

TRACK
YOUR
FINANCIAL
PERFORMANCE



YOUR PRACTICE FINANCES

business cannot function without measuring its successes and failures. A dental practice has special needs, and, from the beginning, it is important to keep statistical records.

Knowing what numbers to track and understanding how they relate to what your practice is actually doing now (busyness vs. productivity and profit) and how they relate to your future planning is an essential element in taking control of your practice and keeping your business solvent. There are two elements in the control process:

- Planning function—the establishment of reasonable, desired growth and profit goals.
- Control function—the process of evaluating periodic results, comparing them to your plan, and implementing changes to ensure the achievement of your desired results.

*Preventing cash
flow problems
leads to success*

BY LYNN GARBER

TO KEEP YOUR
PRACTICE SOLVENT
AND ON THE PATTERN
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Monitoring the daily/monthly function



To keep your practice solvent and on a pattern of continued growth, you continually must evaluate the time you are spending in your business in relation to the dollars you are earning. The following numbers should be kept on a regular basis:

- **Production:** This is the amount your practice is charging your patients for treatment rendered on a daily basis. A dental practice's only

product is its "time," and this figure enables you to measure the productivity of your time. It helps you to evaluate whether your time is profitable or not.

- **Collection:** This is the amount your practice collects daily for services rendered (your product) from patients and/or insurance companies. Keeping a daily record of this figure ensures that you will have the ability to pay your bills and maintain your livelihood.

- **Hygiene production:** The hygiene department in your practice is key in the development of your busi-

STATISTICS

Month of: _____, 19__

Date	Production	Collection	Hygiene Production	Hygiene Patients Scheduled	Hygiene Patients Seen
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					
22.					
23.					
24.					
25.					
26.					
27.					
28.					
29.					
30.					
31.					
Totals					

ness. It is a profit center, and it is the part of your practice that monitors the retention of patients. You should know how much your hygiene department is charging daily and how those charges relate to the overall production of your practice. A healthy general dental office earns 20 to 25 percent of its income from hygiene.

• **Lost time:** Broken appointments cost money. Because they seem to be more of a problem in the hygiene schedule than in the dentist's schedule, it is important to monitor the effectiveness of your staff in providing a full hygiene schedule daily and keeping it full. At the beginning of each day, count the number of hygiene patients scheduled, and at the end of each day count the number of hygiene patients actually seen.

Attracting new business

ew business is an essential element in the development and growth of your practice. It is

important to know whether the time and money you spend on marketing is not only bringing new patients to your practice but also retaining those patients. The following information about every new patient telephone call, if kept, helps you to evaluate the effectiveness of your marketing efforts:

- The date of the new patient telephone call
- The new patient's name
- Was an appointment made? This helps you to monitor the effectiveness of the staff member taking the telephone call.
- Was information, i.e., a welcome letter, appointment card, health history, etc., sent to the patient before the scheduled appointment? If you are doing this, it is important to document the date your office sends this information.
- Was the appointment kept? Knowing whether or not the new patient kept the first appointment helps you to monitor the effectiveness of your communication with that person before you have met face-to-face.

A DENTAL PRACTICE HAS

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PRACTICE OPERATING REVIEW

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<u>Patient Receivables</u>													
Balance, beginning	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fees charged													
Fees received													
Adjustments													
Adjustments													
Patient refunds													
Balance, ending	\$												
New Patients													
Hygiene Patients Seen													
Payroll-Staff													
Payroll/Fees Received													
Dental Supplies	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Dental Supplies/Fees Received	%	%	%	%	%	%	%	%	%	%	%	%	%
Lab Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Lab Costs/Fees Received	%	%	%	%	%	%	%	%	%	%	%	%	%
Rent	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Rent/Fees Received	%	%	%	%	%	%	%	%	%	%	%	%	%

of money owed your practice from patients and insurance companies)

- New patients (the number of new patients your practice has seen that month)
- Hygiene patients treated (the number of patients seen by you and/or your hygienist for maintenance)
- Major monthly operating expenses, i.e., staff payroll, dental supplies, laboratory supplies, rent, etc.

Budgeting for upcoming expenses

Planning for upcoming expenses can ensure the stability of your business. Budgeting at the end of each year for the next year will allow you to be prepared for your expenses (i.e., rent, dental supplies, staff payroll, laboratory costs, insurance, utilities, tele-

phones, etc.). It also will enable you to earn the salary/profit you want from your practice and have the dollars available to make changes and additions to your practice. Use the form shown and consult with your accountant at the end of the year to project your earnings and expenses.

Monitoring the numbers of your practice on a regular basis is essential. Practices that start keeping statistics on day one prevent cash flow problems. This is a main ingredient for success. ♦

The author, Lynn Garber, is a consultant and lecturer in the field of dental practice management with more than 30 years of experience in the dental profession. Ms. Garber has worked as a dental assistant, and as a dental business coordinator and consultant with a national dental consulting company before founding Lynn Garber Consultants in 1982. She can be reached at 215-493-9335.

PRACTICES THAT START

KEEPING STATISTICS ON

DAY ONE PREVENT CASH

FLOW PROBLEMS. THIS

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BUDGETING FORM

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Revenues:													
Patient fees	\$__	\$__	\$__	\$__	\$__	\$__	\$__	\$__	\$__	\$__	\$__	\$__	\$__
Operating expenses:													
Car allowance	---	---	---	---	---	---	---	---	---	---	---	---	---
Conference & Meetings	---	---	---	---	---	---	---	---	---	---	---	---	---
Depreciation	---	---	---	---	---	---	---	---	---	---	---	---	---
Dues and subscriptions	---	---	---	---	---	---	---	---	---	---	---	---	---
Insurance: Health	---	---	---	---	---	---	---	---	---	---	---	---	---
Malpractice	---	---	---	---	---	---	---	---	---	---	---	---	---
Other	---	---	---	---	---	---	---	---	---	---	---	---	---
Interest	---	---	---	---	---	---	---	---	---	---	---	---	---
Laboratory expense	---	---	---	---	---	---	---	---	---	---	---	---	---
Meals & entertainment	---	---	---	---	---	---	---	---	---	---	---	---	---
Office expense	---	---	---	---	---	---	---	---	---	---	---	---	---
Payroll: Dentist	---	---	---	---	---	---	---	---	---	---	---	---	---
Staff	---	---	---	---	---	---	---	---	---	---	---	---	---
Professional fees	---	---	---	---	---	---	---	---	---	---	---	---	---
Rent	---	---	---	---	---	---	---	---	---	---	---	---	---
Repair and maintenance	---	---	---	---	---	---	---	---	---	---	---	---	---
Supplies, dental	---	---	---	---	---	---	---	---	---	---	---	---	---
Taxes, payroll	---	---	---	---	---	---	---	---	---	---	---	---	---
Telephone	---	---	---	---	---	---	---	---	---	---	---	---	---
Utilities	---	---	---	---	---	---	---	---	---	---	---	---	---
Net income (loss)	\$__	---	---	---	---	---	---	---	---	---	---	---	---