



DECEMBER 2013

ADS Florida Insider

EXPERIENCE, INFORMATION AND CONSULTANTS YOU CAN TRUST



Budget: Plan it. Practice it.



Key to Compensation?
Clarity



Q&A: Who is ADS?

ADS Florida *Congratulates*

Thomas J Ballesteros, DMD
to Clermont Dental Group
Clermont

David Greenberg, DMD
to Bradley Woodham, DMD
Fort Myers

Gy Yatros, DMD
to Mariano de la Riva, DDS
Holmes Beach

Arnold Cukier, DDS
to Jamie Wymann, DDS
Plantation

Lyle Hotchkiss, DDS
to Matthew L. Davis, DDS
Sanibel Island



PLAN FOR NOW, PLAN FOR LATER Put it into practice

The can has once again been kicked down the road on the national budget and debt ceiling. After sixteen days of government shut-down, the various factions in the House and Senate cobbled together a plan to fund the government until January 15, 2014. Standard & Poor's estimated that the 16 days of uncertainty took \$24 billion out of the US Economy and reduced fourth-quarter GDP by 20% - from 3% to 2.4%. This has professional and personal consequences; both immediately and in the future, so as the end of the year approaches, it's important to plan for 2014.

Practice Budgeting

If you are not looking at your practice's budget annually to find better ways to manage your overhead, practice efficiency and increase your top line, you are doing yourself a disservice. Every (successful) major company continually looks at costs, and attempts to find ways to manage those costs without stressing the "system" in such a way that it compromises its ultimate benefits. One of the selling points of the "large corporate dental" practices is their ability to be fiscally efficient. Set yourself up for success and find ways to be similarly efficient in your own practice.

Practice Efficiency

The math adds up: A single hygiene appointment, after paying the hygienist, can cost upwards of \$23,000 (or even more) in net profit each year (\$30,000 in net collections). That dollar amount would make a pretty decent retirement plan contribution. It's also a nice reserve fund in leaner times: If the economy hits another rough patch, the compressor or Panorex fails, or you suddenly need to replace a digital x-ray sensor.

Personal Budget

Speaking of reserve funds, it's always prudent to have some personal reserves at home, not just at the office. Dedicating time to look at a realistic (if not conservative) expected income for the upcoming year and then budgeting based on historical and anticipated expenses can help bring comfort to the ebbs and flows of daily production/collection. It also allows for planning for important goals like time off and vacation, which is vital to keeping the batteries charged and the passion for everyday work strong.

Annual planning is a vital component of both professional practice and personal lifestyle. If you haven't done this before or are looking for resources, reach out to your accountant or financial advisor. Let us know and we can also point you in the right direction – call us anytime.

Here's to a strong end of the year!



CONSIDERING COMPENSATION: Clarity is key to success (part II)

By Amy Morgan, CEO, Pride Institute

Most doctors suffer with a staff compensation system that never produces desired results of motivating employees for improved profitability. Fortunately, establishing a compensation model linked to specific practice and employee goals can help. Below, Pride Institute CEO Amy Morgan outlines two strategies doctors must use to implement a winning program.

(To see part one, visit <http://articles.ADSflorida.com> and use keyword **compensation**)

LAW #2: The practice must be able to afford the compensation

Dentists often create affordability problems for themselves when they give pay raises, buy new equipment, or otherwise spend money based on emotion, without analyzing the impact of the cost, or the expected return on investment. While many dentists earn a good living in spite of these financial mistakes, they still pay a long-term price.

Many doctors will be unable to accumulate the savings they need to retire and maintain their standard of living if they continue this pattern of reckless spending. Or, their emotional spending habits may de-motivate their staff. For example, pity the poor dental team that can't meet profitability goals for their salary increases because the dentist purchases every gadget known to mankind! There needs to be agreement between the dentist and team on what the forecasted spending will be, and that money will be set aside for pay increases should the team meet its productivity goals.

Pride Institute uses the standard of a percentage of the increased collections over the prior year to award compensation increases. While you may choose to use other parameters, the standard you use must be clearly defined: Challenging to achieve, but attainable and acknowledged as fair by the team. Using this compensation model, dentists set aside from 10-20% of the increased collections over the previous years to use for salary increases. The percentages communicated in advance to the team, and action plans are set to accumulate as much money as possible throughout the year. Once the percentage increase has been determined, individual increases are allocated to deserving staff members based upon their achievement of individualized goals for increased performance as described below.

LAW #3: Compensation must be based on achievement

This requires defining your expectations for your team and communicating these expectations to them in advance, so everyone knows her situation. Doctors should establish clear expectations of job performance and provide the individual team members with training and feedback so that they can meet those expectations. If you want a team member to go postal, simply wait until her salary review to tell her that because she has not demonstrated the skills or abilities necessary, she hasn't met your (unstated) expectations, and therefore is not entitled to a raise. This third law is the most challenging one to implement, since it requires leadership.

Pride's compensation model encourages the team to build their skills so that they earn salary increases by virtue of their performance. Employees actually love this, because of the control it gives them control to influence

their own level of compensation. They are inspired to excellence, knowing that they will be acknowledged and rewarded for it. This compensation-based-on-performance model inspires staff members to be self-starters.

Evaluate your staff's competencies by using the following three categories (taken directly from Pride's handbook-CD series, "Take Pride in What You Pay"). Job specific competencies are the knowledge, skills, and abilities the team member needs in order to perform her particular job. This includes technical, procedural, communication, and problem-solving skills.

Practice management competencies support the practice's clinical, philosophical, and financial goals. These include statistical analysis, goal setting, action planning, organizing, and coordinating activities either independently or as part of the team.

Teamwork competencies include collaborative problem solving, participation at staff meetings, interpersonal and conflict resolution with other team members, serving one's turn as a staff meeting facilitator, etc. Using the specific competencies that you have developed for a job position, you and your team can create an action plan by which each employee can reach a new level of achievement each year. The team's reward for accomplishing these goals is a merit pay increase.

Through paying salaries that are competitive in your area and by challenging your team to earn raises affordable to the practice through specific demonstrated growth in their jobs, you will bring out the best – excellent performance from your staff members, with measurable increased profitability for your practice. That will place you in firm control of your practice, while your employees will be in control of their future – the best of both worlds.

Amy Morgan is a top dental consultant and CEO of Pride Institute, a nationally acclaimed results-oriented practice management consulting company. Amy has revitalized thousands of dental practices using her time-proven management systems, so that they become more secure, efficient and profitable.

Founded in 1976, Pride is dedicated to substantially improving doctors' professional, financial and personal lives. Pride offers continuing education, marketing, on-site training and telephone consultation support. For more information contact ADS Florida at 800.262.4119 or email pride@adsflorida.com. ADS Florida proudly serves as the exclusive transition specialist for Pride Institute nationwide.

The above article was reprinted with permission from The McGill Advisory, a monthly newsletter devoted to tax, financial planning, investment, and practice management matters exclusively for the dental profession, available for \$217 a year from John K. McGill & Company, Inc., Lake View Professional Building., 8816 Red Oak Boulevard, Suite 240, Charlotte, NC 28217; or call (888) 249-7537 for further information.

ADS F L O R I D A



[PROFile]

Skip Stamper, CNE
Mid to North Central, East Coast

Skip Stamper learned firsthand the many aspects of a successful dental practice working in his father's dental office in Daytona Beach. He was also instrumental in development of a dental insurance program that helped many area dentists increase their patient base. Later, he worked as an account executive for a national digital dental imaging company. Most recently, Skip became a licensed Realtor® and broker/owner of Halifax Area Properties. With his dental, business and real estate background, he brings a comprehensive approach to assisting dentists in planning and completing successful transitions.

[Contact Skip]

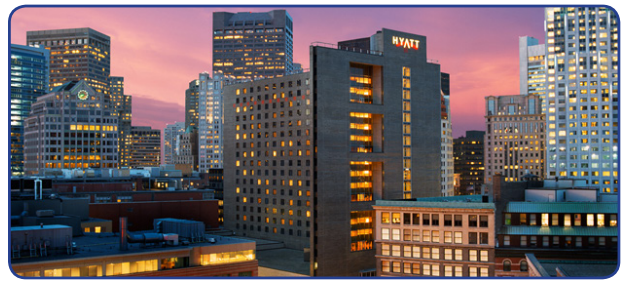
386.547.2552 or skip@ADSflorida.com

Seminars & Events

Throughout the year, ADS Florida invites you to join us for educational opportunities that can enhance your professional development, financial success and security, and practice transition planning.

Strategies for a Successful Transition
Sell or Partner? Understanding the Economics of Your Exit Options

"This one seminar has helped prevent me from making serious practice transition mistakes worth thousands of dollars! Thank you!"



To see 2014 dates, visit seminar.ADSflorida.com

Q&A

Q. What is ADS Florida, LLC's relationship with ADS?

A. ADS is an alliance of independent dental practice brokers and management consultants that formed as American Dental Sales in 1995. It is a national association of highly qualified, experienced and trusted independent brokers and consultants. Each member operates their own business, covering a portion of the country. Find out more at ADStansitions.com. ADS Florida, LLC is the Florida representative. Our local specialists own and operate the company.

Meet the ADS Florida Team



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What Our Clients Say

"What stands out is the professionalism. Once we agreed on a price, I was never pressured to lower it even when activity was slow. Phil LoGrippo is a true gentleman and showed great knowledge of the process. He was unflappable even at difficult points of the process."

— David Isaac Greenberg, DMD



Thinking **TRANSITION?**

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Inside This Issue

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Own the **Ultimate** Guide for Buyers & Sellers

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 - | Leading authority, Hy Smith, MBA, shares successful strategies
 - | Avoid pitfalls and achieve success in dental practice transitions
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