

PRACTICE MANAGEMENT

Digital Dental Benchmarking: What do the numbers say?

Profitability in Turbulent Economic Recovery: The Four “R” Factor

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This article speaks about how you can use some powerful available technology and some not so high technology tools and techniques to help you uncover and recover profitability in your practice.

We will discuss how you can better understand:

- *What is the Four “R” Factor?*
- *Real time clinical and business benchmarking*
- *Top Key Performance Indicators (KPIs) for your practice*
- *Reactivating patients*

We are living in a shaky recovery in the United States. Depending on who you speak with, you get different opinions, including some who say there is absolutely no impact to dentistry. However, after measuring over 7,000 installations in dental practices, and understanding where the impact is, we know that there are pockets of turbulence. This article speaks about those pockets and also where **there is opportunity and growth.**

I have spoken at several meetings in both USA and Canada based on our experience with the aforementioned more than 7,000 installations. This paper will attempt to share with you what you can do to reclaim your peace of mind and profitability in this time of global economic crisis. I refer to these as “*The 4-R (reclaim) Factor*”.

1. Reclaim Profitability

If you have not optimized your fees, this is the right time to align them with your unique style and maximize profitability. How can you do that? Well, first get *procedure revenue (adjusted), frequency, time units* and *current fees* from your practice management system. Then figure out your doctor production per hour, assistant salary per hour and chair time splits along with lab and supply costs. Next, determine the rough cost fields for each procedure code using these cost numbers and subtract that from the adjusted procedure revenue. Now you have a **profitability vector.**

The next step is to get a zip code level comparison metric for other dentists in your area. Remember, it is your profitability that has to be maximized — not your fees. So it is not about putting your fees to 95%ile or adding fixed dollars to your fees. It is about understanding how your fees are contributing to your profitability. If you just take a raw graph of how much production you have for each procedure, you are looking at only a partial picture.

2. Reclaim Patients

The most important thing to consider when trying to reclaim patients is knowing there is care that is being missed.

Let me give you an example: Lets say that you expect a patient who gets Prophy to show up every 4 months for prophy appointments. Those who you do Scaling root planing on should come back every 6 months and they should come in for Perio maintenance procedure. Now, imagine if you could have this report or this list and ran it every month, you would completely address the problem of recare. You can do this using your practice management system reports or with powerful new technology tools such as Practice Optimizer ® that lets you do this with one click! This is just one example applying to Pedo prophy. There are literally hundreds of other opportunities and reactivating patient opportunities in every practice.

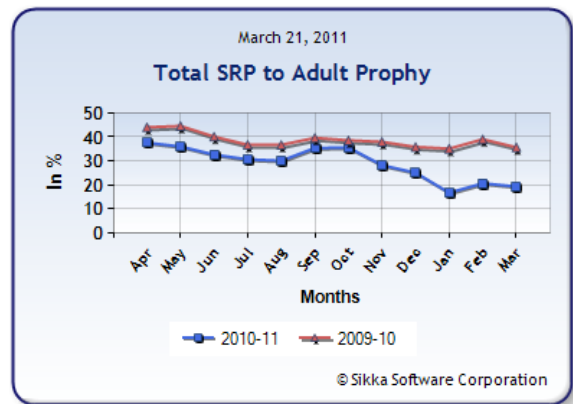
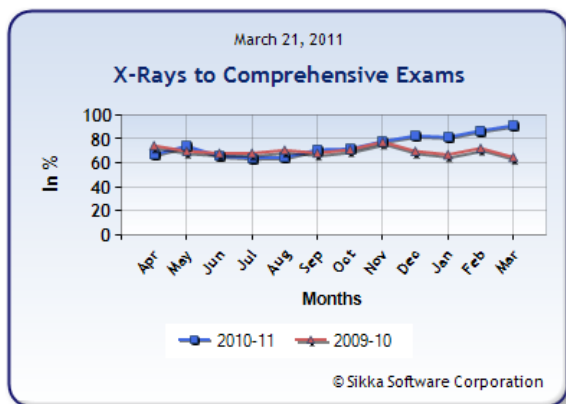
3. Reclaim Control

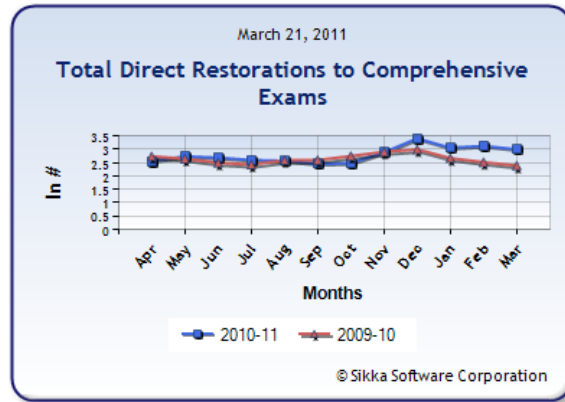
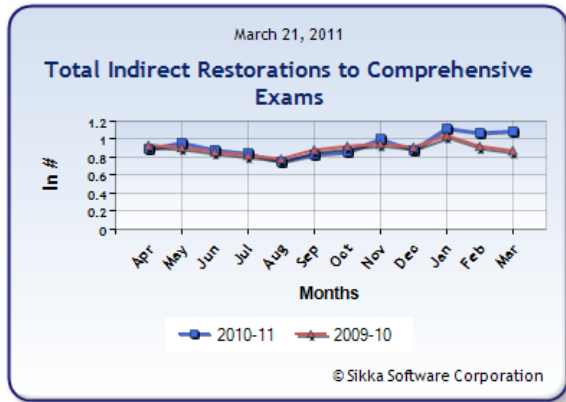
Through the use of technology, and effective tools including your practice management system or Practice Optimizer® by SikkaSoft, start managing by numbers and get control back in your hands. Effective control mechanisms are morning meetings, profit and loss tracking, along with utilizing clinical and business dashboards and benchmarks. You also should know how other dentists in your peer group are handling their business and their clinical standard of care. What if you had all this information available to you in real time? Visit www.sikkasoft.com to get free real time benchmarking results.

4. Reclaim Zen

Peace of mind is a function of the first three items in the list. So if you have reclaimed profitability, patients and control, you will have more revenue and an improved quality of life.

Current clinical and business benchmarking shows that hygiene and periodontal procedures are consistently trending below 2010 levels as shown in the following charts. However, both direct and indirect restorations (as a function of comprehensive exams) are trending upwards in the first quarter of 2011 compared to 2010. That is great news in this turbulent economy.





Sikka Software has a series of articles available on a variety of practice management issues including fee optimization, patient demographics analysis, and patient reactivations. For readers who would like to receive these other articles, please email us at benchmarking@sikkasoft.com and we would be pleased to send them to you.

Build profitability, patients, control and peace of mind in your practice while benchmarking yourself against your peers locally and nationally. Sikka Software's Practice Monitor helps you identify and track each key element of your practice and achieve these objectives. It installs automatically and reads data automatically from all major dental practice management systems in USA, Canada, UK and Australia. Go to our website at www.sikkasoft.com to sign up for a FREE Practice Monitor. The full version of this powerful and affordable software tool is available for purchase through Sikka Software.