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# Common Management Errors

Ten mistakes dentists make — and the solutions.

When appraising and eventually selling a dental practice, we frequently observe numerous deficiencies, errors and management oversights. Here are some key areas for improvement in practice operations:

## 1. Underachieving Employees

Loyalty is a highly regarded virtue but sometimes difficult decisions must be made. Staff members who are not effective or are destroying the team morale should be re-assigned or relieved of their duties — it's good for business. Often the team member may be controlling and intimidate fellow staff members; others may be experts at looking busy, but fail to deliver. Never retain employees who are not doing an excellent job — nothing is more detrimental to the reputation of your practice.

## 2. Persistent No-Shows and Cancellations

Statistics suggest that the average patient no-show and cancellation rate is higher than most dentists should tolerate. There are reasons you have patients who miss appointments and there are solutions to eliminate this costly problem. Maintain a list of

patients who are retired or self-employed and live or work nearby. They are often very flexible and willing to appoint on short notice. Many times these patients will view your practice as providing outstanding service if you accommodate them on short notice. Stop making excuses such as "People are busy this time of year" or "It is always the same at this time of year because of the nice weather".

What are you saying to your patients when they do not appoint? Informing them of cancellation policies — and enforcing them — is a sign of a confident and mature practice. It is often what you say and how you say it.

## 3. Losing Money

Monitoring your expenses and measuring them against nationwide metrics is easy. The Ontario Dental Association has valuable data to help determine where you stand financially. Don't be afraid to ask — it's confidential and you may find you are performing brilliantly (expense wise) or poorly. There can also be lost revenue in the practice through lack of follow-up with treatment incomplete, treatment pending or low levels of case acceptance.

## 4. Controlling Accounts Receivable

One person in charge of accounts receivable is a distinct opportunity for employee theft and fraud. Avoid giving one staff member control of all the computer passwords, bank deposits, insurance claims processing, etc. There should be a rule that no one can write off an account without the doctor's permission. More than one person needs to know how to close day-end and balance, to schedule an audit check, to make sure all insurance claims have been processed and to balance the bank deposit.

## 5. False Information

When the office manager or receptionist claims the accounts receivable are excellent, you should ask: Compared to what? How do you know? There are at least 10 questions we ask before determining if the office has an acceptable level of receivables. For example, Is this an assignment office? If so, how many patients are given assignment privileges, 20 percent or 80 percent or somewhere in between? Are there large cases in progress that have been entered into the computer but for which payment has not been received — this can explain large

unpaid accounts that are not bad accounts. How many are over 90 days and have those accounts been treated recently? The list goes on, every practice is unique and so are receivables. Often the dentist is told by the staff that the accounts are under control and that they have done what they can to collect accounts over 30 days. The dentist often assumes that is normal when in fact, the staff are not willing to assert themselves and discuss the ever sensitive topic of money with patients. All extensive treatment plans need to have a signed commitment to pay, policies on payment should be implemented and payment expected.

### 6. Understanding Computer Print-Outs

Data can be confusing at the best of times. Pages and pages of reports can bore the most adept business owner. Clear and concise (and random) reporting is the key to the prudent business owner's success. Your weekly routine should include a brief audit of varying reports, selected for monitoring on random days of the week. These reports can tell you a lot about your practice, more than just production and collections. Computers are usually under-utilized and often inaccurate or incomplete information is entered. The reports are only as good as the information entered and having someone understand the reports and supply solutions to problems is essential.

### 7. Underestimating the Practice Potential

We once heard a dentist remark; "We have a great perio program with 2,000 patients" but in fact, only 10 percent of the patients were booked for an appointment. Dental hygiene is an ever-growing need for our ageing populations. Patients genuinely want to keep their teeth, so it is the responsibility of the dental office to educate and motivate these individuals.

Don't allow them to neglect themselves — in the end it is the dentist who is blamed for poor oral health. The "baby boomers" are interested in looking good, so offer them the best esthetic options. We believe that more dentistry walks "out the door" than is actually performed in most dental practices. ROI Corporation's annual office survey, now totaling over 1,000 replies, indicates that most practices experience 10 to 20 percent growth in the very first year after a sale — proving that the majority of practices have a substantial backlog of much-needed treatments.

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### 8. Monitoring Case Acceptance

In many offices the only person discussing treatment plans and dentistry is the dentist. Any business that provides a client with a quotation for services has a follow-up system. Dental office staff may be unaware of the large volume of treatments outstanding, only because they assume the patient will call upon receipt of a pre-determination. NEVER assume they will remember — follow up with your patients. A treatment coordinator is the ideal person to review the treatment and fees with the patients and follow up to make sure all patients leave the office well-informed and with all their questions answered.

### 9. No Financial Goals

The greatest mistake an owner can make is the failure to plan. It is simple and needs regular review — and the process of setting goals is not difficult. What is difficult is to maintain your objectives and focus on what you want your business to be — it's a daily routine. Thinking that 80 percent overhead is acceptable is absurd! Overheads are typically between fifty and seventy percent of total income. Many offices fail to "adjust" for non-recurring or non-essential expenses when calculating the overhead ratio. What you declare for income tax purposes is distinctly NOT your overhead. Speak with your accountant or a practice expert.

### 10. Learning the Password

Dentists who do not know how to access and operate their dental software are leaving themselves open to theft and fraud. Recent reports from William Hiltz, a consultant who studies fraud in dental offices, suggest that the purposeful (or accidental) misuse of insurance claims and cash receipts is prevalent in over 10 percent of all Canadian dental offices. There are dentists who want to check their accounts or schedule appointments on a weekend and have no idea how to access their own computer. 

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