



# ADS Florida Insider

EXPERIENCE, INFORMATION AND CONSULTANTS YOU CAN TRUST

IN THIS ISSUE

JULY 2009

Practice Transitions Made Perfect™

ADSflorida.com



Overcoming the Financial Barrier

## Overcoming the Financial Barrier



In our e-newsletter last month, we discussed the question of whether practice values were declining due to declining production and collections. We found that in many offices, patients are not declining treatment; rather they're delaying it, most often due to financial constraints. This is a phenomenon that can be overcome, and in doing so, prove quite the boon to your practice.

If explained that this is money that needs to be paid when you get the laboratory work back, this policy should be acceptable and understandable to the patient. If they cannot afford this relatively small "down-payment" for their treatment, then you should probably consider their credit worthiness.



Control Staff Compensation

It is estimated that between one-half (1/2) and two-thirds (2/3) of a practice's annual revenue can be found in existing patient charts as treatment that has been diagnosed and accepted, but just not started. It is also known that most patients want to complete treatment, but may postpone recommended treatment in a down economy.

For new and emergency patients, it is known that if a patient is in pain, they will pay to get relief. There is also a pretty good chance that if they are in pain, they have additional dentistry that needs to be done. Usually, this type of patient is less motivated to complete extensive dentistry, but if offered the opportunity, they will accept some treatment. If the treatment is started, these patients will return to complete it, eventually becoming active patients of your practice.



Practice Purchase Opportunities

But consider another interesting statistic: ninety-nine percent (99%) of patients pay their bills.

We know that if treatment is just diagnosed and even accepted only as needed, there is only a fifty percent (50%) chance that the patient will come back to start additional treatment. Accordingly, it is important to initiate as much dentistry as the patient will accept with terms that the patient will agree to during their initial visit. Again, if the lab fee is paid up front for dentistry started, the only out of pocket expenses are your time and minimal supplies. The odds of getting paid remain in the high ninety percent (90%) range.

So putting this all together, I have found that in a down economy, if a patient has treatment to be done and they have accepted the fact that at some point they will have the treatment performed, the outstanding concern left to address is their immediate need for cash conservation. However, with the proper verbal skills and a well designed and managed internal financing plan, this concern can be alleviated, meaning a lot of dentistry can be completed, and paid for.

It is acknowledged that your risk of non-payment is higher with new patients; but if you screen them carefully, even run a credit and employer check, you are still better off with a full schedule of treatment than sitting around waiting for patients to walk through the door. All of your fixed overhead continues, regardless of patients coming in to the office or not, which is the majority of your everyday cost of doing business.

How is this accomplished? First, a written financing agreement has to be developed and available for use by credit worthy patients. For all intents and purposes, your established patients will be excellent candidates for credit as they have an ongoing relationship with you and your practice. Not only should you know a lot about them and their history, but, due to their relationship with you, it is very rare that they will not honor their financial obligation if it is made manageable for them. Depending on the extent of the dentistry to be done, you can establish reasonable terms for as much as nine months to a year with an installment plan that is amenable and accommodating to both the patient and your practice. When properly setup and administered, history shows that you will collect about ninety-nine percent (99%) of the fees charged.

This process is much more cost effective than ramping up advertising to attract the new patients who may only be shopping for the lowest price in town. It not only takes advantage of time you've already invested in your patients, but keeps your overhead costs down, making every additional dollar of income more profitable.

The dentistry is in your charts, you just have to make it attractive to complete.

The reality is, even in the case of non-payment, most of the write-off is the cost of your time. The other major expenses related to the services are the associated lab and supply costs. To mitigate the potential loss of these hard costs, it is also recommended that the one thing you absolutely get paid for up front is any laboratory or parts fee for the case.

Very respectfully,

Hy Smith, MBA | President, ADS Florida

ADS Florida  
*Congratulates*

Betty Gottfried, DDS  
to David Warner, DDS  
Ft. Lauderdale, FL

Marisol Garcia, DDS  
to Idalmes Perez, DDS  
Hialeah, FL

Jay Wagner, DDS  
to Jolly Cherry, DDS  
Jefferson Valley, NY

David Zaner, DMD  
to Dennis Davis, DMD  
The Villages, FL

# Control Staff Compensation Three Rules to Follow

Amy Morgan, CEO | Pride Institute



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

Do you feel in control when giving your staff pay raises? Or are you raising their pay simply out of habit, rather than due to specific merit? And what about your sneaking suspicion that your team expects more than you can give – especially in this economy? Sadly, too many dentists feel this way.

And the bad thing is if you give pay raises that are undeserved or unaffordable, you will end up resenting your team. This resentment, in turn, often means that your team will later end up resenting you. This creates an environment where no one is in control, and the stress is huge.

## What Message Are You Conveying with Your Compensation Model?

Your way of compensating your team delivers a strong message about the culture of your practice; that is, the vision and values by which you do business. If you never give raises, even if production keeps rising, you'll convey the message that it's futile for your team to work harder, since their efforts go unrewarded. On the other hand, if you give raises simply because another year has passed and an annual increase is expected, you'll convey the message that staff are rewarded without having to work toward new levels of productivity and excellence. Both of these approaches are de-motivating, and encourage lack of accountability and sub-standard performance.

In stark contrast, what you need is a compensation model that expects, recognizes, and rewards achievement. This makes a statement that you want employees who are hard working, hard working, who strive for excellence and will help take your practice to the next level.

## A Sound Compensation Model

A sound compensation system creates a climate in which self-directed team members are encouraged and motivated, because they feel they are treated fairly and can exercise control over their future. Through establishing objective standards for a pay increase that are understood and agreed upon in advance by the team, your employees will know the specific knowledge, skills and actions that can earn them raises.

If your financial administrator understands the importance of suggesting new payment options to patients in order to boost collections and she does so consistently, she will know why she has earned a pay increase. If she isn't comfortable with the new payment options, and fails to offer them to patients, she won't be surprised when collections don't improve and there is no salary increase forthcoming. Then, through your coaching, she will know what to do to correct the problem and ensure a potential future salary increase.

When employees clearly know where they stand, it reduces or eliminates the resentment, anger, and other negative reactions triggered when compensation decisions are made arbitrarily, without the standards, evidence, and facts to justify them. Are you ready to take control? Pride's Compensation and Recognition Model will help you do just that by giving you three essential rules to get your staff compensation program on the right track:

### Law #1 - Compensation Must Be Competitive In the Marketplace

Consumers are becoming more savvy in finding the best prices for things they want to buy. The same holds true for employees in seeking the best salaries they can find (although other factors are also critically important in job satisfaction). If you pay below-average salaries compared to similar dental practices in your area, you will not attract above-average applicants. Therefore, finding excellent people requires offering a fair rate of pay compared to similar practices in your area.

Your team may also compare their salary to that of other team members in your office. While salaries are supposed to be strictly confidential, unfortunately, that doesn't always happen and cannot be legally enforced. Your appointment coordinator may be unhappy because she is making less money per hour than your financial administrator. But your appointment coordinator may not have the same level of experience, education, or skills as your financial administrator.

In establishing the proper compensation levels, consider how differences in skills, their experience, and qualifications require that you provide different ranges of pay. The key is to communicate your criteria and standards so that employees know that you are being fair. A team member won't feel blindsided if you tell them clearly and proactively, the reasons behind the compensation.

Laws two and three plus more will be covered in our special August electronic newsletter. Sign-up, for free, today at [enews.adsflorida.com](http://enews.adsflorida.com) and don't miss out on this valuable information.

*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. Specifically, Pride has taught over 3,000 practices how to excel in effective Leadership, Case Presentation, Appointment Scheduling, Win-Win Financial Arrangements, Cash Flow Management, Retirement Planning, and Evidence-based Practice Marketing. 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](mailto:pride@adsflorida.com).*

*ADS Florida proudly serves as the exclusive transition specialists 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.*

# Practice Transitions Made Perfect

## General and Specialty Practice Purchase Opportunities

### WEST FLORIDA

Contact: Greg Auerbach, MBA or Paul Rang, DMD, JD

		Gross	Buyer Net
Sarasota	5 ops 100% FFS Restorative/Cosmetic	\$775K	\$204K
Venice	4+1 ops FFS/PPO Real Estate Avail.	\$400K	
Venice	3 ops FFS/PPO Long Established	\$632K	\$154K
Venice	4 ops FFS/PPO 25 NP/Month	\$600K	\$145K
Venice	5 ops FFS/PPO 30 NP/Month	\$700K	\$191K

### Specialty Practices

Pediatric Greater Tampa: Two Associates Looking for Purchase Opportunity

### Practice Ready Facilities

Sarasota 4+1 ops 1300 SF Equipped on Major Rd. Ask \$75K

### SOUTHWEST FLORIDA

Contact: Greg Auerbach, MBA or Hy Smith, MBA

		Gross	Buyer Net
Fort Myers	5 ops FFS – 2500 SF Digital x-ray	SALE PENDING	

### SOUTHEAST FLORIDA

Contact: Stuart M. Auerbach, DDS

		Gross	Buyer Net
Boca Raton	4 ops FFS	UNDER CONTRACT	
Coral Springs	6 ops FFS/PPO digital x-ray and pan	\$1.1M	\$259K
Ft. Lauderdale	3 ops FFS/PPO	SOLD	
Hialeah	4 ops FFS/PPO computer and pan	SOLD	
Lauderhill	4+1 ops FFS/PPO	\$450K	\$115K
Miami	7 ops PPO/FFS/HMO	\$575K	\$175K
Miami	5+1 ops FFS/PPO Shopping Center	\$740K	\$180K
N. Miami	5+1 ops FFS/PPO	Ask \$97K	

### Specialty Practices

Indian River County Perio 5 ops new equipment w/Condo  
 Palm Beach County Oral Surgery 5 ops FFS/PPO SOLD  
 Palm Beach County Pedo 3 ops Bay 2 ops Pvt. FFS/PPO \*ALL NEW\* Ask \$360K

### Practice Ready Facilities

Lake Worth 3400 sf building with 4+1 ops dental office FOR SALE OR LEASE  
 Vero Beach 3 ops Condo w/equipment Ask \$375K

### Associate Positions

General Miramar, Tamarac, West Miami  
 Pediatric Hialeah, Homestead

### CENTRAL FLORIDA

Contact: Paul Rang, DMD, JD

		Gross	Buyer Net
Gainesville	4 ops FFS/PPO Pano	\$1.1M	\$333K
Levy County	7 ops 3 days/wk	\$362K	\$145K
Mt. Dora	8+1 ops FFS/PPO/HMO Pano	\$677K	\$125K
Ocala	4+2 ops FFS Pano	UNDER CONTRACT	
Orlando	6+2 ops FFS/PPO/HMO pano dig. x-ray RE	\$914K	\$266K
Orlando	6+1 ops FFS/PPO dig. x-ray, Pano 3 days/wk	\$529K	\$150K
Orlando	6 ops FFS/PPO Digital x-ray Digital Pano	\$1.2M	\$403K
Orlando	3+2 ops FFS	\$470K	\$120K
Orlando	4 ops FFS/PPO digital x-ray, Pano, Cerec	UNDER CONTRACT	
The Villages	7 ops FFS/PPO digital x-ray, Pano, Cerec	UNDER CONTRACT	
Vero Beach	3 ops Equipped Condo	Ask \$375K	

### Specialty Practices

			SOLD
Central FL	Perio - 2 locations FFS		
Space Coast	Perio - 4 ops FFS Pano 3 days/wk	\$443K	\$139K
Orlando	Orthodontics 1 day/wk RE available	\$300K	\$77K
Orlando	Prosthodontics 2 ops FFS Pano	\$595K	\$314K

### Associate Positions

General Bartow – Lake Wales

### NORTH FLORIDA

Contact: Paul Rang, DMD, JD

		Gross	Buyer Net
Fort Walton Beach	4 ops FFS pano 2 days/week RE Available	\$220K	
Lake City Area	5 ops FFS pano 3 days/week RE Available	\$348K	\$107K
Pensacola	6 ops FFS 3 days/wk Real Estate Available	\$374K	\$104K

### Specialty Practices

North Gulf Coast	Oral Surgery 6 ops Real Estate available	\$1.2M	\$541K
NE Florida	Pedo 6 ops Real Estate Available	UNDER CONTRACT	



For the most recently updated listings visit [ADSflorida.com](http://ADSflorida.com)

We currently have buyers looking for the following opportunities:

#### GENERAL DENTISTRY

Broward, Collier, Dade, Hillsborough, Lee, Manatee, Orange, Pinellas, Sarasota

#### PEDIATRIC

Broward, Dade, Palm Beach

#### ORTHODONTIST

Broward, Dade

#### PERIODONTIST

Broward, Palm Beach



**Hy Smith, MBA**  
 (239) 262-3077  
[hy@ADSflorida.com](mailto:hy@ADSflorida.com)



Southeast Florida  
**Stuart M. Auerbach, DDS**  
 (954) 431-3624  
[stuart@ADSflorida.com](mailto:stuart@ADSflorida.com)



West / Southwest Florida  
**Greg Auerbach, MBA**  
 (941) 746-7959  
[greg@ADSflorida.com](mailto:greg@ADSflorida.com)



North / Central Florida  
**Paul Rang, DMD, JD**  
 (407) 671-2998  
[paul@ADSflorida.com](mailto:paul@ADSflorida.com)

## CHECK THE SIGNS

Don't rely on a Magic 8 Ball. Visit [economy.adsflorida.com](http://economy.adsflorida.com) to monitor signs of economic recovery. Look to us to stay apprised of real strategies to protect, build and grow your practice.

