

CONSULTANTS CORNER

By Cathy Jameson

Baseball is an American passion. My son, Wil, is a catcher. He's played since he was four years old and is now playing high school ball. His growth over the years has been guided by many coaches. One stands out to me. Kevin Alwan was manager for his 10-year-old team. He was a quiet coach, always taking notes, recording statistics. When I asked him what he gained by keeping all those notes, I was surprised by how much our styles in managing overlapped. He said, "I know I am not the best coach in this league. I am not even a good ballplayer. What I do have is information and that gives these boys an edge during every game. I keep track of each player's batting performance. I can predict with certainty where the ball is going to be hit and so I can position my players. In addition, I can tell you with certainty which plays the coach is likely to call for the batter. So I am able to tell my batter what to prepare for."

Statistics determine games. If you saw *Moneyball*, you know the Oakland Athletics re-created the game by getting control of one tactic, that of getting each batter to base. Doing so, one at a time, won games!

What does this have to do with your dental practice? I have been consulting since 1986 and I don't know everything there is to know in each client's practice. What I do have is information. The practice numbers. Trends predict patterns. Patterns can be corrected. You just need to look at indicators from a period of time and know what the numbers should be and then make adjustments. Inspecting your Indicators can be the most important skill you will ever develop because it gives you clarity and a sense of control in directing your practice outcomes. Confidence is gained by knowing this skill.

Let's start with three key rules for managing by the numbers:

- 1 Business decisions can be made objectively or subjectively. I demonstrate subjective decision-making by showing a Magic 8 Ball. I ask it, "Should I give raises this year?" When I shake the Magic 8 Ball and it says, "Ask again tomorrow," most people laugh and grasp how silly this is. Why would you leave key business decision-making to subjective process? Facts, figures, history, and documentation will empower you.
- 2 A single number means nothing until you have something to compare. How did your practice do this month? Compared to what? Last month? The neighbor's practice? You can compare goal to actual, 3-month or more in trends, or apples to apples, by looking at the same timeframe one year ago. It gives your analysis depth and dimension. If you only look at one month and find you are short of goal, evaluate whether it is the trend and ask how it compares to last year. One number means nothing until you compare it.



- 3 The numbers will tell you if something is out of line. It is up to you to learn to compile, analyze, and correct the pattern. There are tools that can be used to evaluate why certain trends exist. Go back through appointment schedules, new patient treatment plans, and A/R reports to evaluate what did or didn't work.


What practice indicators should be evaluated?

Office managers and dentists tell me they choose not to look at their numbers because they are overwhelmed by how many there are. It's true; it could become management of minutia. More detailed reports are necessary only if you see a problem in the basic trends that should be followed. They are:

- 1 Doctor's production per day and per hour
- 2 Hygienist's production per day and per hour
- 3 Collection percentage
- 4 Number of new patients
- 5 Case acceptance of new patients and patients of record
- 6 A/R aging
- 7 Overhead

Teams wish to be enlightened and can even be encouraged to take responsibility for those numbers over which they have the most direct impact. Overhead should not be shared in depth with a team, but it does surprise many to know dental offices operate at 60-75% overhead. They may assume the doctor takes home 90% of collected fees, if they aren't educated about this. Team members can even be held accountable for numbers when salaries are reviewed.

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I was working in a client's office recently and the dental assistant kept pushing for a raise despite the fact production for the doctor was less than the year before. She felt she deserved it. Fact of the matter is, the doctor previously had an assistant who was capable of working with the CAD Cam technology and this assistant was not. She had been given two opportunities to go away for training and found excuses. Her skill level was not equal to the prior assistant's and yet she felt she deserved a raise. The practice could not justify raises for anyone because the practice had experienced a downturn due to the doctor taking more time using the CEREC machine herself.

These numbers can be requested from any office management software. I recommend my clients use an Excel spreadsheet to show all numbers in one snapshot. Once a trend is determined, request more detailed reports. Save time and make it easy to track your trends with Revenue Goal Planner, which can be ordered at www.rgplanner.com.

Numbers may not be your thing. Analysis is an acquired skill. I do know this though: as with the baseball manager, managing is about knowing your numbers and inspecting your indicators. Keep it simple. In the end you will find the drudgery of the numbers will set you free.



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