female, she also suspected that many of her male colleagues were uncomfortable by the idea of having lunch with her. She had made numerous attempts to contact dentists, had lunch with a few colleagues, and worked to create a positive professional image for referrals from other doctors, but her efforts to generate were still falling short. As she further stated, "I don't hunt or fish or play golf so I guess I'm just left out."

In talking to Dr. Jones, I recognized that we would probably never know what was keeping her from gaining referrals. Even our early referring doctor surveys did not reveal any particular trend or pattern. Could it be Dr. Jones' fault? When meeting her, I could not imagine a more delightful, positive professional with whom I would enjoy having a professional relationship. She had an excellent personality, dressed professionally, and presented herself in a manner that I would recommend for any orthodontic professional. The problem did not seem to be her.

Whether her observations were correct, a detailed evaluation quickly revealed that referrals were coming mainly from other patients. While her practice was building, it was growing slowly. Between her student loan debt and her practice debt, she was struggling financially.

In reviewing her entire situation, we designed a program that focused around group activity for referring doctors. Dr. Jones had done an admirable job of trying to develop interpersonal relationships with the other doctors. It simply wasn't working. Like many young orthodontists, that was the only strategy she was applying. She had not thought about other strategies or activities.

We immediately recognized that there needed to be a change in approach. While her interpersonal skills were strong, she simply did not understand the secret of referral marketing. Her consultant immediately designed a program that was quite different from what Dr. Jones had put together and within five to six months (the time it normally takes a scientific referral marketing program to begin to work), her referrals started to grow exponentially. We have seen a situation like Dr. Jones' many times before to the point where an orthodontist may be ready to give up on referrals from other doctors and simply focus on patient referrals and

community marketing. While these can be effective to some degree, the practice will hit a plateau early.

The secret to referral marketing is that the orthodontist must not only be extremely likeable, but also consistently implement a minimum number of referral marketing strategies. In Dr. Jones' case, she only had one strategy in place. To build strong relationships with potential referring doctors, she needed many. Here is how the best referral marketing programs work:

> **The orthodontic practice must put in place a minimum of 15 strategies focused on patients and another 15 focused on referring doctors and the community.**

While this may sound arduous, remember it is the PRC carrying out the marketing strategies in 16–20 hours a week for a practice with one or two doctors. While the program usually takes five to six months before strong results are generated, your practice will be positioned for immediate and long-term success as long as the program is consistently maintained and updated. Do not think that you can apply the same strategies for patients and referring doctors without changing them on a regular basis to maintain interest, freshness and relationship-building.

The quantity of strategies significantly enhances the likeability factor. In a sense, the quantity somehow brings a mixture of communication, context and relationship that gradually bonds referring doctors to the practice and encourages patients to refer their friends and family.

In Dr. Jones' case, we focused on designing strategies for patients very quickly because she was struggling financially. We simultaneously put together an entire array of referring doctor strategies focused more on group activities and education than on straight one-on-one relationship building, which had already proven not to work. It seemed that doctors were willing to participate in her different marketing activities when other doctors were involved.

The truth about referral marketing and the science behind it is that there is no single strategy that makes all the difference.

When I give referral marketing seminars to orthodontists throughout the country, I can always tell they are waiting for that one pearl. Unfortunately, it does not exist. While we have strategies that doctors sometimes absolutely consider essential, Levin Group consultants know that there is no single strategy —but a multitude that make the difference.

I spoke to Dr. Jones approximately a year after she launched a comprehensive referral marketing program and she could not have been more delighted with the changes she was noticing. Her referrals were up and some doctors were even calling her to look at certain cases to either get her advice or determine whether orthodontics should be a part of the case. She was becoming recognized as an expert in her area who owned a practice that provided outstanding service to patients. The combination of focusing intensely on patient referrals and referring doctors had led Dr. Jones into a much more secure financial position where she was paying off debt on a steady basis and had enough income to fund her lifestyle and launch her first retirement program. This was a true success that left Dr. Jones more positive and excited about her future.

Patient Referral Case Study

When patients and parents are happy with the care and customer service received at the practice, they will gladly refer their family members, friends and neighbors. Therefore, patient referral marketing must include interpersonal likeability and 15 ongoing strategies, which are based on creating a positive, fun environment for patients and motivating them to refer.

The longer an orthodontist is in practice, the greater the danger he or she will be out of touch with what kids really care about.

Dr. Banks was an orthodontist who had been in business for 15 years. Her children were in college, and she was no longer in tune with today's generation of school-age kids. Her practice had tired strategies—a jelly bean jar at the front desk for a "guess the jelly bean" contest in which patients could win a T-shirt. Each year, the practice gave away five T-shirts. The office had a new patient bulletin board with Polaroid-style photographs that were crooked and old paper cutouts that welcomed new patients. She also had a treasure chest for young orthodontic patients, which was of little interest to older patients. This was the extent of her patient marketing program. At this point, Dr. Banks' practice was in chaos

and slight decline (see *Figure 1*). Dr. Banks did not understand why she wasn't doing better since she now had more experience and knowledge about clinical orthodontics then ever before.

The answer was very obvious to a Levin Group consultant. Dr. Banks had no referring doctor marketing at all, and her patient marketing was static and out-of-date. She clearly did not understand what kids cared about today.

We took a two-step approach to helping Dr. Banks. A structured referral marketing program was put in place using a point system to ensure that referring doctors received the right number of contacts each month. In addition, a large part of her marketing program focused on patient referrals. We were very fortunate to be able to work with Dr. Banks while she still had a significant number of patients and was only in early decline. She put in place a 15-strategy patient marketing program that focused on what kids really cared about.

We asked Dr. Banks to do the following exercises:

- Dr. Banks was asked to spend two hours Saturday morning watching cartoons and making notes of what commercials were playing. At first, she found this painful, but she did it and noticed a pattern of what kids were interested in and what they were not.

- Dr. Banks was charged with visiting at least three different types of toy stores and walking through the aisles to see what was hot and what was not. Toy stores are a great barometer of what kids care about and make market research quick and easy. Stores like Toys-R-Us will not carry products long if they don't sell.

- Dr. Banks was also tasked to ask at least 25 children in the practice of different ages what things were most important to them. Answers came back such as cell phones, portable music devices and even designer jeans. This opened her eyes quickly to what kids were interested in. This allowed her to develop a strong awareness of her patients values and interests.

Once Dr. Banks completed these exercises, we were able to put in place a patient referral marketing program that focused specifically on what her patients found interesting. These were combined in raffles, give-a-ways, quarterly information updates and a host of other factors that created fun, excitement and interest in the practice. Social media outlets, such as Facebook and Twitter, are used to announce winners and gain entries for other contests to win items and have fun in the practice.

Dr. Banks began to hold an annual event that attracted large numbers of her patients who were each able to bring a minimum of two friends. The number of new patient starts following this annual event added more than $150,000 a year to her practice by bringing in children from the community whom she would have never met under other circumstances.

The two types of marketing every ortho practice needs are referring doctor referral marketing and patient referral marketing that includes community outreach. Keep in mind that referring doctors have the strongest capability of increasing referrals, followed by patients and then community outreach. When practices have a scientific referral marketing program in place, they will receive referrals from all three.

Chapter 6

The Four Types Of Referring Doctors

Levin Group Inc.

All good businesses understand where their customers come from. In the case of orthodontic practices, there are two main sources for new patients: referrals from other patients and referrals from general dentists. Some orthodontic practices also invest in community marketing, which builds good will and ultimately referrals.

In ranking the effectiveness of three types of marketing, all data at Levin Group indicates that they are in the following order:

1. Referring doctors
2. Referring patients
3. Community marketing

The most secure, predictable and effective way to build orthodontic practices is by referrals from referring doctors. Where many orthodontists fail in this approach is by using inconsistent marketing that often becomes increasingly diluted the longer the orthodontist is in practice. Whether this is due to lack of time or lack of motivation, the result is an ineffective referral

marketing program. To be successful, a referring marketing program must be maintained year after year with a high level of intensity. Strategies must be selected, implemented by the PRC and modified as needed. Over the last 25 years, I have met with hundreds of orthodontists who state, "I used to do more marketing, but I just got too busy. Or, I just didn't want to do it anymore."

In today's orthodontic world, a lack of marketing is not an option. Marketing is really about communicating consistently. This helps build relationships with referring doctors and their practices. While orthodontic practices can be built strictly on patient referrals, those offices will hit a plateau earlier in a career and rarely exceed it. I have reached the point that when orthodontists tell me their gross revenue for the last few years, I can almost predict what level of marketing is taking place. Sadly, many of the orthodontists who I have spoken to have flat or slightly declining practices — and no marketing program at all.

The Four Types

Referral doctor marketing is a highly strategic science that needs to be well thought out prior to launch. The process starts with identifying the four types of referring doctors are:

A's

"A" doctors are the most desirable referring doctors any orthodontist can have. These are the doctors who make up the top third of referrals as measured by the number of referrals and the amount of production. Referrals alone cannot be the sole measure because there are practices that will refer a large number of patients, but these individuals have low rates of case acceptance. For example, we recently consulted to an orthodontic practice whose top referral source was a pediatric dentist. The problem was that the pediatric dentist continued to send Medicaid patients and the orthodontic practice was not a Medicaid provider. As soon as parents heard the additional out-of-pocket fees, they immediately declined treatment. It would be misleading to look at this office as a top referral source when in fact production was very low. To make matters worse, the pediatric dentist referred all of the fee-for-service patients to another orthodontist with whom he had a stronger long-term relationship.

"A" doctors are not only desirable, they are critical. An orthodontic practice requires approximately 12–15 "A" doctors to achieve tremendous success. These doctors are the ones with whom relationships have been built and maintained.

Now for the bad news… Unfortunately, many orthodontists will have two or three "A" doctors who are personal friends. There is not a much stronger relationship that can be developed than personal friendships, and this almost guarantees a long-term referring doctor. The problem is that most orthodontists only have one, two, or maybe three, of these friends. After that, there are a number of other "A's" or potential "A" referral sources who do not get the same attention.

As a simple test, answer the following questions:

Select the first name of one of the level "A" referring doctors.

- What is this doctor's spouse's name?
- What are the doctor's children's names?

Now answer these questions:

Select the first name of one of the lower level "A" referring doctors

- What is this doctor's spouse's name?
- What are this doctor's children's names?
- What are this doctor's pets' names?

In most cases, the answers to the top "A's" are obvious to the orthodontist, and the answers to the lower level "A's" are nowhere near the same. What this shows from a relationship-building standpoint is that the orthodontist is not supporting his lower-level "A's" with the right kind of marketing.

Unfortunately, this is not a structured referral marketing program. The orthodontist is depending on a few friendships to generate new-patient referrals, but the other doctors are not receiving any type of consistent outreach from practice. All too often this is what passes for referral marketing.

"A" doctors are critical to the long-term production and profit of the orthodontic practice. "A" doctors are like an annuity program. If maintained, they will continue to send strong referrals year after year. "A" doctors are the largest production group in regard to doctor referrals. As my saying goes, "Never lose an A." The truth is that some "A" doctors will be lost over time, but everything possible to retain "A's" should be done.

I am often asked in seminars how to find or build "A" doctors. It is difficult to determine what causes one referring office to become a referral source and another that does not. When referral marketing is properly applied, numerous practices will begin to refer and become "A" level practices. When the same referral marketing programs are applied continuously, "A's" will be maintained and retained.

B's

"B" doctors do not refer nearly as much as the "A's" but have significant potential to become top referrers. In one economic downturn, Levin Group added new referral marketing strategies targeted at "B" doctors and was able to raise many of these "B" doctors to "A's".

This demonstrates that "A" doctors can be attracted either through launching a proven referral marketing program. Remember some doctors will need additional marketing strategies to move them up to the "A" level.

Converting "B" doctors into "A's" depends on developing stronger relationships with these doctors. Most "B's" currently refer to at least two orthodontists, but many would prefer the ease of dealing with just one ortho practice. Are you ready to take advantage of this opportunity?

Ask yourself these questions:

- How can I improve my relationship with my "B" doctors?
- When was the last time I met with each "B" doctor?
- How often do I communicate with each "B" doctor? Is it monthly, quarterly or less?
- When was the last time the office marketed to my "B" doctors' practices? Have more than three months gone by?

More frequent communication with "B" doctors can strengthen those relationships, and turn a "B" doctor into an "A" doctor. A quality referral marketing program is an excellent way to improve your relationships with all of your referrers.

C's

The "C" doctors are an entirely different scenario. A true "C" doctor does not support the orthodontic practice and rarely refers. Many "C" doctors only refer patients who are problematic such as those with specific insurance plans or who lack sufficient funds. Orthodontists are well aware of the "C" referring offices because patients will still come to a specific practice, even if they were referred elsewhere when they hear about it from family and friends. While this may seem like a positive indicator that patient referrals is all that is needed, once again I remind the reader that it will result in an early plateau. On the other hand, it is frustrating to receive a patient who is referred elsewhere rather than to a specific practice.

For mature orthodontic practices, Levin Group finds that "C" offices rarely become "A's" or "B's". There usually is some reason why they do not send referrals to that specific practice which can range from having another strong relationship to feeling that there is some

issue with that practice. Even when confronted, most general dentists will not discuss the specific reasons why they do not refer to a specific orthodontic practice. "C's" typically remain "C's".

Here is the caveat. While many offices believe they have an entire group of "C" offices, they may not have ever done enough with those offices to motivate them to refer. When Levin Group begins to work with new clients implementing a scientific referral marketing program, we typically do not count the "C" offices as "C's". They are often targeted and treated as "B's" because we do not know which ones have the potential to become "A's" and "B's" but never received enough communication, education or relationship-building to begin referring to that specific practice. We have seen practices have tremendous success in moving "C" offices to "A's" and "B's" in the early stages of applying a referral marketing program.

D's

The "D" office is another situation all together. "D's" do not refer to the orthodontic practice. Young orthodontists entering practice will have to view almost all referring doctors as "D's". This means that they simply do not know the referring doctors and are just beginning to work on building a positive relationship. In some

cases, it may be that they have had a problem with the orthodontic practice and for others it might that their brother-in-law is an orthodontist. However, the majority of the time it is simply that the "D" office has had little contact with the orthodontist.

There are so many situations where "D" offices do not think about the orthodontic practice simply because there has been no referral marketing program. Remember, referral marketing is a relationship-building process and for a strong relationship to exist, there has to be multiple contacts.

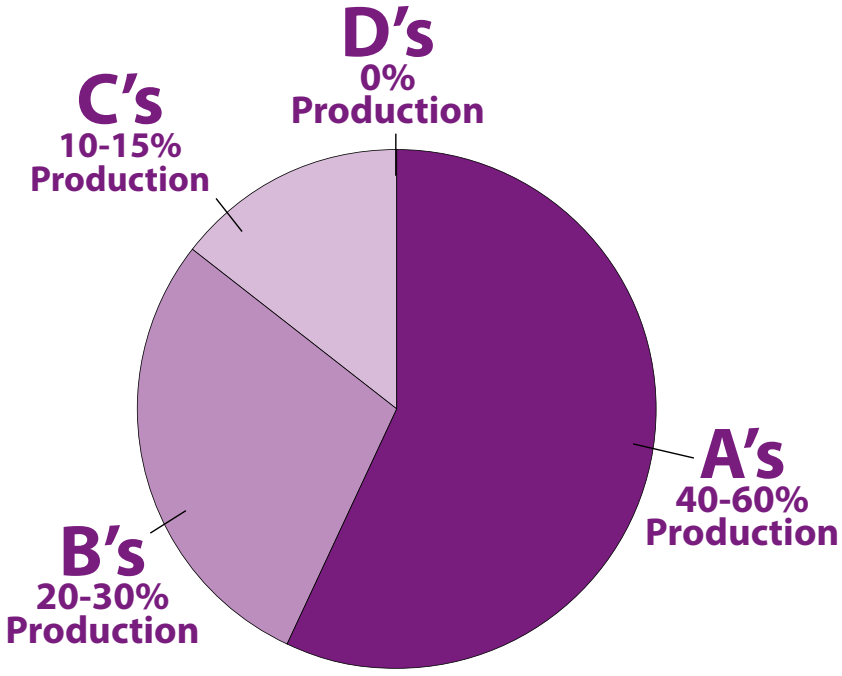
I am not suggesting that every "D" office can be built into a strong relations, but I often ask the question to audiences when I am presenting orthodontic seminars, "If you targeted 10 "D" offices and were able to turn two to three of them into "A" offices, would it be worth it?" The answer is a resounding "yes." The value of an "A" office can be considerable, and it is certainly worth pursuing "D" offices on a continuing basis to attract them and increase referrals. Unfortunately, unlike the new orthodontist, the longer a doctor is in practice, the less likely he or she will pursue "D" offices.

Some of this is what I refer to as the ego factor where the doctor believes that "D" offices will not refer and does not want to bruise

his or her ego by failing to convert them into a referring office. In addition, there is also the lack of referral marketing that begins to take place in approximately the fourth and fifth year of most orthodontic practices. This is a major mistake. I have almost never seen an orthodontic practice that could not increase doctor referrals within five to six months of implementing a referral marketing program.

A difficult scenario occurs when an established orthodontist loses key referring offices due to numerous reasons from disability to retirement and now wants to target "D" practices as potential referral sources. While this can be done successfully, it does require a specific approach to referral marketing. Levin Group recommends that approximately 15% of a referring marketing program be geared toward the acquisition of "D" practices. Where young orthodontists have no problem trying to meet and build relationships with almost any referring doctor, the longer an orthodontist is in practice the less likely he or she is to pursue this path. This is a problem because "D" offices, when converted to "A's" and "B's", can often create significant annual production in the $100,000 range for an orthodontic practice.

Figure 5: Percentage of production resulting from the four categories of referring doctors



Chapter 7

Referral Marketing Categories

Levin Group Inc.

The way to begin building a referral marketing program is to understand that strategies must be based in multiple categories to be effective, including:

- Professional
- Personal
- Social
- Educational
- Friendship
- Other

Most orthodontists seeking referrals tend to focus mainly on the professional category (See *Referral Marketing Case Study #2* in Chapter 5). This is where a majority of the relationships with patients and referring doctors begin and stay. However, one of the strongest pieces of advice I can offer is to try to make your professional relationships personal as well. While you cannot be best friends with every referring doctor or family that comes to the practice, your relationships can transcend the merely professional.

Simply knowing more about people, being in contact with them more often, having an annual social event for patients, an annual event for doctors, etc., these are examples of how to move a professional relationship into the personal category. There is no question that the more personal the relationship, the more referrals that will be attracted. The reason is that individuals start to think of you on a friendlier or more personal basis.

If you could take a certain set of referral sources and implement strategies that also include personal relationship development, such as educational presentations, sporting events, playing golf, wine tasting, etc., you can take your professional relationship to another level (or category). The more categories that can be achieved with referral sources, the more powerful the marketing program will be.

Dr. Smith may only have a professional relationship with the orthodontist, but Dr. Jones may have both a professional and personal relationship. Dr. Robinson may have a professional relationship, personal relationship and be involved in a hobby with the orthodontist. Or Dr. Miller might have a professional relationship, personal relationship and serve on a church committee with the orthodontist moving them even further into a personal

relationship. All of these examples can serve as a guide the PRC will need to evaluate the number of relationships that exists for each referral source.

Levin Group usually finds that more than 80% (and sometimes more than 90%) of the relationships are strictly professional. I believe that if more than 50% of the relationships are strictly professional that the orthodontic practice will be hitting a premature plateau and have difficulty expanding beyond that. I have spoken to hundreds of orthodontists over the years who did not understand why their practice wasn't being supported at a higher level. The answer was that they had not implemented 15 patient strategies and 15 strategies focused on referring doctors and community. Nor had they analyzed their strategies based on type or category. You can almost be certain that a high number of professional-only relationships will lead the practice into an early plateau.

If you are not building strong relationships with your referring doctors, one of your competitors will. I receive calls on a regular basis from orthodontists with new competitors who are negatively impacting their practices. These doctors are often surprised that

anyone could move into their area and cause such a notable decline in their practice.

What they failed to realize was that they had been living on the supply and demand scenario. When the supply of orthodontists in their area increased, the demand for their services went down.

Over the years, I have spoken to numerous general dentists who have switched to new orthodontists, not because these doctors were unhappy with their current referring partner, but rather that the new orthodontist simply paid more attention to them, leading to a stronger relationship. Whether the new orthodontists were hustling to meet everybody and increase referrals, developing study clubs, setting up different types of activities such as tennis games, dinners, etc., or simply providing a lot more contact and value through the PRC, the effect was powerful.

The established orthodontist was left scratching his or her head trying to figure out how this could happen without realizing that they had left themselves open all along. Sadly, this all could have been avoided had the established practice recognized that professional relations alone were not indicative of loyalty

or commitment. It merely indicated that they were the practice of choice until someone did a better job of building relationships.

That is why it is important to understand that the best clinical orthodontists will not necessarily build the most successful orthodontic practice. While excellence in clinical orthodontics is an essential part of the orthodontic specialty, it is important to know the truth:

> The best relationship wins!

That is why the categories are so important. The more categories the relationship is built upon, the more referrals that will occur. I remember having a dinner with one orthodontist and several of his referring doctors. One doctor who had always given out three referral cards to patients out of fear of recommending only one orthodontist turned to Bill at dinner and said, "You know I don't even remember why I started referring exclusively to you."

This was a telling statement and Bill told me later exactly how it happened. After about nine months of applying referral marketing strategies in four different categories, the dentist started referring exclusively to Bill. This is how strong referral relationships are built!

Final Thoughts on Referral Marketing

By tracking data on referral marketing programs since 1985, there is no question as to the science behind referral marketing. Given that 98% of practices I have observed applying the scientific marketing principles discussed in this book, have had positive growth, there can no longer be any debate that referral marketing works. The main problem is simply the resistance of doctors to engage in a consistent referral marketing program.

We have already seen that by employing a PRC the workload for the doctor is extremely reduced. This only leaves a question of motivation on the part of the doctor as to whether to engage in a referral marketing program. The answer should be that every orthodontic practice that wants to have positive growth will need to engage in referral marketing every year during the orthodontist's career.

Look at any top business in the world. For example, Apple is one of the hottest companies on the planet. Can you actually imagine that after launching a great new product it would turn around and

decide not to do any marketing for a few years because things were going well?

Apple and other successful companies market products every day, month and year for as long as they are in business. If for any reason they let up on their marketing, the company would begin to decline regardless of how good the products are. Yet orthodontists will frequently reach a level of success where they are satisfied and begin to cease all marketing activity. They are then surprised when the practice hits a plateau or begins to decline.

Simple and obvious factors such as new competition, fewer patient referrals, economic downturns or changes in the community are always possible scenarios. Practices that have a strong referral marketing program in place will perform extremely well. Even in a bad recession, a number of orthodontic practices will continue to grow and these are often the ones that have referral marketing programs already in place.

Roger P. Levin, DDS
Chairman & CEO
Levin Group, Inc.

Conclusion

Levin Group Inc.

Orthodontics is a great career with a bright future. The most successful orthodontic practices implement high-performance management and marketing systems to drive growth and increase production in a low-stress environment. I wrote this book to help all orthodontists, young and established, to get the most out of their practices.

Your practice has tremendous potential. Many doctors wait to update their systems and engage in referral marketing. The longer you wait to effectively manage your practice, the longer it takes to reach financial independence.

The book is your starting point to a better practice. Now you can use the information in these pages to build your own $2 million ortho practice!

Wishing you total practice success,

Roger P. Levin, DDS

Chairman & CEO, Levin Group, Inc.

Supplement For Young Orthodontists

Appendix A

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What Kind Of Practice Do I Want?

Every orthodontist has to choose what kind of career he or she wants to have. There are many different options when it comes to entering an orthodontic practice. They range from practicing in the military to opening a private practice in a highly competitive area and everything in between. Consider the following:

> Private practice is the most common form of orthodontic practice. The vast majority of orthodontists are in solo practice. Being an owner requires not only providing orthodontic care, but also managing all aspects of a business. Fortunately, a great deal of the clinical and business responsibilities can be handled by a well-trained team.

However, in the early years of opening a private practice, the number of staff will be limited until the office begins to grow. This means that the orthodontist will initially have multiple responsibilities and probably have to work extra hours. One of the benefits of orthodontic practice versus other medical or dental disciplines is that it has a very high rate of delegation.

Orthodontic staff can be trained to legally perform a number of the orthodontic functions all in compliance with state laws and regulations. The delegation factor is one of the key elements as to why orthodontic practices can typically see a much higher volume of patients while providing a high quality of care and achieving a high production and profitability. It is often simply the capability of the orthodontist regarding training and delegating to staff that makes the difference in the level of success achieved by that private practice.

The choice of entering private practice usually comes down to either opening a practice or purchasing one if the orthodontist wants to be an owner. While there is always the option of acting as an associate, becoming a partner or eventually buying out a practice, many orthodontists want to own practices early in their careers.

The benefits of opening a practice are complete independence, achieving your own vision and making decisions without asking others. The downside of opening a practice is acquiring additional debt and the necessity of achieving profitability as quickly as possible. Some orthodontists will open practices and struggle for several years while others will be overnight sensations.

A great deal of the decision-making should be focused on the practice's location, community demographics, competition from other orthodontists and GPs, and projections for the area's growth, stability or decline. While there are numerous factors to consider, such as whether the community is dependent on one major business, the number one factor in orthodontic success is the practice's location and the age demographics of the current and future community.

For orthodontists looking to go into private practice, the other choice is purchasing an orthodontic practice. While this can be a positive opportunity, there are potential downsides including inheriting a patient base whose expectations of orthodontic treatment are different than that of the new owner.

Rarely is the purchasing orthodontist practicing the exact same way as the seller, which means that current cases will either have to be completed using a different clinical methodology or patients will need to be converted to the clinical methodology of the purchaser. When the purchasing orthodontist decides to treat or retreat patients in a new clinical methodology, it can be a financially losing proposition for the practice and for those patients.

On the upside, the practice does have some level of current patients, cash flow, referral opportunity, and community goodwill, which means the office has a reputation that will continue to attract patients. Once again, this can be true or false for any individual practice. I have seen purchasers of practices who had the opportunity to significantly alter the practice and achieve rapid growth. I have seen others who have paid either an inflated value for a practice resulting in a long-term challenge in terms of achieving positive cash flow and reasonable income. The key factors are engaging in expert transitions analyst or an attorney who advises the purchasing orthodontist. Many deals are handled by one individual representing the buyer and seller which does not always provide all of the information most pertinent to either party. I would advise purchasing orthodontists to work through the process with the sellers representative, but have it reanalyzed before signing contracts by the purchasers own representative and an orthodontic knowledgeable attorney. Not following this advice may be one of the most serious mistakes an orthodontist can make and derail a career by many years in terms of reaching success.

A third option is to simply sign on as an orthodontic associate. It is important to determine first whether you are willing to be a long-term associate or are only investing in the associateship to become a partner. Once the potential orthodontic associate is clear on his or her own vision for the future, it is then necessary to query potential employers as to their intentions. Some questions to ask:

- Are they looking for a long-term associate?
- Will they ever consider having the associate becoming a partner?
- Or are they clear that this is a long-term associateship only?

While owners may often not be clear on their own intentions, it is important to discern whether they willing to offer partnership after one year, two years, etc., or never.

Many orthodontists have asked me whether they should take an associateship position in a certain practice based on having met the orthodontist one or more times. My answer is always the same—that it is an unknown "guesstimate" and that there is always a risk unless

a firm contract is in place. While most orthodontists will only offer an associateship contract initially, as they are seeking to get to know the associate and determine if it is a good fit for the practice. It is important to recognize that while there are no guarantees when becoming an associate or a partner, it is best to enter into a legal agreement reviewed by a dental-knowledgeable attorney.

Before deciding to join a practice as an associate or partner, the key is to know oneself and spend time with the orthodontist/owner. Some orthodontists have very clear intentions and know exactly what they want in an associate while others are testing the waters simply because they feel busy and believe that an associate will solve this problem. Clarity is a critical issue in this type of decision making.

There are other options. An orthodontist could enter the military and practice orthodontics for some period of time, join a pediatric dental practice or a multi-specialty practice. Once again, each of these choices has benefits and pitfalls. It is very important to understand the business structure of any opportunity, the short- and long-term compensation, the contractual arrangements and the exit strategy in the event that the relationship does not work out, or the orthodontist ultimately wants to go in another direction.

While this is good advice in any business situation, it is especially pertinent to orthodontists because some will make mistakes early in their career that can take years to recover from. The earning power of an orthodontist is excellent, but a loss of 5 or 10 years without landing in a strong income-producing situation can be disappointing and devastating.

As a final note, I strongly recommend that new orthodontists spend a great deal of time interviewing others to gain clarity on the best situation. Do not only interview those with whom you are seeking to enter a contractual arrangement with, but interview many orthodontists who are in different types of practice to gain their knowledge through their experience. Ask them about the positives and negatives of their practice situation, their lives, what mistakes they could have avoided and what decisions they wish they had made. It is important to ask questions of an orthodontic residency faculty, private practicing orthodontists, associates of orthodontists, etc. It is also essential to hire the right experts as advisors. Do not simply contact an attorney to get the deal done but engage an orthodontic knowledgeable attorney who can also answer questions about choices, opportunities and best outcomes.

In summary, the right choice for an orthodontic career can provide a financially rewarding and highly satisfying professional and personal life. Getting expert advice throughout your career can help you reach your practice potential years earlier.

Young Orthodontist Case Study

Barbara was a new orthodontist who had been in practice for about 15 months when she contacted Levin Group about her problem. She had built a beautiful practice with loans from her parents and had no debt to anyone else. The practice was located in the suburb of a cosmopolitan area and had excellent demographics for an orthodontic practice. While competition was not more than one would expect in an affluent suburban area, the practice was losing money on a monthly basis. If Barbara had been paying back her loans to her parents as she anticipated, she would have found herself in serious financial difficulty.
In 14 months, she had not had any notable income from the practice. For the first six months, she felt not having any income was normal and that things would pick up.

What Barbara did not realize is that her new patient flow was on track for a young practice. She had been very aggressive in

marketing to the community, and prospective patients and their parents were beginning to select her office as a possible choice for orthodontic treatment. General dentists in the area had begun to support her practice, and she was receiving a reasonable flow of referrals from these practices, although some had slowed down over the past three to four months.

Barbara was completely confused as to why her practice was not performing better. She blamed it on not having enough new patients and felt that if she simply entered Levin Group's referral marketing program her practice would become successful in a relatively short period of time. She had heard about the program from a friend who had excellent success in another part of the country.

After analyzing Barbara's situation, it immediately became apparent that the issue had little to do with the number of new patients being attracted to her practice. While I do believe that every practice should always have a strong referral marketing program, this would not have been enough for Barbara. The reason is that her main problem was not enough prospective patients were accepting treatment once it had been presented.

Barbara was the classic young orthodontist. She had gone out and met referring doctors, marketed to the community in a way that did attract new patients, but she was losing them during the treatment presentation. Her expectation was that as a doctor, patients and parents would automatically select her. What Barbara didn't realize was that she had no experience or training in *The New Patient Experience* and her start rate for new patients was below 50%.

In speaking to Barbara, we explained that while her referral marketing could be improved, it was critical that she begin to design and implement step-by-step management systems. In Barbara's case, the first system needed was *The New Patient Experience*. The consultant explained that this one-hour appointment is broken down minute-by-minute, step-by-step and script-by-script. Barbara, like many new orthodontists, simply relied on her position as a doctor and her untrained overall communication skills to present cases. The problem was that her presentation left a number of mothers feeling uncomfortable to the point where they lacked confidence in the doctor's ability and decided to visit other offices.

Connecting with Parents and Patients

It was not that they did not like Barbara, as she was a likeable individual, but her doctor persona was a bit abrupt. When Barbara was asked about a new patient she had met and presented treatment options to the day before, she could not articulate any personal factors about the parent or child. She did not know if the child played sports, what hobbies the child had, what the child was interested in, if there were any siblings, if the mother worked, or even what part of the community in which the family lived, even though the address was written in the initial patient information forms. Further analysis found that most of Barbara's new patient appointments were approximately 20 minutes long and focused more on getting the necessary radiographs and inter-oral evaluation than developing a relationship with the parent and child.

The good news… this was an easy fix. Barbara simply had no training in meeting new patients and presenting treatment in an influential and effective manner. Most young orthodontists, when first opening practices, handle this system themselves.

Unfortunately, most do not realize that *The New Patient Experience* is much more about creating a personal relationship with prospective patients and parents. While there is the occasional young orthodontist who is a natural, most learn this through trial and error. Eventually, as practices get larger, they will incorporate treatment coordinators who will handle this process.

The New Patient Experience

Barbara underwent training on *The New Patient Experience* as any young orthodontist or treatment coordinator would experience in a management program. This training allowed Barbara to master the 60-minute appointment which includes:

- Convincing prospective patients and parents that this is the office of choice.
- Giving parents and patients a powerful presentation so that if they visit a second or third office, they still end up choosing the original practice.
- Being the first practice visited by the new patient.

- Spending 90% of *The New Patient Experience* on relationship building, general education and letting the parent know if orthodontic care is appropriate for the child at this time (same for adult).

Most new orthodontists are so excited about their education that they want to share it with anyone who will listen. Often this means the new parent and patient. The truth is that most parents understand orthodontics in the sense that a child gets braces, wears the braces, gets off the braces and has a better smile. One major realization that many orthodontists will have at some point in their career is that parents are buying a better smile for their children. While young orthodontists want to talk about rotation, angulation, growth to maturity forecasting, etc. parents and most adults are not particularly interested. All they want to know is whether this is the right time for orthodontics, if the child will end up with a beautiful smile, how long it will take and how much it will cost. These are questions that can be answered in a few minutes during *The New Patient Experience*.

The Golden 10™

When a doctor or treatment coordinator first meets a new patient they should spend time on relationship building. The Golden Ten™ is a concept created by Levin Group whereby the new orthodontist or treatment coordinator tries to learn 10 personal things about that patient or parent before moving to the next step. When you know 10 personal things about an individual, you are beginning to move from a strictly professional relationship to a more personal one. While it is not possible to make every patient or parent a best friend, it is possible to move them in the direction of feeling comfortable and confident in the practice. Most parents and patients do not select orthodontic practices because they have evaluated the clinical quality or skill of the orthodontist. They choose practices because they feel comfortable and confident that they will:

- Be treated well
- Receive appropriate attention
- Have a positive experience
- End up with a beautiful smile

Parents and patients tend to judge the practice more by their relationship with the doctor or treatment coordinator then any other single factor prior to starting orthodontic treatment.

The first step is to achieve what I refer to as interpersonal likeability. Parents and patients simply have to like the doctor. The personality that made a doctor successful in school or residency is not necessarily the same personality that will motivate prospective patients and parents to accept treatment. Most orthodontic residents are successful because of their interest, intelligence and dedication to learning. *The New Patient Experience* is not about demonstrating how much you know, but how much you care. Part of demonstrating caring is being likeable. If parents like the young orthodontist, they are likely to accept treatment. If they don't, they will shop elsewhere for ortho treatment.

Orthodontics, to some degree, has become a commodity. While each orthodontist believes that he or she is the best, the public does not think this way at all. They often view all orthodontists are about the same in terms of clinical quality.

In fact, as I often say in the Total Ortho Success™ seminars I present throughout the country, "Clinical excellence by itself is one of the least important factors in the success of an orthodontic practice. To be successful today, you also need excellent business and leadership skills, including the ability to effectively present orthodontic treatment."

Barbara clearly did not understand this. She thought her excellent education would be enough to have a successful practice. While she was attracting a reasonable number of new patients, she simply could not motivate them to accept treatment. *The New Patient Experience* is critical in the success of any orthodontic practice.

Once The Golden Ten™ have been established, then the orthodontist or treatment coordinator need to carefully follow systematic steps using the right language. Parents will want to know whether their children are candidates for orthodontics. That is the first question that must be answered. Levin Group trains clients to focus on answering this question very early so that it can be reinforced numerous times during the one-hour new patient consultation.

The Fun Factor

Once the doctor and eventually a treatment coordinator have answered this question, it has to be supported. Most parents and patients are not buying orthodontic occlusal care. They don't care about mesial buccal interferences. They don't care about TMJ, alignment, forces, etc. Only orthodontists care about these subjects.

What do they care about? They care about whether their son or daughter will end up with a beautiful smile. Like many things in life, it is just that simple. When people are going to spend the kind of money that orthodontics requires, especially on their children, they want to know they will receive an excellent result. Many new orthodontists, like Barbara, spend far too much time on technical information. Levin Group had one new client who went so far as to explain all the possible side effects including what to do if brackets are swallowed. As always, there is a time and place for everything and the new-patient first visit is the time and place to let them know how the practice can help the patient achieve a beautiful smile.

What else do parents and patients typically care about? The answer is whether the child will have a positive experience in the orthodontic practice. More and more orthodontic practices are being built around patients having fun, which is of significant interest to a parent. While the adult patient is more concerned about basic key factors such as length of case and cost, the parent of a child patient is also concerned about the experience the child will have in the practice. Many doctors fail to point out the fun factors in the practice as they are too busy explaining how the wire bends or teeth are moved. A classic mistake made by many new orthodontists.

What constitutes fun? The energy of the office, the positive personalities of the doctor and staff, contests, raffles, give-a-ways, etc. Fun comes in many shapes and sizes, but has very little to do with technical stuff. Kids often care about what color rubber bands get used than anything else. It is cool to show up in school with gold or lime green.

It would be a serious mistake to underestimate the importance of fun. I know that certain people reading this particular book are finding it hard to believe that proving clinical excellence is not the key to success and the rest of this stuff is all fluff. Unfortunately, these readers have the information exactly backwards. All of the fun stuff is critical and the technical aspects of treatment are often the fluff. Why? Because so many people have orthodontics that it is now viewed a commodity. It is something that they simply have to get through. They assume it will be done well. The differentiating factor for patients and parents is often the fun.

Office Design To Maximize Production & Profit

By Joseph Ross

Appendix B

Levin Group Inc.

Production and the profits of an orthodontic office can only increase if the office is properly designed to do so. If you are currently in an office and you feel that you and your staff are constantly running around and not getting anything accomplished, it may be time to evaluate your current office design. Some things to consider when redesigning your office:

- Orthodontic Office Design Specialists
- The Overall Floor Plan
- Entry and Exit Areas
- Clinic Layout
- Delivery Systems
- Lighting
- Sterilization

Orthodontic Office Design Specialists

Like orthodontics, orthodontic office design is a specialty. Working with a designer who specializes in orthodontics can drastically improve the flow and profitability of an orthodontic office and also avoid possible disasters. A dental office designer may not understand that in an orthodontic office, the doctor and team see a large volume of patients and use many instruments during the treatment day.

Overall Floor Plan

The most common question asked is how many chairs will fit in a certain space. There is no clear-cut answer, but if you keep this simple rule of thumb in mind, it will help determine the space you will need to maximize your production capability. Each patient chair in the main clinic should be in a space with on average 500 square feet. In other words, if you want four clinic chairs, assume you will need approximately 2,000 square feet. You can squeeze four chairs into as little as 1,200 square feet, but this type of smaller work environment is not conducive for a highly productive ortho office.

If you choose to go larger, it will allow you to add some of the more requested additions: conference room, video room, or an additional office for an associate.

There are three key areas that need to be addressed in an orthodontic office design to give you the chance to maximize your patient flow, one is clinic design, two is sterilization area, and three is the chairside delivery system.

Maximizing production is accomplished by analyzing patient flow patterns (both new and existing), staff and instruments. Any of these flow patterns not taken in to consideration can cause a loss of productivity and decreasing production. Patient flow, staff flow and instrument flow are the keys to efficiency. If there are bottlenecks even by 30 seconds this can add up throughout the day. Let's say you see 60 patients a day multiplied by 30 seconds, you end up losing up to 30 minutes of your day that could have been used in a more productive way. These types of bottlenecks can also do the same to the staff time. Obviously, now an inefficient design can be very costly.

A new patient will need to visit the consultation room, x-ray and records areas. An existing patient will go to a toothbrush area, the clinic and possibly an on-deck or video game area. For the new patients, keeping the X-ray and records rooms either close or easily accessible will keep their flow separate from existing patients and out of your working areas. Placing the records room near the lab also keeps staff from having to walk through the office with a used impression tray.

Existing patients will need to check in, either at the front desk or an electronic check-in station then proceed to a tooth-brushing area. The use of an on-deck or video game area with an open access to the clinic can sometimes help maintain patient flow especially during peak times.

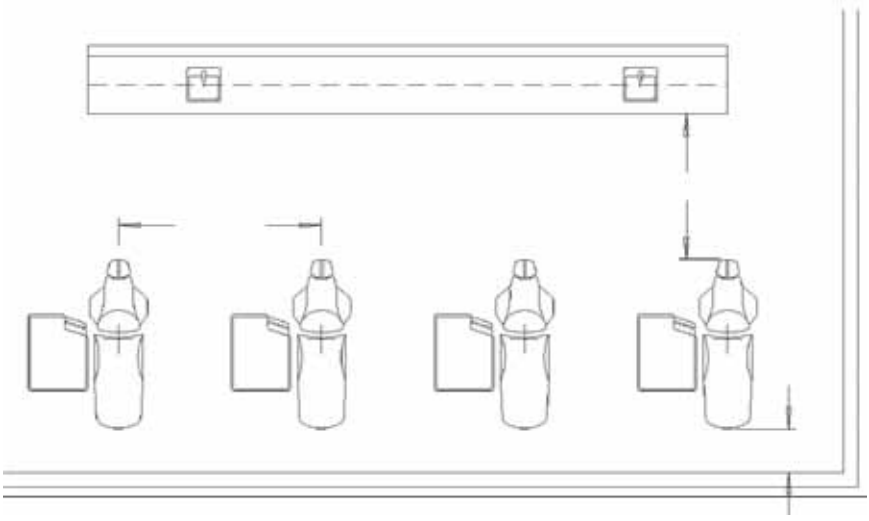
Entry And Exit Areas

Entry and exit areas to the clinic need to be wide enough to keep new patients, existing patients, and any type of staff interaction moving. The check-in or check-out area should not be located in a hallway or entry way, as it can block the flow of patients and staff trying to pass.

Clinic Layout

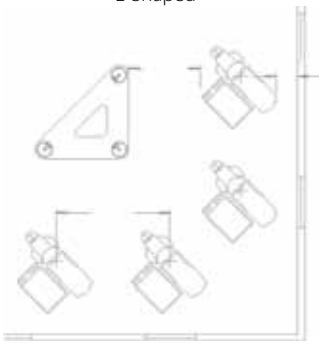
The clinic design as well as the overall office design is largely determined by the shape and square footage of the office. There are five standard types of clinic designs; straight, circular, fan, head to head, and "L" shaped. The straight line is the most commonly used. A straight line allows the chairs to be placed on 7' centers. Angling the chair's causes the chairs to be moved slightly further apart as much as 8' on center. If you have more the 4 – 5 chairs in the clinic area you are doing a lot of walking and losing a significant amount of time walking between patients. Try to keep the heads of the chairs as close as possible.

Straight

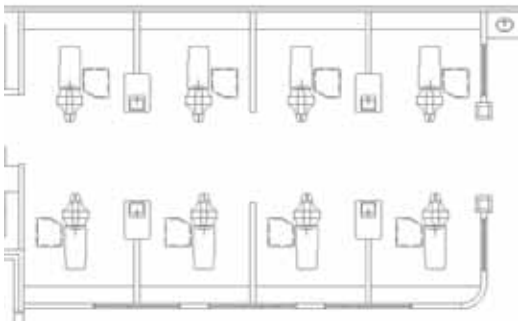


Arranging the chairs in an "L" shape or Head to Head allows the maximum distance between chairs to be shortened increasing efficiency and improving time management.

"L" Shaped

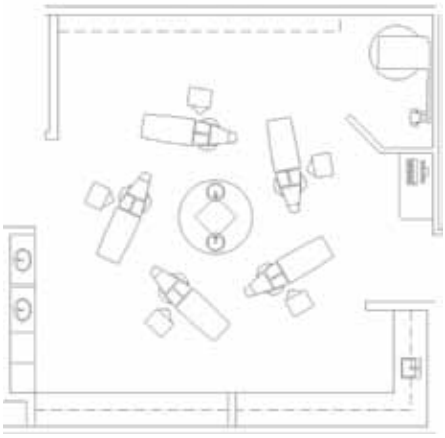


Head to Head

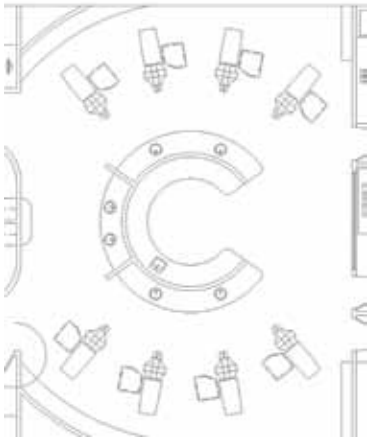


The Fan or Circular style clinic keeps the heads of the chairs close but uses slightly more space for the patient and staff walkways. The circular style clinic is probably the least used as it places one patients legs and feet in the next patient's face.

Circular



Fan



Delivery Systems

A delivery system has several areas that need to be addressed to maximize production, including the ergonomics and anthropometrics of a delivery system, the size of the delivery system including the chair, and the amount of storage. Ergonomics is the science of arranging things so that people can interact safely and efficiently. Anthropometrics is the collection of measurements used to determine the ergonomics to be used.

There are five classes of movement in ergonomic studies:

Class I – Fingers only

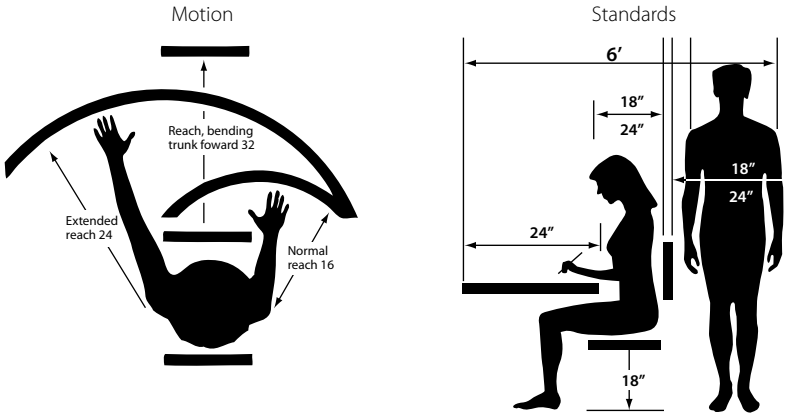
Class II – Fingers and wrists

Class III – Fingers, wrists, and elbows

Class IV – The entire arm from the shoulder down

Class V – The entire arm and twisting of the body

Time and motion efficiency can only be achieved by eliminating the Class IV and V movements and minimizing Class III movements.



There are three standard types of delivery systems over-the patient, rear, and side delivery. Over-the-patient delivery was quite common in the past, but was intended more for four-handed dentistry. It requires a single operator to extend their reach using Class IV or V movements. If those movements are avoided, the orthodontist or team member will have to move completely around the chair to gain access to instrumentation.

Rear delivery unless positioned slightly to one side of the head of the chair or the other is also best used as four-handed dentistry, as it requires a lot of twisting, including Class III, IV, and V movements. In addition to the added twisting, if the cabinet is positioned at the head of the chair, this type of system doesn't allow the operator the

needed space to get to the 12 o'clock position. Rear delivery would also increase the amount of square footage needed for the overall office plan.

Side delivery is the most common type of system because it is the most efficient and ergonomically correct, with everything at your fingertips, using mostly Class I and II movements with minimal Class III movements. The overall size of a delivery system must be taken into consideration, as it directly correlates to the amount of square footage needed to design the clinic area.

Storage

Maximizing chairside storage will keep the staff working without the need to get up and retrieve additional needed supplies. Keeping all the units stocked with the supplies used on every patient will keep the movement to a minimum.

Cabinets should be between 18 and 24 inches wide. Smaller units do not hold enough materials. Wider units present problems because it is difficult to gain access to any supplies located in the back of the unit.

In addition, larger units will cost more not just initially but also over time. If you have five units in a straight line with the additional six inches of space, each chair has to be an additional six inches farther apart. Six inches multiplied by the distance head-to-toe say approximately 10 feet multiplied by five chairs' equals 25 additional square feet just to use the larger units.

Twenty-five square feet doesn't sound like much but when you are paying monthly for a lease, this extra space adds up quickly. If you are having an office constructed, build-out averages about $100 a square foot, which equates to an extra $2,500 on top of the unit cost. For the most part, keeping the width of the delivery unit 24 inches or less will maximize ergonomic efficiency.

Patient Chairs

All patient chairs are thought to be the same size, though there is quite a variety. Some chairs are as wide as 30 inches increasing the distance needed to allow correct chair spacing. Small children would be lost in a large chair and cause you to have to move around to work on them correctly. Some are as little as 18 inches wide; this really doesn't work for adults. Chairs should be between 22–24 inches wide to maintain correct ergonomics and also allow for the largest variety of patients.

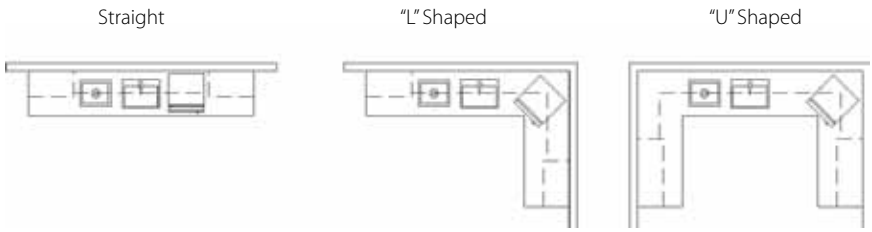
Lighting

One of the biggest contributors to Class III, IV, and V movements in the clinic is light or lack of light. Poor or inadequate lighting can cause fatigue resulting in poor performance from the staff, driving down productivity. Good quality ambient light used in combination with a chair-side task light will help to minimize fatigue. Ambient light can be provided by windows or high-quality fluorescent lights or both. Since outside ambient light is dependent on the weather, outside fluorescent lights are always a positive addition. The task light should be readily accessible, easily adjustable and have variable intensity.

Sterilization Area

The sterilization area has to be both a showplace and a key to maximize production. Properly equipped and designed, a sterilization area will allow the volume of instruments needed to pass through sterilization quickly. Without an efficient sterilization area, the clinic can come to a complete stop. The sterilization area should be easily accessible by all staff working in the clinic. Waiting on instruments to be sterilized, not having the volume of instruments to allow for multiple appointments, not having a large enough sterilization area or having minimal access can cause delays to patient treatment.

Pre-manufactured sterilization centers are for the most part designed for dental offices and cannot accommodate the needs of orthodontic practices. The sterilization area does not have to be a single straight wall, it can be L-shaped, U-shaped, or even have pass-through cabinetry on dual walls depending on your office design.



A minimum of 10 feet of countertop surface is recommended. With more counter top added, as the number of chairs increases. To function properly a sterilization area should have five stations.

Station one is for breaking down the instruments tray or racks, discarding the sharps and disposing of any waste materials. Most sterilization areas also include an area for tray storage in station one as well. The second station should be for an ultrasonic cleaner. The third station should be a sink for rinsing any material from the instruments prior to sterilization cycle. The fourth station is for the sterilizers. Finally, station five is an area to restock and set up the instrument trays to be used again. Station five should also have a storage area for sterile instruments.

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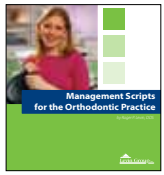

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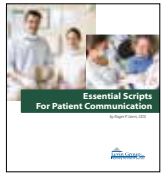

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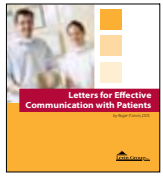

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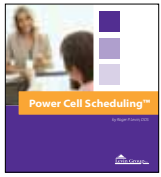

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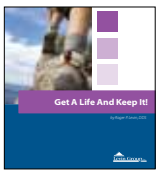

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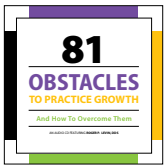

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