

Over 2,500 Copies in Circulation!

PROFITABLE PRACTICE

WHY A DENTAL PRACTICE
IS AN EXCEPTIONAL INVESTMENT

TIMOTHY A. BROWN

“A dentist deserves to retire
with dignity — and profitably!”

— Roy Brown, 1974



TIMOTHY A. BROWN began selling dental practices in 1982. He has been in over 1,000 dental offices across Canada and has personally appraised or sold over 2,500 practices. Timothy assumed the role of manager of ROI Corporation in the early 1990s and has since become President and CEO, and the sole shareholder of the firm.

Since then he has advocated for the value of dental practices through his appraisals, dental journal columns, seminars and countless hours of consultations with dentists who are contemplating the purchase or sale of a dental practice.

ECW Press
\$89.00
ecwpress.com

ISBN-13: 978-1-55022-850-2

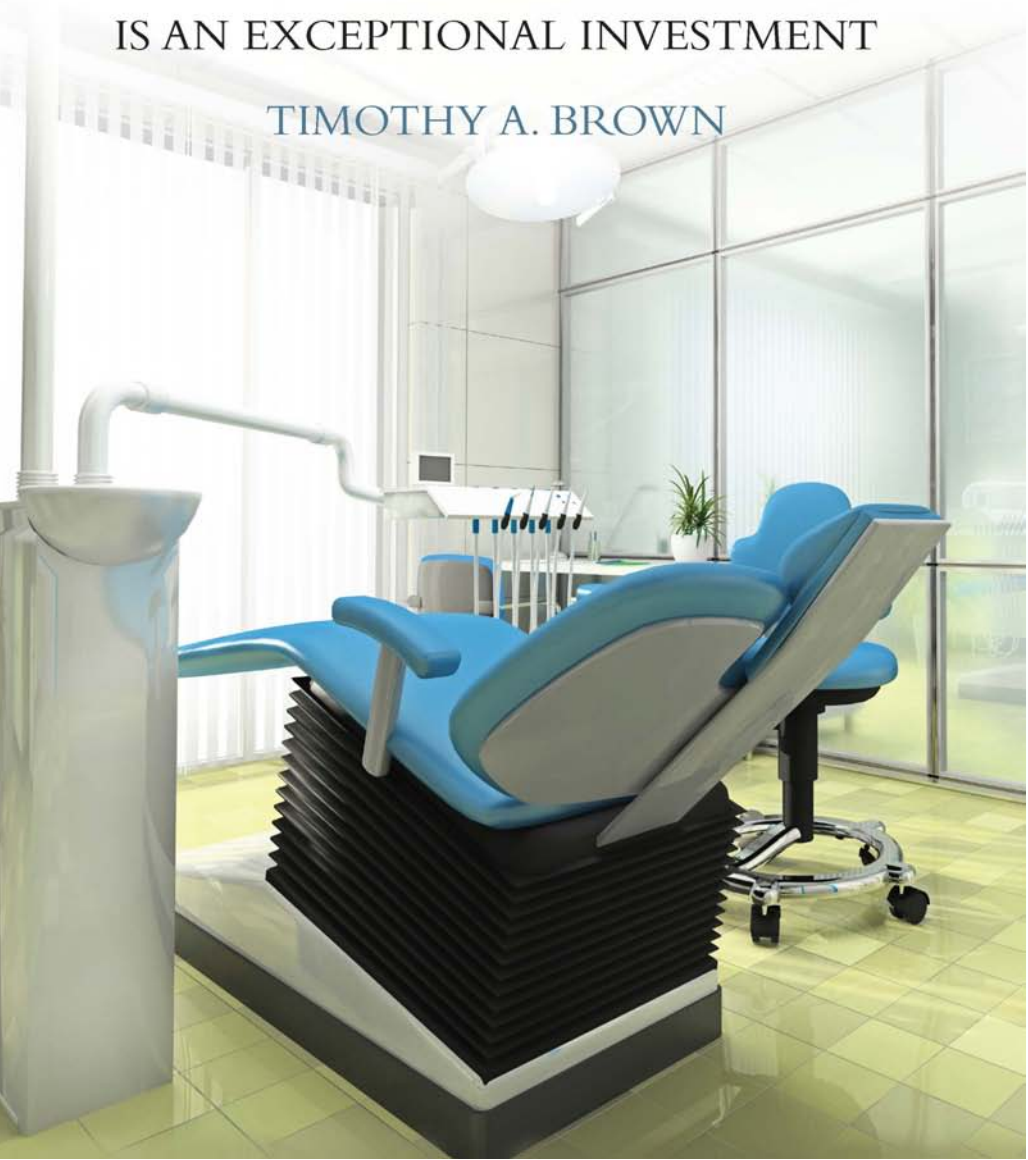


Table of Contents

AUTHOR'S NOTE ix

FOREWORD: "Those Were the Days" by Roy Brown 1

DENTISTRY AS A BUSINESS

1. The History of Dental Practice Management 7
2. The History of ROI Corporation 11
3. The Dentist as Business Person 14
4. The Dental Consumer 19

CAREER MODELS

5. The New Graduate Dentist and the Associate Experience 27
6. The Career Associate and the Locum Dentist 32
7. The Preferred Model of Dental Practice: The Solo Dentist 36

SETTING UP YOUR PRACTICE

8. Buying a Practice 41
9. Choosing and Setting Up a New Practice 46
10. The Size and Design of a New Dental Office 52
11. Financing a New or Established Practice 60
12. Buying an Established Practice, and Clinical Compatibility 64

STRATEGIES FOR MANAGING STAFF

13. Running a Dental Practice 71
14. Selecting a Business System 75

15. Staff Wages and Bonus Systems 77
16. Benefits and Performance Reviews 82
17. Employment Contracts and Staff Dismissal 85
18. Workplace Harassment and Staff Training 89

OPTIMIZING SUCCESS

19. Secrets of a Successful Practice 95
20. Advertising and Income Hours in the Dental Practice 100
21. Analysis of Dental Practice Gross Income 104
22. Suggested Fees and the Art of Scarcity 106
23. Hiring an Associate 112
24. Upgrading the Facility and Equipment, and the Issue of Overcapitalization 116
25. Continuing Education: Perfecting Clinical and Communication Skills 120

LEAVING THE BUSINESS PROFITABLY

26. The Art of the Appraisal 125
27. Selling the Business 131
28. Trends and Predictions 144

TIM'S TIPS 149

APPENDICES

- A. Curriculum Vitae of Timothy Brown 155
- B. Agreement to Associate 157
- C. Practice Transition Manual 162
- D. Locum Agreement 175
- E. Offer to Purchase 176
- F. Buy Versus Set-Up Comparison 194

REFERENCES 196

The History of Dental

When Did the First Practice Manager Offer Advice to a Dentist?

There are no industry records that show practice management was ever seen as a necessary course of study in any schools of dentistry, nor was it valued as a criterion of a successful practice. The first advice given to a dentist was likely from a spouse or a banker, hardly experts in dental practice management. Once in practice, dentists would typically look to their colleagues for tips on how to build a practice. This process did not guarantee success.

Who Then Pioneered the Modern Practice Management Industry?

Dr. Clapp's book entitled *Profitable Practice*, written in 1916, offered the following advice:

“Dentistry as means of service is a profession; as a means of livelihood it is a business.”

Further, in his opening remarks, Clapp thanked those who gave him guidance:

“May their efforts speed the day when the discussion of the business elements in practice will receive the same full, free and beneficial discussion that is now accorded to technical questions. Then will dawn the day of fees that are fair to patients and to dentists.”

Clearly, these are wise words that foresee the need for professional advice.

Definition of Practice Management

While there is no one industry definition that is acceptable to all, the following provides a working statement for the purposes of this book:

“The art and science of running a profitable dental practice.”

Painless Parker (a.k.a. Edgar Randolph), a man famous for pioneering the advertising of dental services to America in the early 1900s, has his definition:

“You have to be organized, systematized, capitalized, advertised, standardized, and specialized. These are the major principles of business economics.”

Painless Parker idolized P.T. Barnum, the owner of the world's greatest circus. Barnum offered this advice to Painless:

“The great secret of anything is to get a hearing. Half the object is gained when the audience is assembled.”

Arthur Schopenhauer, the famous German philosopher of the nineteenth century, wrote:

“If you want to achieve something in business, in writing, in painting, you must follow the rules without knowing them.”

These words ring true today. Practice management is not any different now than it was in the early years of dentistry.

The four simple steps to successful practice management are:

1. Greet the patient.
2. Treat the patient.
3. Bill and collect fees.
4. Remind them to return and repeat the process.

Advertising is an essential promotional tool to expand a dental practice. Treating the patient effectively is the sole responsibility of the dentist. Billing and collecting, and then reminding them to return for continuing treatments (recall programs), are the responsibilities of all the staff in the modern dental practice.

Who Then Is the Practice Manager?

Some dentists do employ office managers to perform the majority of day-to-day routine requirements, but ultimately it is the dentist, as owner of the practice, who is the official practice manager. He/she must

decide on the key elements of how to position the practice in the marketplace, given the many variables that Painless Parker mentions:

1. *Organization* — This involves the selection of financial record-keeping systems, charting systems and recall systems.
2. *Systemization* — This mandates integrating the above organizational tools into a highly repetitive and accurate process.
3. *Capitalization* — This requires securing financial resources from personal, family or financial institutions to adequately equip the practice with the tools of the trade necessary to deliver service in a timely and profitable fashion.
4. *Advertising* — This requires promoting your service to the public and attracting people to your unique offering as opposed to other dental practices.
5. *Standardization* — This necessitates perfecting the delivery systems in all regards so that the final results are consistent with the intended service level offering.
6. *Specialization* — This involves mastering the dental service and offering that service at the highest level possible. It also involves recognizing when a dental practice cannot meet the needs of the patient and recommending a dental practice that can.

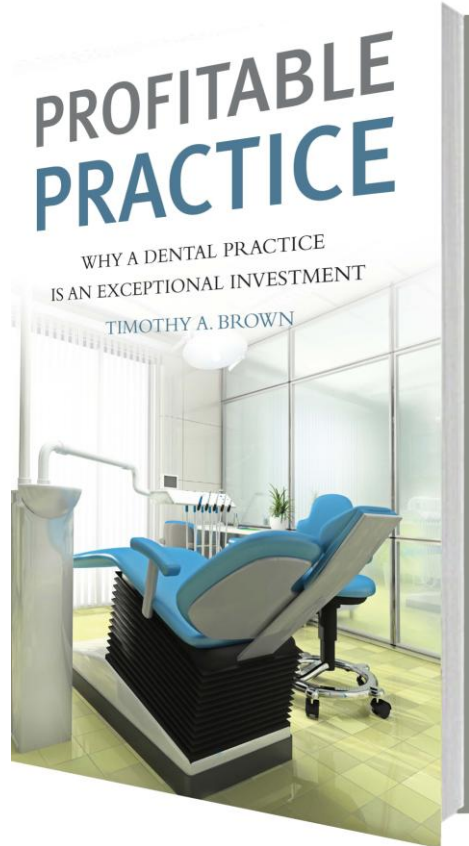
PROFITABLE PRACTICE

WHY A DENTAL PRACTICE IS AN EXCEPTIONAL INVESTMENT

by Timothy A. Brown

"A dentist deserves to retire with dignity - and profitably!"

Roy Brown, 1974



This 200+ page hard cover book includes:

- Associate Agreement
- Locum Agreement
- Offer to Purchase
- Practice Transition Manual

www.roicorp.com

FOUR EASY WAYS TO ORDER

1. **FAX:** 1 (905) 278-4705
2. **PHONE:** 1 (905) 278-4145 or 1 (888) 764-4145
3. **ONLINE:** www.roicorp.com/store.html
4. **MAIL:** 1155 Indian Road, Mississauga, Ontario L5H 1R8

Name: _____

Address: _____

City: _____

Province/State: _____

Postal/Zip Code: _____

Telephone: _____

Fax: _____

E-mail: _____

Method of Payment:

Visa MasterCard

Cardholder Name _____

Credit Card # _____

Expiry Date _____

Signature x _____

Please send me _____ copy(ies) of **PROFITABLE PRACTICE**.

My investment:

\$69.00 CDN/US (+ Tax, Shipping and Handling) per copy

Web registration form