

# Double Dip Tips

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**Call it what you like, but it is pretty evident we are in the throes of a double dip recession.** This time last year it was snowing, and things seemed pretty bad economically, but 12 months on, things have not improved in the wider economy.

In his speech earlier this week, George Osborne clearly outlined that UK plc is in this pickle for at least the next 5 years, and things economically are not going to change fast, but could escalate further with the shenanigans of our friends in Europe.

**In my view, economically, things are about to get even tougher.**

Over the last 3 months, I have been out and about a lot. I have seen practices of all shapes of sizes, talked at various dental events, and met with a lot of dentists and their teams, and the consensus is it is getting tougher.

The Dental Trade has certainly seen things slow down considerably, with the BDTA showcase numbers down by around 3000, from 2010. Events I have spoken at (BDA, BACD) also appeared to be down on numbers, another clear indicator that dentists are spending less.

***UK Dentistry is having a hard time of it.***

I have clearly seen practices throw the towel in, as the ever-mounting pressure of economic hardship, regulation and bureaucracy makes it a tough option for some.

Whilst at the same time in the last 3 years, there have been many new practices opening (NHS and private), some have made it through, whilst others have been one hit wonders. Quite often or not, the ones that struggle are the one's that have got excited about opening a dental practice, and spent too much money on creating a beautiful looking clinic, but with insufficient patients coming through the door. This usually boils down to poor market research and poor financial control.

***However, it is also quite evident that whilst some maybe throwing in the towel, there are others prospering in this climate.***

Just amongst our client base, I have clients in London and the North of England that have mastered the Groupon phenomenon. It has taken them several iterations to perfect, and some considerable cost, but it has certainly worked for them, in their respective markets. However, it is not for everyone.

I have other clients expanding their operations, as their current capacity is insufficient, so new surgeries are being kitted out (to take advantage of the tax breaks that will go in April 2012), and new dentists (quite often from the EU) are being hired to service patient demand.

Other clients have mastered the art of marketing on a shoestring, understanding their client base, and building their client base and ultimately their performance from their existing patient base, with very little marketing expenditure.

***So what should we be doing in the Double Dip?***

Well in all honesty we have a choice, point the finger and blame others, and accept that times are hard, and you cannot do anything about it, ***or secondly, my preferred option, is to lift that chin up, and broaden those shoulders out, and shout "bring it on!"***

***In times of adversity, there is opportunity.***

Adversity can be a stimulus to doing great things, let that be you!

Below, I have discussed 6 areas you should be looking at in your practice and then summarized my Double Dip Tips.

## **1. Lead and they will follow**

In these times of the double dip, one could argue to sit quietly and hope for all the bad news to go away quickly. **But it won't.**

These times now require you to lead, yourself, your team, your patients and your community. If you lead with conviction and focus, the others will follow.

So don't sit back and put your head in the sand, take on the double dip with more zest and passion for your business like you never have had before.

It won't be easy, and you will need a support structure to make it happen the way you want it to happen, but an attitude of strong leadership will carry you a long way through this double dip.

***Step up, drive forward, and the rest will follow.***

## **2. Branding and Marketing**

In these times of deep discounted email offerings and social media, one would think the old rules of marketing no longer apply.

Yet from where I am standing, these rules are now more relevant than ever. Understanding your customer, and delivering to their expectations especially in these uncertain times is now even more important.

So firstly take a look at your current brand offering, does it reflect your vision and ethos?

I would suggest taking some time out, and getting clarity on the type of customer you are after in your practice. What demographic are you targeting or you wish to target?

Take a look at your complete offering, does your team, environment, location, website, stationary, equipment, toilet!.....match the target market you are after. If not, then the first step is to ensure your target market matches your brand offering, and if it doesn't you will need to consider what needs to be done to ensure you have a brand that matches your target market,

Then the key to building a brand is ensuring consistency. Customers will come to you and return to you as they build loyalty in your offering and ultimately your brand. **Repeat custom and word of mouth will build as long as the message is consistent all the way through!**

### **3. Direct Marketing**

Technology plays a large part today in marketing effectively, however, one can only know the impact of a direct marketing campaign if the responses are measured.

Some key direct marketing approaches could include, sending letters out, pay per click (PPC) advertising or email marketing.

#### **Pay per Click**

For the last 5 years (we don't send letters out for marketing) I have not been a huge fan of PPC marketing (mainly because it costs me money) as so many dental practices do this, and it can cost up to £10 per click on Google adwords for some key words in the markets we are targeting. I find this quite a costly approach to marketing, and prefer free methods.

#### **Email Marketing**

**Email marketing is a simple yet effective approach to marketing.** We only email our existing patient lists (we obtain permission to do this when they join us they give this to us) but if we make it a compelling offer they come back for certain key offers we may have, or they tell their friends and families about such offers.

How much does it cost? Just some time to write some copy, and then mastering how to send it out to our patient base.

**The return on investment for such marketing actions is usually great,** and can be repeated quickly and efficiently when needed, however, it is essential to offer value in your email offers, else it will eventually end up being considered as spam to the reader. **Think, would I want to receive this?**

#### 4. Building Community Spirit

A key component of any successful practice is being part of the community. Participating in local events, sponsoring local charities, visiting local schools, being seen at local networking events, all of these are essential to build a strong profile amongst the community.

Why? Well this all links into building your brand. **Your brand is made of not only what you offer in your practice, but also how your business acts and behaves in the community. Good news spreads quickly, which can only have a positive impact on your practice**, so for 2012, put some plans together as to how you can build your local community spirit, as this will only have a positive impact your practice.

#### 5. Service Mix and Fee Review

Time and time again, Pareto's law is at play in most dental practices. Pareto's law is otherwise known as the 80/20 rule. 80% of your revenue will come from 20% of your patients, 80% of your revenue will come from 20% of the treatments on offer....i think you will understand my train of thought here. Whether it is 80/20 or 90/10 or 70/30, the bottom line is that for a relatively modest amount of effort in an area will yield a larger amount of effective results.

**The value of the Pareto Principle for your service mix is that it reminds you to focus on the 20 percent that matters.** So I would suggest if you are using some clinical software, print out your invoiced treatment report say for the last 6 months. Then work out which are the top 20% of services that produce 80% of the income.

Then, in these tough times, take a look at each of these 20% of service items and ascertain the last time you changed the fees for such items, then if necessary change them to reflect your desired hourly rate, competitor prices etc. **A relatively modest rise on these top 20% service items, can have an even bigger impact on your practice revenue.**

#### 6. Cost Management

I won't bleat on about this again, but one major problem I see in so many practices is a lack of cost management, and before one knows about the problem it is often a little too late.

My own golden rules of cost management are:

1. Prepare a budget of planned operational and capital expenditure
2. Get monthly accounts prepared and then review the expenditure in practice every *month*
3. When making purchases, only buy what you need, don't buy excess stock for a rainy day, items can be delivered in 24 hours if you really need it!
4. When making capital purchases (equipment) always get at least 3 quotes, you will be amazed at the price difference between some dental engineers for exactly the same equipment and service!
5. Discuss your ideas of saving costs with your team, you will be amazed what you can save.

In respect of some key metrics, typically, you should be looking at **material costs at around 5%-8% of the monthly revenue**....anything higher, and you need to take a close look at how things are.

***For laboratory costs, we would expect this to be in the 5%-8% range of monthly revenue.***

If yours are well above this, you may need to look at either cutting your costs, or alternatively it could be a problem of insufficient revenue, which as I am sure you know is dictated by the prices charged and the number of treatments carried out.

# 21 Double Dip Tips for 2012



With a Dental Sector undergoing so much pressure, ignoring the changes is not an option, but fearing them isn't either. Being practical is the only option.

Create a plan, and then take action. This is what you need to do, don't hesitate, just do it, and be bold. In no particular order, a 21 point brain (updated from 2010) dump of actions you should be doing to combat the Double Dip!

## Vision, Planning and Team

1. Make a decision that 2012 will be your best year yet – despite the doom and gloom
2. Set some key SMART goals for 2012. If you don't know what SMART is – find out!
3. Get your team on board, Hold an initial team meeting and communicate to them your plans and how they can help you in 2012 – focus on the future not the past.
4. Create a master plan for your practice, and identify who can help you with taking action on it.

## Marketing

5. Identify your target market – don't be everything to everyone. Look at your existing patient list and see what type of patients you are attracting. Find out why they are seeking you out...ask them!
6. Review your practice brand. Is it appealing to you, your team, your patients? If not, consider a new brand. Don't underestimate the importance of a strong brand – which should be appealing, consistent across all your channels and have longevity!
7. Review what were your top 3 most effective marketing efforts in 2011, and just focus on these, don't waste your time and money on unimportant issues....develop a low cost marketing strategy.

8. If you have a website, measure its effectiveness, is it doing what it should be doing? Getting new patients for your practice. If not, review your online presence. If you don't have a website, get one!
9. Get involved in social media, but don't spend too much time here, this is just one small aspect of your overall marketing, focus on the big picture, have a social media strategy but that does not mean spending all day on twitter!
10. Look at where you can develop your revenue, can you grow it further with new services? Can you grow it with new specialists? Have you considered in house orthodontists or implant experts? If not, why not?
11. Build a practice and brand which is different! Differentiate yourself from the other practices. Ask yourself the question, how can we be different? Do not blend into a sea of blandness.
12. Don't be in the middle. Offer something either expensive, or cheap. Remember people either want exclusive or rock bottom cheap – how does your offer stack up?
13. Get your team involved in the sales process. Get them fired up, motivate them, offer attractive incentives if you hit target!

## **Financial**

14. Chair utilization – how busy are your dental chairs? If they are sitting empty – why? How can you get them busier, should you get a motivated associate, hygienist or therapist?
15. Prices – have you reviewed your pricing? Are certain treatments being taken up by patients? Whilst others are completely off the radar? Take stock, and re-consider your pricing to firstly see you are profitable, but also competitive. Don't kid yourself, even in the top end practices, people still want to feel they are getting value for money. Make sure your prices reflect excellent value for money – whoever may your customer be!
16. Cost management – keep a close eye on your costs. If not already, make sure you have monthly accounts for your practice, and then each month monitor progress – don't put your head in the sand, be aware of the true reality, and make decisions on what the figures are telling you!
17. Have plan in place to manage your cashflow, whether it is additional overdraft facilities, increased borrowing, or a great aunty's will, make sure you have a plan so your cashflow is managed.
18. Look at your current financing, is it worth considering fixing your interest rates, or have you got a good deal already? There has been talk for a while that interest rates will be rising this year, will this impact you considerably? If so, is it time to fix your rates?

## Tax

19. Manage your tax effectively. With a 50% rate tax for higher earners, consider being a limited company to help you save tax and ultimately help you with your cashflow.
20. Talk to us about alternative approaches to manage your tax situation which will have considerable positive cashflow advantages.

## Always Monitor....

21. Finally, constantly monitor your performance on all levels – financial, marketing, clinical, team.....**as what gets measured gets done!**

Don't wait to do this (and I am sure you have many more things too on your list!) You won't be able to deal with all these issues on your own, you will need an internal and external support team that will you will need to lead through the Double Dip.

So grab the bull by the horns, and step up, as if this is the most important thing in your career.

We are always here to help, on all fronts, just drop us an email!

You can conquer the double dip - have a fabulous 2012!

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