

How much am I worth?

Sim Goldblum urges you to ask the question.

I'm delighted to have been asked to provide a regular insight into contemporary dental practice issues and together with my colleagues Lester Ellman and Carl Parnell, we look forward to a helpful dialogue over the next few months.

Much is being written about the challenges facing practice owners as a result of the recession from which we may, or may not be emerging.



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● Add all the costs (such as utilities) of running your practice as a first step when calculating your hourly rate.

The blogs and forums are full of doom, gloom, hectoring, encouragement, despair and recommendations about largely short-term issues.

Please stand back a little, and whether you're a practice owner or an associate, spend a few minutes thinking about how much you are worth and how much it costs you to deliver your services to your deserving patients. Simply put, what is your hourly rate? The new financial year is not far away and now is the time to prepare for it.

You might ask 'why do I need to know?' The simple answer to that question is because this single calculation drives almost all elements of your business; your profit or fee target and your attendance time in the practice, coupled with your operating costs. If your private patient fees do not cover your hourly rate, you will lose money. If your hourly UDA performance is too low, you might meet your UDA targets but you will lose money.

Spend a few minutes thinking about how much it costs you to deliver your services to your deserving patients.

The calculation is simple:

- Establish how much you want to earn next year and add how much you would like to have left over to invest in the practice.
- Add all the costs of running your practice; wages, salaries, utilities, loans and insurances. Use the costs from last year's accounts if you don't have a monthly management system.
- Decide how many surgeries you will operate next year, the hours you will be open, and how many weeks each surgery will operate.
- Calculate the number of surgery hours the practice will be open next year (multiply the number of days you will be working by the number of surgery open hours in each working day).
- Add together the profits and the costs you identified in steps 1 and 2 and divide them by the number of hours in step 4 and, hey presto you have identified your surgery hourly rate.

Now you know your hourly rate, whether it be £100 or £300 an hour, you can establish your pricing. If your crown prep and fit take 45 minutes, you can calculate the cost of your time plus the laboratory fee. If a new patient assessment takes 30 minutes and your hourly rate is £200, are you going to charge £100 or will it be a loss leader? If your hourly rate is £200 and your UDA value is £25, can the surgery produce eight UDAs every hour?

How best to use the hourly rate as a tool for practice management may be the subject of a further note. ■

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