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SPEAKER | AUTHOR | CLINICIAN

## CLASSIC STAGES OF BUSINESS

### EMBRYONIC:

cash gobbling  
rapid increase in clients  
little to no client loyalty  
business is **losing** money  
emphasis is on marketing

### GROWTH:

cash hungry  
peak number of clients  
client base is demanding  
profits consumed by **reinvestment**  
emphasis is still on marketing

### MATURE:

stable client base  
cash generating  
business is **profitable**  
clients loyal and refer others  
emphasis is on control

### DECLINE:

cash hungry  
new clients in decline  
loyal clients, but no referrals  
declining profitability  
emphasis is on **keeping costs down**

### SURVIVAL:

cash flow!  
tyranny of the urgent  
priority of the important

### STABILITY:

positive cash flow  
reinvestment  
adding services and staff  
enhancing facility

### SIGNIFICANCE:

reward of time and money  
practice impacts community  
maximally fund retirement  
maintain production  
protect practice value  
plan transition



## Calculation of Needed Annual Production

The fastest, simplest, and easiest way to predict your needed annual gross production, is to multiply your annual fixed costs by 117% and add your personal income requirement. Divide that total by the number of days you'll practice that year to determine your daily production goal. Don't forget to factor in your 401(k) and IRA contributions!! It's your life!!

### Practice Expense Categories and % of Revenue

Salaries, Benefits, and Taxes	25 – 38
Laboratory	10 – 14
Facility	5 - 7
Dental Supplies	5 - 7
Marketing	1 - 3
Operational	10 – 12
Discretionary	0 – 10

### Computation for Needed Chairs and Personnel:

Monthly Production:	Personnel:			Chairs:
	Business	Clinical	Hygiene	
\$10,000	1	(who does it all!)		1
\$10,000 - \$15,000	1	1		2
\$15,000 - \$20,000	1	1	PT – FT	2 + Hygiene
\$20,000 - \$30,000	1.5	1.5	FT	2 + Hygiene
\$30,000 - \$40,000	2	2	FT+	3 + Hygiene
Over \$40,000	2	2+	FT+	3 + 2 Hygiene

According to the Pride Institute, an excellent rule of thumb is that, in a general practice, for every 200 active patients, one hygiene day per week is needed.



# OPERATING STATEMENT

**OFFICE RELATED-MAJOR EXPENSES**

Average monthly production \$ \_\_\_\_\_

<b>Employee Expenses</b>	MONTHLY AMOUNT	Monthly PROD. ADJ.	Monthly PROD. UCR	Monthly GOAL	YEAR TO DATE AMOUNT	YTD PROD. ADJ.	YTD PROD. UCR	YTD GOAL
Staff Salaries								
Hygiene Salaries								
Employee Fringe Benefits*								
Employee Payroll Taxes								
<b>TOTAL (A)</b>								

**Lab Expenses**

Outside Lab								
Lab Supplies								
Lab Rent (Sq. Ft. Allocation)								
Lab Salaries								
Lab Fringe Benefits								
Lab Payroll Taxes								
<b>TOTAL (B)</b>								

**Facility Expenses**

Monthly Rent								
Utilities								
Insurance - Structure								
Property Taxes - Occupant								
Custodial								
Repairs & Maintenance-Structure								
<b>TOTAL (C)</b>								



## OPERATING STATEMENT

<b>Dental Supplies</b>	MONTHLY AMOUNT	Monthly PROD. ADJ.	Monthly PROD. UCR	Monthly GOAL	YEAR TO DATE AMOUNT	YTD PROD. ADJ.	YTD PROD. UCR	YTD GOAL
Restorative								
Hygiene								
TOTAL Ortho (D)								

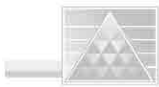
### Promotion Expenses

Patient Thank You Gifts								
Business Cards & Stationery								
Contributions								
Patient Newsletters								
Telephone Book								
Meals - Professional								
Promotional Networking								
Advertising								
Miscellaneous								
TOTAL (E)								



## OPERATING STATEMENT

Minor Expenses	MONTHLY AMOUNT	Monthly PROD. ADJ.	Monthly PROD. UCR	Monthly GOAL	YEAR TO DATE AMOUNT	YTD PROD. ADJ.	YTD PROD. UCR	YTD GOAL
Accounting/Financial Advisory								
Bank Service Charges								
Bookkeeping Service								
Collection Fees								
Computer Expense								
Consulting Fees								
Continuing Ed. Tuition (Doctor)								
Continuing Ed. Travel (Doctor)								
Dues								
Employee Recruitment/Training								
Insurance - General Liability								
Insurance - Malpractice								
Insurance - Overhead Protection								
Insurance - Personal Property								
Insurance - Workers Comp.								
Insurance - Other								
Laundry								
Legal Fees								
Licenses								
Office Supplies								
OSHA Compliance								
Postage								
Repairs & Maint. - Equipment								
Subscriptions								
Telephone								
Telephone Answering Service								
Taxes - Franchise								
Taxes - Personal Property								
Other								
<b>TOTAL MINOR EXPENSES</b>								



# OPERATING STATEMENT

## OFFICE RELATED-DISCRETIONARY EXPENSES

Equipment	MONTHLY AMOUNT	Monthly PROD. ADJ.	Monthly PROD. UCR	Monthly GOAL	YEAR TO DATE AMOUNT	YTD PROD. ADJ.	YTD PROD. UCR	YTD GOAL
Equipment Lease								
Equipment Loans								
Small Equipment Purchases								
TOTAL (A)								

### Other Loans

Leasehold Improvements								
Practice Buy-Out								
Other								
Other								
Other								
TOTAL (B)								

### Associate Expenses

Associate Salary								
Associate Fringe Benefits								
Associate Payroll Taxes								
TOTAL (C)								

### TOTAL DISCRETIONARY EXPENSES

(A + B + C)								
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## OPERATING STATEMENT

<b>Cash Compensation</b>	MONTHLY AMOUNT	Monthly PROD. ADJ.	Monthly PROD. UCR	Monthly GOAL	YEAR TO DATE AMOUNT	YTD PROD. ADJ.	YTD PROD. UCR	YTD GOAL
Owner's Salary/Draw								
Owner's Bonus								
<b>TOTAL (A)</b>								

### Non-Cash Compensation

Auto								
Auto Insurance								
Auto Repairs								
Key Person Life Insurance								
Key Person Disability Insurance								
Key Person Medical Insurance								
Key Person Medical Reimburse.								
Pension Profit Sharing - Owner								
Payroll Taxes - Owner								
Relatives On Payroll								
Social Clubs - Owner								
Travel & Entertainment - Owner								
Other - Owner (Apparel, Etc.)								
<b>TOTAL (B)</b>								

### TOTAL OWNER'S COMPENSATION

<b>(A + B)</b>								
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## Policy Manual Components:

1. Practice Philosophy
2. Office Hours and Days of Week
3. Probationary Employment Period
4. Job Descriptions
5. Opening and Closing Responsibilities
6. Compensation and Review
7. Benefits and Holidays
8. Closure due to Inclement Weather
9. Employee Conduct and Appearance
10. Continuing Education Policy
11. Use of Internet and Cell Phones
12. Annual Staff Training
13. Safety and Security
14. Key and Alarm Code Control
15. Resignation/Termination

Note: These are just suggestions. Your policy manual can be as simple or as extensive as you wish, but note that staff management problems and personnel issues can be minimized with a well written manual, updated to reflect current employment law.

The American Dental Association has an excellent resource to assist you; "Creating an Employee Office Manual."





## Marketing Concepts:

1. Word of Mouth
2. Friends and Family
3. Community Involvement
4. Public Relations
5. Promotions
6. Internet Presence
7. Social Media

## Trend Analysis:

A trend is determined by tracking a specific parameter over a period of time (weekly, monthly, annually), and is calculated by averaging the three most current figures (on a rolling basis) to determine if there is a developing pattern up or down.

## Team Building Concepts:

1. Organized Systems
2. Open Communication
3. Appropriate Delegation
4. Encourage Staff Input
5. Work with Integrity and Humility
6. Be Enthusiastic!
7. Give Praise and Recognition
8. Provide Opportunity for Advancement
9. Be Appreciative – Say “Thanks!”

**DENTIST:**

## BASIC TREND INDICATORS

FOR MONTH OF  
(Month of 12 )

TREND INDICATOR	GOAL	ACTUAL	YTD GOAL	YTD ACTUAL
1. Total Office Production				
2. Total Doctor Production				
3. Total Doctor Days/Hrs.				
4. Doctor Production Per Day				
5. Total Hygiene Production				
6. Total Hygiene Days/Hrs.				
7. Hygiene Production Per Day				
8. Collection (\$)				
9. Collection Percentage				
10. Credit Adjustment Percentage	2%			
11. Accounts Receivable Ratio	1.5 - 2			
12. Accounts Receivable % Over 90 Days	20-30%			
13. Total Number of New Patients	15			
14. Case Acceptance Rate - New Patients	85%			
15. Case Acceptance Rate - Pts of Record	90%			

Key Expense Percentages	GOAL	ACTUAL
Total Employee Expense %		
Total Dental Supply %		
Total Lab %		
Total Major and Minor %		

John K. McGill & Company - Tax and Financial Planning Program  
**PERSONAL FINANCIAL STATEMENT**      **DATE:** \_\_\_\_\_

Doctor's Name:	
Birthdate:	

Monthly Household Expenses (includes mortgages, groceries, utilities, etc.)	\$
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ASSETS:	VALUE:
Cash/ Money Market/ Savings	\$
Accounts/ Notes Receivable	\$
Cash Surrender Value of Life Insurance	\$
Stocks, Bonds, Mutual Funds	\$
Real Estate (please specify)	\$
- Personal residence	
- Office building	
- Other	
IRAs	\$
Retirement Plans	\$
Practice Value (Net of debt)	\$
Autos/ Furniture/ Jewelry/ Other Personal	\$
Other Assets (please specify)	\$
<b>TOTAL ASSETS</b>	<b>\$</b>

Spouse's Name:	
Birthdate:	
Children's Names/Birthdates:	

LIABILITIES	BALANCE	ORIG. AMT.	TERM (yrs)	RATE (F/V)	PAYMENT AMT.	PREPAY AMT.
Mortgages (please specify)	\$	\$			\$	\$
- Personal residence	\$	\$			\$	\$
- Home Equity Line / 2nd Mort.	\$	\$			\$	\$
	\$	\$			\$	\$
	\$	\$			\$	\$
Practice Debt (please specify)						
	\$	\$			\$	\$
	\$	\$			\$	\$
	\$	\$			\$	\$
	\$	\$			\$	\$
Autos (please specify)						
	\$	\$			\$	\$
	\$	\$			\$	\$
	\$	\$			\$	\$
Other Liabilities (please specify)						
	\$	\$			\$	\$
	\$	\$			\$	\$
	\$	\$			\$	\$
	\$	\$			\$	\$
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>\$</b>			<b>\$</b>	<b>\$</b>



## BUILDING A BOOMING BUSINESS!! KEY COMPONENTS FOR PRACTICE SUCCESS!!

### Product

Whether it's preventive, restorative, or specialty care, our product (services) must be needed and/or desired.

### Facility

Although we must keep overhead in mind as we envision our facility, we want to create an efficient, pleasant, and client-attractive entity in which to deliver our services.

### Personnel

Who we hire, how we train, and how we lead our employees plays an incredibly important role in our practice success. It is crucial that those who work for us represent us well, and adopt our "corporate philosophy" or "practice purpose" as their own.

### Service

Each patient is unique, and should be treated as though they are our only client. They should experience enthusiasm and appreciation throughout the process.

### Value

Our patients must perceive value throughout the business transaction, and feel confident that they received their money's worth.

### Service after the sale

Our reputation as small business owners and professionals, and our ongoing success require that we operate with integrity, treat our patients fairly, and resolve any concerns after the completion of our services.

### Overall experience

If we focus on one patient at a time and deliver a quality product, valued by the consumer, we will create appreciative, loyal, satisfied clients who will reward us by referring their friends and family to us.