

So How's Business..?

You know the story. You were at your friend's birthday, Christmas or New Year Party and people you didn't know kept coming up and asking who you were and how business was. Hmm, you thought, I'm a dentist [or orthodontist](#), what's business got to do with me!

So you told them you were booked up for weeks and the team was stretched and there were [many new challenges](#) and so on. But still they asked – and how's business? And you couldn't tell them, because you didn't know!

When I ask our seminar attendees “how many of you are “business people”, rarely do more than 10% say they are. Yet the average [2 or 3-hander dental “business” has a turnover of around 300 thousand to 500 hundred thousand pounds](#), requires high standards of customer (note, not “patient”) care, great teamwork from a variety of multi-skilled individuals, purchasing and marketing skills. Above all, you need to know where the money has gone and to ensure there's enough left over at the end of each month as well as at the end of the financial year to pay the bills, keep the “taxman” happy and allow you as a private individual to enjoy the lifestyle you want.

Yet, far too many dental businesses have no regular financial reporting system and don't know how much profit they made until their accountant delivers their accounts, perhaps 6 months after the end of the financial year. By which time it's far too late to change anything that will influence even the current year – a potential waste of 2 years' effort!

What can you do to make sure that your business is not one of those?

Step One: Begin to think of your “practice” as a business – start by setting yourself goals for [yourself as a private person](#) – what do you want from your life and your relationships?

Step Two: Set yourself some goals for your Dentistry Business - that are consistent with your personal goals. It's no good having personal goals that include “a great work-life balance”, if your business goals can be met only by working 6 days a week “in “ the surgery and evenings and weekends doing the admin.... In other words, you have to tailor your dentistry business so that you can achieve your private goals!!

Step Three: Conduct a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of your business and **ask your staff to complete one as well**. Consider not just the external issues – the new-build, shiny new practice that's just opened up in the town and all the issues around nGDS and Private Dentistry; but also think about your current business – the way it works, the level of skill and teamwork, the customer care you offer.

Step Four: Don't commit suicide once you've seen the SWOT analysis!! Look at each of the points and start to think about them. Discuss them with your team and develop an action plan to deal with each one. Get everyone on board!

Step Five: Recruit a book-keeper? Huh, why would I do that? Because you can hire an extremely reliable, efficient and responsible expert for a great deal less per hour than you cost to do the same thing less effectively!

Step Six: Sit down with your new book-keeper and your accountant and agree some critical job responsibilities and performance criteria, so that you both know what you expect from each other. These should include:

- A review of last year's Profit and Loss Account and Balance Sheet to make sure that you all know where all the numbers come from, what they mean and how they affect your bottom-line
- Building a Chart of Accounts (all the sub-headings that accountants use to show where the money went) that really reflects how you operate your business – separate out those real costs of sales – the materials, lab fees, locum costs and hygienists' fees – as well as the chunks of salary costs for your staff. Check their percentages against the "average" for dentist businesses around the country or in your area – material costs are typically 6-8% of income and lab fees 5-8% (the higher percentages for the smaller businesses usually); staff costs might range from 26-35% of total income
- Do not analyse costs that are not significant – less than 2% of income – it's generally not worth your while
- Agree to produce current and accurate Profit and Loss statements no later than 7 days after the month-end – that way, you can look at the results and make any necessary changes before bad habits become ingrained.
- Ensure your team knows who is responsible for providing the raw data to your book-keeper each week – it is so important that each member of the team knows and understands the role he or she plays in the business and how she can influence your success (or not) – that means sharing the numbers with them, otherwise they'll naturally think that it all goes into your pockets!
- Review the key things you found out from this exercise with your team, so they all remain on board and tuned in to achieving the business goals. We think it's really important that they see their role as much more than "a job"!

Easy isn't it! Implemented effectively (and it will not happen overnight), such a process will enable you to answer that earlier question so easily. How's business? – great, we took on xx new clients/customers this week, we've trimmed our costs by yy% and I've improved my overall returns more than I ever imagined.....Oh and I'm a lot happier because I know where we're going in the business!!

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**Examples of the templates discussed in this article are available from Sim at sim@thedentistrybusiness.com*