

FOR THE PEEPS OF DSN



Jake Conway

Owner, Custom Practice Analytics

Business Analyst, Dental Success Institute (DSI)

Run the “Understanding Practice Analytics” room in DSN

NUMBERS CAN BE SEXY...

OVERHEAD IDENTIFICATION

DSI/Custom Practice Analytics Definition:

“All expenses outside of Dr compensation – including Assoc. Dr pay”

- Variable
 - Dental supplies and Lab
 - Marketing/advertising
 - Office expenses **
- Fixed
 - Payroll
 - Facility/equip
- Dr Compensation
 - W-2 pay +payroll taxes assoc.
 - Draws/distributions
 - Travel
 - Family payroll
 - Meals/entertainment
 - Assoc. pay – W2 +payroll tax assoc. and 1099

MONTHLY BREAK-EVEN (MBE)

DSI/CPA Definition: Overhead + Assoc. Dr. Salary + Debt service

** some will put Owning Dr. W-2/compensation in equation**

- Overhead
- Assoc. Dr salary
- Debt service: is interest and principle payments made to practice notes, equip loans, LOCs, etc...

IDEAL %'S

Variable (low hanging fruit)

- Supplies 5%, ideal 4.5% or lower
- Lab 9%, ideal 7% or lower
- Combined Supplies/Lab = 14%, Ideal 11.5% or lower
- Marketing 4.5% (depending on situation)
- Office expenses ** 1.2%
- Other expenses 5.5%, ideal 4.5%
 - Merchant fees
 - Pt. refunds
 - Cont. Edu

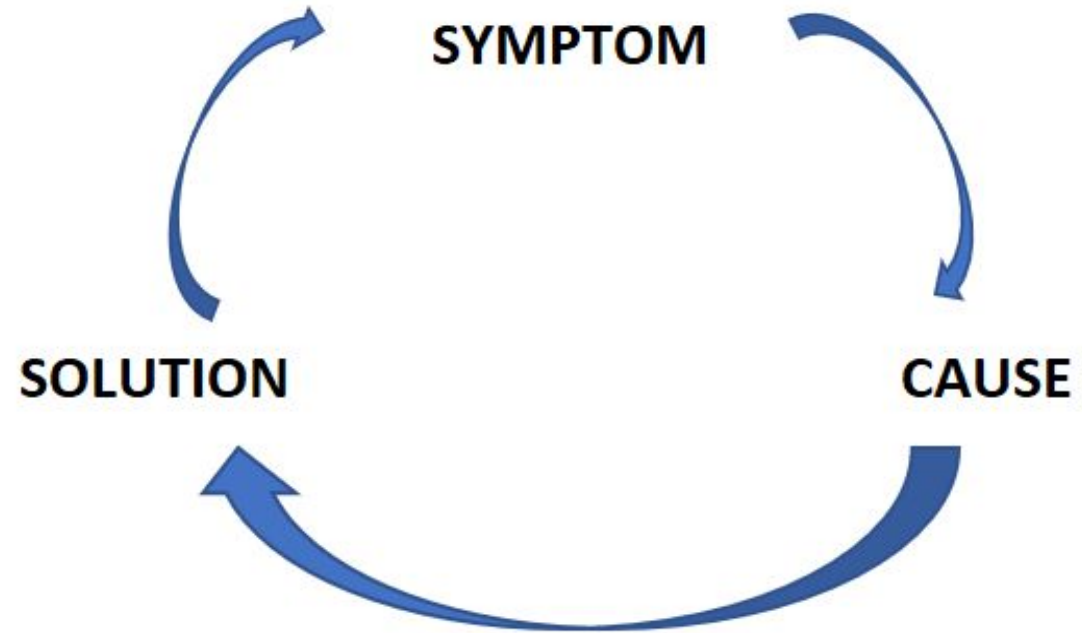
Fixed

- Payroll 30%, ideal 25% or lower
 - Front/back office 16%, ideal 13% or lower
 - Hygiene 9%, ideal 8% or lower
 - Fringe Benefits 2.5%, ideal 2% or lower
 - Payroll taxes/fees 2.5%, ideal 2% or lower
- Facility/equip 9%, ideal 7% or lower
 - Rents
 - Utilities
 - Equip repair, etc.

VARIABLE VS FIXED COST

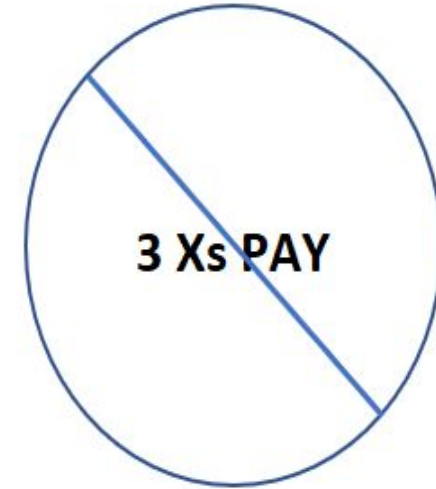


WHY ARE WE OVER BUDGET?



HYGIENE AS A PROFIT CENTER

- Not 3xs pay...
- IDEAL = NET hygiene prod. of 3.3xs GROSS pay
- 70% of hygiene pay coming back to the practice after paying hygiene salaries
- *Formula: (hygiene net production – hygiene salary) / (Hygiene Net production) = (%) ideal is 70%(+)*
- Ideal EX: \$30,000 in hygiene NET production
 - \$9,000 in gross salaries
 - \$21,000 left over to support overhead in the practice



3.3 XS PAY

KPI'S IN HYGIENE

Procedure Mix

- Perio % = 40%, ideal 50%+
 - Perio procedures VS Prophylaxis exams
 - *Formula: $(D4341 + D4342 + D4346 + D4910) / (D4341 + D4342 + D4346 + D4910 + D11110) = \text{Perio \%}$*
- Fluoride = 80%+ of patients seen
- Sealants = 50% of patients seen
- Arestin = 50%+ of all Perio procedures

Scheduling

- 15% open rate is healthy
- Confirmation schedule – cadence and timeline leading up to
- Re-Appointment 90%+
- Recall/reactivation – If 80% of your patient base over last 24 Mo. has not been seen in hygiene over last 12 mo. Massive opportunity
- *Formula: $(\text{hygiene pts. Seen over last 12mo.}) / (\text{Active patient base over last 24mo.}) = \% (80\% \text{ ideal})$*

GAMIFICATION



Karl Pearson

Actual source disputed, apocraphally attributed to Karl Pearson and commonly called Pearson's Law

"That which is measured, improves.
That which is measured and reported, improves exponentially."

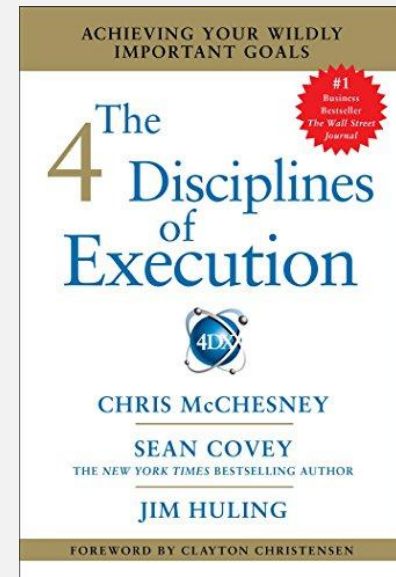
EXAMPLES

Lead Measure

- Daily/weekly goals and tracking

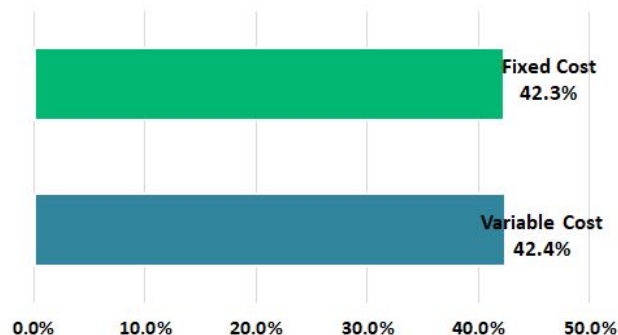
Lag Measure

- Monthly reporting, 30 day reviews, etc.



Phase 1

2016



New patients:	288
Net Production:	\$1,041,012
Revenue (collection):	\$954,288
Collection %:	92%
Hygiene Production:	\$187,382
Hygiene Production %:	18%
Total Expenses Excluding Dr:	\$808,032
Overhead % Excluding Dr:	85%
Overhead variance to target:	60%
Assoc. Salaries:	\$0
Owner Dr Salary/Distribution:	\$132,000
Net Profit:	\$14,256
Debt Service:	\$90,780
Available Funds:	(\$76,524)

2016 Practice Scorecard

Expense Breakdown	Practice Expense	Expense %	Industry Standard	Variance % (+/-)	Points
Staff Salaries	\$180,144	18.9%	16.0%	2.88%	2.88
Hygiene Salaries	\$98,568	10.3%	9.0%	1.33%	1.33
Payroll Taxes & Fees	\$25,680	2.7%	2.5%	0.19%	0.19
Fringe Benefits	\$0	0.0%	2.5%	-2.50%	-2.50
Total Payroll	\$304,392	31.9%	30.0%	1.90%	1.90
Lab Fees	\$103,812	10.9%	9.0%	1.88%	1.88
Dental Supplies	\$103,860	10.9%	5.0%	5.88%	5.88
Assoc. Dr Salaries	\$0	0.0%	N/A	N/A	No points
Owning Dr. Salary/Distributions	\$132,000	13.8%	N/A	N/A	No points
Total Doctor Salaries	\$132,000	13.8%	30.0%	-16.17%	No Points
Advertising	\$64,428	6.8%	4.5%	2.25%	2.25
Other Minor	\$17,292	1.8%	2.0%	-0.19%	-0.19
Other Expenses	\$65,184	6.8%	5.5%	1.33%	1.33
Insurance	\$11,448	1.2%	1.5%	-0.30%	-0.30
Legal & Accounting	\$7,800	0.8%	1.5%	-0.68%	-0.68
Office Expenses	\$30,888	3.2%	1.2%	2.04%	2.04
Facility & Equipment	\$97,464	10.2%	9.0%	1.21%	1.21
Telephone	\$1,464	0.2%	0.8%	-0.65%	-0.65

**HOW WE
“GAMIFY” IN
DSI/CPA**

GAMIFICATION AND SMALL TWEAKS

SMALL WINS



MASSIVE RESULTS

TIME FOR EXPANSION?

Ways to expand

- Increase Hours
- Add team members
- Expand physically
- Add providers (hygiene and Assoc.)
- 2nd , 3rd location?

TIME FOR EXPANSION?

Some indicating symptoms of expanding

- *Hygiene booked out (85%+) for 3+ weeks*
 - New pt. flow
 - Recall/reactivation
- *Patient volume in general*
 - No overflow
 - Same day tx trending down
 - New patient flow is throttled
- *Periodic Exams*
 - Exceed 125-130+ Per Doctor on a consistent basis

HOW ARE NUMBERS SEXY TO YOU NOW?