

Profitability and Peace of Mind in the Worst Economy of a Century

Profitability and Peace of Mind in the Worst Economy of a Century (Article I of IV)

By: **Vijay Sikka**

Overview

This is the first in a series of articles that speak 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:

- ➔ Understand your business and your patient
- ➔ Marketing return on investment analysis
- ➔ Treatment plan aging
- ➔ A/R and Insurance analysis
- ➔ Reactivating patients
- ➔ Clinically benchmark your providers

Article

We are living in the toughest economy of over a century. 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 5,700 installations in dental practices and understanding where the impact is, we know that there is indeed a slow down.

I have spoken to several meetings in both USA and Canada. We are working with over 5000 installations and 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-Reclaims.

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 what you have is a profitability vector. Next is to get a zip code level comparison metric for other dentists in your area. Remember your profitability has to be maximized and 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. So if you just take a raw graph of how much production you have for each procedure, you are looking at only a partial picture. In the next article, we will speak about overhead control, ROI for marketing and insurance company rating.

2. Reclaim Patients

- ➔ Most important thing to consider when trying to reclaim patients is knowing recare that is being missed. Let me give you an example: Lets say that you expect a patient who gets Prophy 1110 procedure code show up every 4 months for prophy appointments. Those who you do Scaling root planing 4341 on should come back every 6 months and they should come in for Perio maintenance procedure 4910. 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 Dental Practice Optimizer Dashboard™ that lets you do this with one click!
 - ➔ How do you figure out which patients have left your practice because they were unhappy with a provider or had a bad experience? Patients leave because of one of 4 reasons. They pass away, move away, change insurance or hate the most recent visit with your office. If you can filter out the first three, you have an instant list that you can go after with a very simple message. We want you back!! In the last 5 years Sikka Software has worked with optimizing dental practices, we have seen 2 patients returning for every 8 letters you send saying you want them back. For an average dental office, that translates to approximately \$25,000.00 revenue increase in a single quarter!
 - ➔ In the next article we will discuss how you can reclaim patients from your inactive patient pool, from your no show and build relationships with patients that keep bringing them over and finally calculate life time value of patients including those who refer you other patients.

3. Reclaim Control

- ➔ Through the use of technology and effective tools including your practice management system or Dental Practice Optimizer® by SikkaSoft, start managing by numbers and get the control back in your hand. Effective control mechanisms are morning meetings, profit and loss tracking, utilizing clinical and business dashboards and benchmarks. You want to know where 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? We will discuss all of these in the next article

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 improved quality of life.

As professionals, dentists are satisfied with what they do. Surveys have indicated that chief business concerns are overheads, profit margins, team, and insurance writeoffs. This is a series of articles that share with you what you can do to help identify each element of your practice and use tools such as Dental Practice Optimizer Dashboard by Sikka Software let you do that in conjunction with your practice management system and your financial system.

Sikka Software Dental Practice Optimizer Dashboard™ available in a trial version from Dental Economics, www.hotoptimize.com, helps you achieve these objectives. It installs automatically and reads data automatically from all major dental practice management systems including Dentrix, Softdent, EasyDental, Eaglesoft, PracticeWorks, Mogo, DentalVision, AbelDent, PCS, OpenDental, Maxident and others.



Vijay Sikka is the President and Chief Executive Officer of 5 year old Sikka Software Corporation. He is a healthcare informatics expert with more than 17 years of software development and quality experience including large scale projects with National Institutes of Health, Glaxo Smith Kline, Roche and UCSF affiliates. These projects continue to be used to date by several thousand physicians, medical professionals and scientists. In 1996, Vijay founded IBrain Software, Inc. and served as its CEO until its acquisition in 1998 by Entigen Corporation, a healthcare information company that later became part of Roche. Vijay holds an M.S. degree from Syracuse University New York, pursued graduate studies in neurosciences at Stanford University, and is a Registered Continuing Education Provider with the Dental Board of California. He is a speaker in quality conferences and participates in W3C standards groups. Vijay has published a book on Maximizing ROI on Software Development by Taylor and Francis International.



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