

Avoid subprime results: Measure what's really important; Accomplish what really matters.

Larry M. Guzzardo

Tom Peters, in his ground breaking book *Thriving on Chaos*, proclaimed "What gets measured gets done". He further explained, "Develop simple systems that encourage participation and understanding by everyone..." To sum it up, measure what's important. Create measures of what is happening in your practice and empower staff to take action to achieve improvement. Keep what you track simple; pared down to a few essential statistics that can capture the vitality of your practice at a glance. Anything you want to improve should be measured and monitored regularly.

Determine what is important to the lifeblood of your practice but don't ignore non-financial measures, such as laboratory quality control, adherence to hygiene departmental protocol, or patient satisfaction. Ultimately the staff will consider what you track as important. By not paying attention you won't be able to react until it is too late. Being caught unaware keeps you from getting things done, makes you appear indecisive, and prevents you from delivering on promises and commitments. This certainly does not sound like the formula for a winning team. Yet many offices operate without any real direction and when the practice does not progress, individual staff members resort to uncoordinated efforts to get things done. Cliques form.

What causes this inability to take action? Usually, the failure to put the right people in the right jobs and the related failure to fix staff people problems right away. Paradoxically, they admit to knowing there is a performance issue, but they choose to ignore it, thinking it will go away by itself. The rest of the staff can recognize the problem, but the doctor usually does not seek their advice. When a staff member is underperforming, burying your head in the sand just makes the problem worse. Strong leaders encourage and stretch the abilities of talented staff. Then they track the staff member's progress in detail through regularly scheduled review sessions. Detailed constructive Actions Plans accompany each review.

Effective leaders begin by focusing on clear and specific goals. With clear goals, effective doctors implement them in a way that appears simple, but produces profound effects.

At the end of every staff meeting or employee review, I instruct doctors to write down an Action Plan. Note exactly what is supposed to be done by whom and by when. Discuss the steps that should be taken and how you will assist them. Then review this before you adjourn and make it the first thing you review the next time you meet. This is the first step in learning to get things done. It is the doctor who brings these habits into a practice where they did not exist before. Now under your direction, the whole tone of the office changes as staff members prepare for meetings differently.

Sure keeping track of assignments, following up on them, and evaluating progress seems boring. It's a routine you should learn to embrace. In under-performing practices I always discover a doctor who seems to find no reward in continually improving systems and procedures. They rant "Why can't the staff just do this by themselves?" They're afraid of being seen as too controlling. Dr. Dawson teaches us where there are no controls you will find control freaks. Ironic but true, if you have no way to determine progress you must constantly check and recheck. This waste of time keeps the doctor from focusing on the staff and patient care. Time efficient doctors who are engaged in what is happening in their practice are hungry for information. This includes information about daily and hourly production, collections, bad accounts, the schedule, incomplete treatment, hygiene therapy, supplies, equipment, and even the facility. They never want to be the last to know. They use meetings as an opportunity to have their staff bring data to them to be evaluated. By incorporating measures and tracking results, staff can self-monitor their progress and offer solutions to problems, facilitating their ability to understand the goals and vision of the practice. Developing measures and monitors saves time and allows the doctor to lead the practice and work toward fulfilling commitments and promises. ■

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Larry M. Guzzardo who has co-authored two books, "Powerful Practice" and "Getting Things Done" conducts in-office practice management consultations exclusively for dentists to enhance trust, create organization, increase profits, and to develop patient relationships that last. Larry has presented numerous workshops including, "Winning Patient Acceptance," "Business Communication Systems," and "The Leadership Challenge." Larry can be reached at 800-782-5770 or Larry@larrymguzzardo.com if you have further questions.

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Determine Your Practice Operating Overhead

Major Expenses (50%)
+ General Expenses (10%)
= **Total Operating Overhead (60%)**

Total Collections (100%)
- Total Operating Overhead (60%)
= **Operating Profit (40%)**

Operating Profit (40%)
- Additional Expenses
- Doctor's Expenses
- Doctor's Salary
= **Net Profit**

Major Expenses:

Dental Supplies	6.0%
Laboratory	10.0%
Employer Payroll Taxes	2.0%
Practice Promotion	2.0%
Occupancy	7.0%
Staff & Hygiene Salary	20.0%
Fringe Benefits	3.0%
Total	50.0%

General Expenses:

Accounting and Legal	Bank Service charges
Bookkeeping	Dues and Subscriptions
Employee Recruitment	Equipment repair/Maintenance
Insurance, Malpractice	Insurance, Other
Laundry and Linen Service	Management Consulting
Miscellaneous	Office Supplies
Postage	Taxes and Licenses
Taxes, Personal Property	Telephone (w/o Yellow Pages)
Telephone /Pager/Cell	
Total	10.0%

Additional Expenses:

Associate Salary
Depreciation
New Equipment Purchases
Interest Payments
Loan Payments
Equipment Rent/Lease
Upgrades to facility

Doctor's Expenses:

Continuing Education
Insurance: Life/Health/Disability
Retirement
Travel
Taxes
Doctor's Salary

Determine Your Personal Operating Overhead

Along with understanding the practice overhead you must also determine your personal overhead in order to determine how much the practice must produce to support your lifestyle.

Create a yearly budget. Determine how much you must spend each year in each of the following categories to satisfy your goals for a happy life style. Start with the minimum amount necessary.

Basic Lifestyle Expenses

Housing	\$ _____
Food	\$ _____
Clothes	\$ _____
Transportation	\$ _____
Household expenses	\$ _____
Recreation	\$ _____
Medical/Life/Disability Insurance	\$ _____
Savings	\$ _____
Retirement	\$ _____

Discretionary Lifestyle Expenses

Education (private schools, etc.)	\$ _____
Entertainment	\$ _____
Vacations	\$ _____
Hobbies	\$ _____
Gifts	\$ _____
New Car or Boat	\$ _____
Vacation Home	\$ _____

Subtotal	\$ _____
Income taxes	\$ _____
Total	\$ _____

Managing Your Time

How much would it cost you in time to produce \$100,000 in annual income?

If production per hour is \$300:

@ 70% overhead = \$90.00 per hour and would take _____ hours or _____ days

@ 65% overhead = \$105.00 per hour and would take _____ hours or _____ days

@ 60% overhead = \$120.00 per hour and would take _____ hours or _____ days

If production per hour is \$375:

@ 70% overhead = \$112.50 per hour and would take _____ hours or _____ days

@ 65% overhead = \$131.50 per hour and would take _____ hours or _____ days

@ 60% overhead = \$150.00 per hour and would take _____ hours or _____ days

Estimating Growth Potential

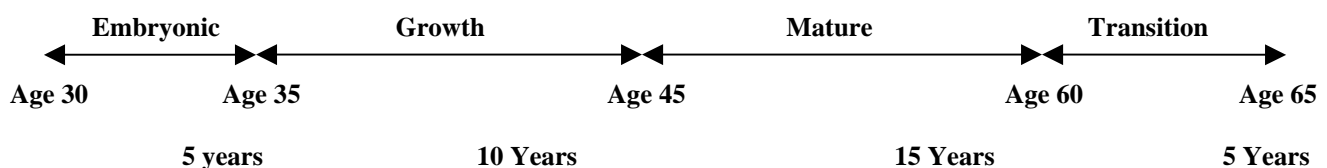
What is *your* current stage of business development?

Years 1-5 _____ = 50% - 100% Age 30-34

Years 6-15 _____ = 20% - 25% Age 35-44

Years 16-30 _____ = 10% - 15% Age 45-59

Years 31-35 _____ = 7% - 10% Age 60-65



The Numbers That Count And Can Be Counted

Daily Production:

Doctor
Hygienist

Hourly Production:

Doctor
Hygienist

Adjustments:

Bad Debt
Financing
Insurance
Cash Discounts
Courtesies

Accounts Receivable:

Ratio
Aging

Collections:

Payment Plans
Time of Service

New Patients:

Internal
External

Case Acceptance:

Tx Diagnosed
Tx Accepted
New Pt. Value

Hygiene Recall:

Due
Seen
Pre-appointed
Not appointed

Broken Appointments:

Doctor
Hygienist

Reserves:
