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## How to Survive ... and Thrive!

### Operating A Dental Practice In A Tough Economy

By Kenneth H. Mathys, CPA, Dental Practice Advisors and Shawn M. Mathys, CPA, Wipfli

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Current economic uncertainties have everyone on edge. Vendors are tightening payment terms, lenders are increasing borrowing requirements, and patients may be more reluctant to accept extensive treatment when job security and benefit plans are in doubt. But through it all, some practices are managing to not only hold their own but grow! How are they doing it? What is their secret for thriving when others are struggling under these circumstances? The key is that they are managing – proactively, purposefully and positively. They've got overhead expenses under control, their key performance systems are managed efficiently, new patient and referral flow is healthy, and they are effectively communicating and leading their teams to achieve practice goals.

Here are some keys to survive and thrive in a tough economy.

- Maintain brand clarity
  - Identify and clarify your brand to promote consistency in all communication and patient service delivery
  - Stay true to your brand and resist the impulse for knee-jerk adjustments that stray from your brand
  - Deliver your brand promise - get the right people in the right seats on the bus not vice versa
  - Involve your team in delivering your brand
  - Maintain fee levels and confidently communicate and reinforce your value
- Know your numbers and deal with facts
  - Invest time to create an annual plan and expense budget with production goals by provider
  - Maintain a solid set of Key Performance indicators that you review daily, weekly and monthly
  - Generate timely reports comparing actual results against plan; investigate and rectify variances promptly; review your P&L within ten-fifteen days of the close of the month
  - Benchmark your results against previous periods and other practices
  - Make wise spending decisions based on accurate and timely financial information
- Be honest and direct with your team
  - Communicate the current state and the future desired outcome
  - Set clear expectations and be consistent
  - Specify the consequences of failure to get on board – there will be no “third chances”
- Engage key advisors – they are your partners
  - Consult with your practice advisor for innovative ways to meet challenges – they can offer best practices and sustainable solutions
  - Keep your banker informed of your numbers, trends, plans and potential financing needs; a strong relationship built on solid data will facilitate lending applications and approvals
  - Confer with your CPA regularly to interpret financial results and obtain strategic business and tax planning advice – they can provide a wealth of support beyond the annual tax return
- Don't over or under-react
  - Make the response appropriate to the situation – the team takes their cues from you
  - Don't fail to react and take corrective action – avoiding the challenge will not solve it or make it go away
  - Timing is everything – address issues as they arise to get back on track quickly

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- Strategic planning
- Comprehensive practice exam
- Benchmarking and performance monitoring services
- Fee schedule review
- Dental team assessment
- Practice transitions

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## Need Help Building A Successful Practice in A Troubled Economy?

Do you know the state of your practice? Now more than ever it is vital to know how your practice performance compares to your goals and to industry benchmarks. As you look ahead to the new year, now is the perfect time to step back and get a clear and objective picture of the health of your practice. The Annual Vital Signs® update compares your annual results with previous years and with industry benchmarks:

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## Turn Your Practice Into A Lean Machine

By Mike Bradley, Wipfli LLP

Over the past several decades companies have been faced with unprecedented challenges to maintain profitability. Rising costs and competitive pressures required new and innovative approaches to improving the bottom line. Just working harder was no longer an option.

One approach to this challenge examines internal processes for waste and seeks to root out activities that no longer serve to satisfy the customer. This system has been the cornerstone of the highly successful Toyota Motor Company for more than fifty years. It migrated to the US in the early 1980s from Japan and over the years in the US these practices have come to be known as "Lean."

Lean is a structured program that forces a critical examination of business activities to determine where customer value is added and where non-value added activities are consuming organizational resources. It identifies waste, and provides a different way of doing traditional activities to minimize waste and release organizational capacity. It's a leadership value that emphasizes problems solving, understanding where the real work is done, and thinking for the long term. At its core, lean is a cultural philosophy that engages all employees.

While American manufactures quickly found benefits in applying Lean to the shop floor, it did not take long for the focus to shift to the office where Lean principles allowed significant gains in the customer scheduling, payroll, and information management processes. Lean has evolved to a program that all businesses could and should be implementing to stay competitive.

Any business can get started with lean by utilizing three simple programs:

1. Reconstructing processes using Lean principles
2. Identifying and eliminating various forms of waste
3. Creating visual and orderly work spaces with 5S

### How can Lean principles make a difference in your dental practice?

Lean principles start with truly understanding the customer – your patient. Do you understand what they want, when they want it, what level of quality they will accept, and how much they are willing to pay? Many practices are so focused on the sophistication of their services that they become blind to asking whether this is truly what the patient wants. Lean leads to defining ways to truly deliver what your patient wants efficiently and affordably.

Waste training permits practices to view their processes from a different perspective to identify activities as either value added or non-value added. The goal becomes pinpointing alternative practices that would be much less "wasteful" in every sense – whether it is saving time, energy or supplies; eliminating duplication of effort; or avoiding costly errors.

The third program elevates the level of orderliness and organization to promote efficiency, team compliance, and consistency. The five "S" of sorting, straightening, shining, standardizing and sustaining compliment the previous process improvements and bring a keen sense of employee pride to the position and the practice.

While getting started is straight forward it is not without challenges. Lean is a cultural shift in thinking that requires a willingness to "think outside the box", let go of comfortable – and often wasteful – habits and procedures that have become the norm, and engage the entire team in the process of improvement. It is not a static objective but a continuous journey toward enhanced patient service and relationships, higher team satisfaction and improved profitability. ■

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# Eight Techniques for Resolving Conflict

By Julia Johnson, Wipfli LLP

Conflict in any workplace is inevitable. At times it can be a healthy, positive force that fuels creativity and furthers understanding between employees. But when taken too far, conflict becomes highly disruptive. It can damage morale, erode productivity and, in rare occasions, may even turn violent.

From a pure risk management perspective, it's vital for you and your dental practice to understand how to manage conflict effectively and avoid destructive confrontations.

Knowledge and preparation are the best ways to minimize counterproductive disputes. Here are eight constructive techniques that can help prevent and resolve conflicts in your practice.

1. Address conflict early. Ignoring a conflict won't make it go away; it will only fester, allowing negativity to breed in your practice. In fact, many performance problems reach crisis proportions as a result of a delayed response to conflict. Don't put off your responsibility. Always confront problems before they escalate.
2. Establish company policies. Your employee handbook should include a simple, understandable procedure for resolving disputes in a fair and consistent manner. It must also make clear any policies your practice has for handling workplace violence. All employees should be required to read and sign the handbooks. Once awareness and understanding are in place, be sure to enforce the handbook's clear standards of conduct.
3. Listen to angry employees. Angry employees may appear to want a specific issue addressed but often they also just want to be heard. Allow employees to talk without interruption. By demonstrating respectful concern and sincerity, you can dissuade them from displaying any further aggressive behavior. Moreover, the individual's act of sharing his or her feelings over what's wrong can clear the way for solutions to naturally emerge.
4. Respond with the right words. There are many available resources to help managers use the right language in conflict situations, and none advise yelling or threats. To effectively diffuse a situation, respond calmly using a con-

cerned, non-confrontational tone. Deal with the person's feelings first, then move to the issues and problem-solving. Ask the individual to describe his or her perceptions of the problem. Conflicts often boil down to misunderstandings about information, so be sure to clarify the true nature of the conflict.

5. Train managers to do the same. With the right tools, managers and employees can learn to handle conflict effectively. Provide training opportunities to help them improve their skills in mediation, communication, and problem solving.
6. Encourage openness. Foster an environment that promotes healthy, positive communication. Give employees regular opportunities to express their concerns. Something as simple as an open-door policy or just by being present can encourage employees to reveal conflict whenever it arises and prevent issues from becoming all-out arguments.
7. Cultivate teamwork. Creating a culture that values collaboration can help reduce counterproductive conflict. When employees agree on values, mission, and goals, they are less likely to quarrel. Solicit their participation in decision-making on important issues, and encourage them to seek mutually beneficial solutions. By investing in leadership activities that leverage the team efforts of employees, you'll avoid the inordinate time and energy needed for conflict resolution.
8. When necessary, ask for help. It's never a sign of weakness to seek assistance. A human resources professional or an experienced third party mediator can listen to both sides, facilitate problem-solving, and offer an unbiased perspective, while maintaining confidentiality. ■

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## How to Survive...Continued

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- Grow market share and patient base
  - Invest in targeted external marketing
  - Encourage the team to request patient referrals and build internal marketing programs
  - Track sources of new patients to evaluate the programs and allocate resources effectively
  - Consider acquisition of a retiring doctor's patient base
- Increase patient communications and relationship building
  - Create a patient newsletter
  - Develop a web site and keep it updated
  - Make follow-up calls in the evening to patients who had extensive treatment – they'll appreciate the personal effort
  - Send personal thank you notes or appreciation gifts for patient referrals
- Evaluate and expand your service and product offerings
  - Consider providing services in-house that were previously referred out
  - Extend hours/days of operation if it facilitates patient access
- Provide flexible payment options
  - Offer third party payment plans to improve case acceptance
  - Offer patient savings through cash discounts for payment in advance or at time of service

- Phase treatment plans to fit patient budgets and maximize dental benefits
- Don't assume anything!...
  - That your team knows what to do
  - That patients can't afford the ideal treatment plan
- Use any open time wisely
  - Plan team building events
  - Schedule affordable continuing education to increase service offerings and productivity
  - Seek practice development opportunities with local businesses and in the community
- Stay focused and positive
  - Reassure the team that you are firmly in control of how you will tackle the challenges
  - They in turn will reassure your patients
  - Reassured patients will accept more dentistry

Select and prioritize a few initiatives from this list, sharpen your focus, and engage the team for best results. ■

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