



ADS Florida Insider

EXPERIENCE, INFORMATION AND CONSULTANTS YOU CAN TRUST

OCTOBER 2011

IN THIS ISSUE



A Hard Look at Software



Numbers That Count

ADS Florida
Congratulates

Raul Cook, DDS joins
Barry Kligerman, DMD
Ft. Lauderdale

Herman Goh, DMD to
Meredith Goodrich, DMD
Gainesville

Jeff May, DMD to
Mili Patel, DMD
Holiday

Alfredo Gapuz, DMD to
Brian Oeth, DMD
Lake Mary

Joel Gebhart, DDS to
Maribel Lopez, DDS
Miami

Gene Jacobs, DDS to
Heartland Dental Care
Orlando

W. Gerald Harris, DDS to
Frank Swerdzewski, DDS
Tallahassee

Timothy Mattingly, DMD to
Mainak Patel, DMD
Winter Park

Your Practice Management Software Can Help or Hinder a Transition

by Bryan Currier, Advantage Tech



When purchasing or selling a practice, one of the areas you can easily overlook is the computer and network technology within. Proper utilization of practice management software, imaging technologies, and the core computer system can make a world of difference in your transition. Each of these is very important to the operational efficiency of any practice. Today, let's look at practice management software.

1. Run with the group

Most practices run one of the following practice management systems (for GP): Dentrix, SoftDent, EagleSoft, or PracticeWorks. There are some outliers, but for the most part these are the systems you see in the vast majority of practices. This is actually great for dentistry. The money that goes into research and development on software is quite substantial, and the software is constantly coming out with new improvements.

Contrast that to older pieces of software (such as Computer Age Dentist, QSI UNIX, etc.), and you'll find they are way behind. Items such as paperless patient entry, registration at home, even simple things like procedure codes, can be outdated on older systems. If you're not using an industry-leading software, this would be an excellent time to think about making a move. As a seller, this is an important piece of the practice that a prospective buyer is going to look at, so make it easy for them. As a buyer, carefully consider the cost (particularly in staff time and frustration) of trying to change practice management systems at the same time as having a change in leadership.

2. Stay current

There are plenty of practices that have an industry-leading practice management software but are running a version that is three or four years old. If you're not running the latest version, you're missing out on bug fixes, stability enhancements, and new features that enhance the productivity that is continually built into these packages. Stay current and stay on support with your software provider. It's well worth the minor investment in your practice.

3. Get a second opinion

When looking at a practice and trying to determine the status of the I.T. system, don't go it alone. There are qualified and trained I.T. people who know dental and can help. Your transitions consultant at ADS can recommend a local dental I.T. partner who is qualified to help you in this process. Ask them. They are there to help.

Bryan Currier is president of Advantage Tech, an I.T. company dedicated to serving dental practices. Bryan has 13 years in the industry, and has assisted nearly 1,000 practices with various I.T. needs throughout his career. He has spoken at various events, including the Carestream Users Group and Microsoft Worldwide Partner Conference, and has been published in various trade journals. He resides in Florida with his wife and four children. Bryan can be reached at 877.723.8832.

Ready for a Critical Look?



Are Your Patient Statistics and Accounts Receivable Ready for a Critical Look?

Dental practice management software has become ubiquitous. Most practices today are computerized at some level, but what does that really mean to your practice?

When we are asked to value a practice, we look for the reports that are available from most of the commonly used programs. Those statistics are utilized to evaluate the health of a practice and provide important information that purchasers and practice acquisition lenders require when they evaluate their interest in purchasing a practice or financing the business. As the adage says, "garbage in, garbage out," meaning the accuracy of any computer report is limited to the accuracy of the information that is entered and maintained.

As an example, prospective purchasers and lenders both want to know the number of active patients in the practice. But what is the definition of an active patient? Generally, we look at the number of patients treated by the practice in the last 18 months. This time window has been an accepted standard for years; however, practice software reports will not usually show that number anywhere. We can't help but wonder why?

Most offices that still use paper charts do periodic chart reviews and move patient charts to storage when the patients have not been in the office for approximately 3-4 years. However, when the inactive charts are removed, the practice software is often not updated. Patients need to be inactivated in the software or they continue to be counted in the patient register. So we often see practices with 7,000-10,000 patients on patient statistics reports but only 2,000 patient charts in the office. It is unlikely there are 7,000+ active patients in a general practice with only two hygienists seeing patients five days per week. Such ambiguity is not generally favorably received. In most cases, even 2,000 patients is 'too much.'

Another report that is often overlooked is the accounts receivable report. If you want to know how well you are doing financially, look at this report at least monthly. How much dentistry did you produce and how much money have you collected of that production? Your overhead costs are actually a function of the production of the office and not the collections.

Your overhead may seem to be too high when compared to the collections, but evaluating your overhead relative to your actual production may reveal a quite different perspective.

We've seen offices where the accounts receivable approach \$500,000 and more. How does this happen? If the practice owner does not regularly review the status of the patient accounts, a continuing error will never be corrected and, over time, that can become an exponential error. Why is that a problem? At the time of the sale of your practice, you will be required to disclose the amount of money owed to the practice.

The accounts receivable is money owed to the practice by patients and insurance companies (if you submit claims for patients) less the amount of patient credits. Credits include patient overpayments (most likely due to duplicated payments by insurance companies) plus patient prepayments for dentistry not yet performed. Longstanding errors are usually going to be seen in the aged collection report, probably in the "over 90 days" or "over 120 days" columns.

If you do not regularly review this report, you could find yourself at the closing of the sale of your practice writing a lot of checks to patients refunding their overpayments (credits) or transferring money to the purchasing doctor, as that money will be held for the patients to return to the office. In either situation, it can be a real problem, as sellers have had to return tens of thousands of dollars in order to sell their practices.

How do you avoid this? Look at the accounts receivable report. If the balance or amount of credits is excessive, you may find that the office software has not been properly closed at the end of each month for many years. The only way to rectify this is to go back and close each month individually until you are up to date. You also need to either write off very old accounts or send them to collection and remove them from your software.

The time to discover how your practice looks in management reports is not the day you decide to sell it.

ADS F L O R I D A**[PROFile]**

Stuart M. Auerbach, DDS
Vice President of Sales
Southeast Florida

Stuart lives in Pembroke Pines, Florida and manages ADS Florida, LLC on Florida's East Coast. Stuart has been associated with ADS Florida, LLC and Professional Transitions, Inc. since 1994. He is a graduate of the University of Maryland Baltimore College of Dental Surgery, and practiced general dentistry for 18 years. Stuart has been a speaker at study clubs and participated with ACDDA and SFDDA programs. He is married to Marcella, is an avid road biker and has a French bulldog named Cyrus.

[CONTACT STUART]

Contact Stuart at 954.431.3624
or e-mail stuart@adsflorida.com

Q&A**Q: How can I make my practice more valuable?**

A: There are lots of things that can be done to make a practice more valuable, some aesthetic, some procedural and some financial. If you're considering selling your practice in the very near term (within two to three years), be sure that your office is up to date with its internal furnishings. While you may not realize a full return on investment in brand new dental equipment, ensuring that flooring, wall paint and other accents are mostly current will go a long way in the sale of your practice.

Some procedural and nearly all financial modifications to increase value may necessitate longer-range planning to provide a return (usually they need to be implemented three to five years out). That said, these changes can prove much more important in overall practice value and should not be overlooked. It's never too early to start thinking about increasing your practice's value.

For answers to more Frequently Asked Questions, go to FAQ.ADSflorida.com

What Our Clients Say

"Stuart Auerbach provided invaluable assistance in locating a well-qualified buyer for my practice. The whole process went smoothly and the transition was unbelievably seamless. His knowledge and expertise made the process work."

— Melvyn Nathanson, DDS

"Dr. Paul Rang made sure that our closing would run as smoothly as possible. I would highly recommend using ADS Florida for selling or even buying a practice."

— Herman Goh, DMD

**Meet the ADS
Florida Team**

Hy Smith, MBA
(239) 262-3077
hy@ADSflorida.com



Southeast Florida
Stuart M. Auerbach, DDS
(954) 431-3624
stuart@ADSflorida.com



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



West / Southwest Florida
Greg Auerbach, MBA
(941) 746-7959
greg@ADSflorida.com



Thinking **TRANSITION?**

Visit ADSflorida.com Today



Don't be the last
to know.
Get Inside.



Practice Transitions
Made Perfect™

Licensed Real Estate Broker
Exclusive Florida Broker for ADS

699 Vanderbilt Beach Road,
Suite 200
Naples, Florida 34108

Visit our website at:
ADSflorida.com

Inside This Issue

- I **Q on IT**: Is Your Practice Software Transition-Ready?
- I **Numbers That Need to Add Up**: Patient Census & Accounts Receivable
- I **FAQ**: Quick Fixes That Can Add Value



Follow **ADS Florida**
on **Facebook**
Get instant updates on the latest transitions,
listings and other important news.
Just visit [facebook.ADSflorida.com](https://www.facebook.com/ADSflorida.com)

