

IMPLANT PRACTICE SUCCESS REPORT

from Thommen Medical and Levin Group



Welcome to ***The Implant Practice Success Report***, a monthly newsletter on implant practice success. Levin Group and Thommen Medical are very pleased to provide business education to you and your team. Each month, ***The Implant Practice Success Report*** will feature leading edge education for managing, marketing, and maintaining a robust and successful implant practice.

In this issue we focus on an antidote for rising overhead, and the importance of staying in touch with your referring doctors.

Why is your overhead rising?

By Roger P. Levin, DDS

Peter Drucker, brilliant management guru of the last century and the founder of modern management, clearly stated that, in a business, internal mass grows faster than external mass. What he meant by this statement was that as you grow a business, the internal costs will expand faster at different points than the revenue or production coming in. He explains in several of his books that this is why organizations increase overhead, become more bureaucratic, and experience declines in leadership effectiveness and a lack of strategic thinking.

Overhead is Rising

Surgical practices have had the benefit of a long-term upward economy. This has allowed for excellent growth of surgical practices, and the growth has kept pace or exceeded the growth in overhead (referred to above as internal mass). This is now beginning to change, and here are the reasons:

Inflation. Inflation is occurring and some of it will be permanent or with us for a prolonged period. As inflation increases, the cost of purchasing will increase as well.

Staffing Issues. Dentistry, including surgical practices, is facing a staffing crisis. Levin Group has elevated the term from staffing challenge to staffing crisis because we believe that this is a profoundly serious factor that will impact the production of many practices for at least the next 5 to 8 years. We also believe that staffing costs will rise in most practices quickly or gradually by 10%.

Interest Rates. Interest rates are rising, which means that borrowing to improve practices by building facilities and leasing new technology will all have a higher cost.

There are certainly ways to combat increasing overhead, but most of them are limited and you can only make cuts once. The best way to offset increases in overhead is to increase practice production. Lowering overhead is always a good idea, but it is a finite activity. Increasing practice production is also a good idea

and it has an infinite level of how far production can be increased.

Here are three significant actions that can be taken:

- 1. Increase the number of implants that you place.** Implants have many benefits ranging from most not being covered by insurance with maximum allowable fees to a large potential market of patients that have heard about implants but have never been referred.
- 2. Increase referrals for all services.** The best way to approach this, as we have been studying for the last 38 years, is a comprehensive referral marketing program with a minimum of 15 strategies focused on your referring doctors.
- 3. Enhance day-to-day practice efficiency.** Most surgical practices have a 30% – 50% growth potential in as little as 2 to 3 years. This can occur through increasing implants, implementing a comprehensive referral marketing program, and streamlining the practice to be more efficient so that it can handle a higher volume with less stress, frustration, chaos and fatigue.

Summary

Here is the main message: practice overhead is going to rise. This is happening in all types of businesses in the United States and worldwide. Due to the natural economic factors taking place, and the staffing crisis in our profession, you should begin to address and offset overhead increases as early as possible.

No one knows exactly where the economy will end up, but we do know that it will influence all businesses including surgical practices. Implementing the recommendations above and strategically thinking about other opportunities to increase practice production will help any surgical practice to maintain high levels of success and ensure an excellent future.

ROGER P. LEVIN, DDS

Roger P. Levin, DDS is the CEO and Founder of Levin Group, a leading practice management consulting firm that has worked with over 30,000 practices to increase production. A recognized expert on dental practice management and marketing, he has written 67 books and over 4,000 articles and regularly presents seminars in the U.S. and around the world.

What have you done for your referring doctors lately?

By Roger P. Levin, DDS

Most surgical practices have a limited marketing outreach. In a recent national Levin Group survey, we found only 20% of practices conduct more than five different strategies per year regarding referring doctors. Furthermore, less than 5% have programs that help to improve referring doctor practice production.

This doesn't mean that they don't have study clubs, focus on clinical treatment, or contact referring doctors to discuss cases. It means that scientific research and analysis simply aren't enough.

The power of 15

Specialty practices need at least 15 strategies focused on referring doctors that are always functioning. Anything less doesn't reach the threshold that is necessary to attract new referral sources and maintain the ones you already have. The number 15 isn't exact for every practice, but it's remarkably close. Years of research demonstrate that surgical practices that have the right combination of strategies and gradually build up to having 15 annual strategies, typically increase referrals and referral sources.

At first you may feel that launching 15 strategies tomorrow is too much. You're absolutely right! You don't start with 15. You start with a few and gradually build up to 15. Some of the strategies are performed once a year. Others are weekly or monthly.

Referral Marketing Principles

Referral marketing strategies should be created in categories including educational, relationship building, fun activities, referring doctor staff, social and major events etc. Consider the following factors when designing your referral marketing program:

- **Consistency is the number one reason for referral marketing failure.** Most specialty practices have some limited type of marketing, and it is often inconsistent. Surgical practices traditionally don't focus on marketing until they slow down and, even then, it's haphazard.
- **Practices need a part-time professional relations coordinator (PRC).** Surgical practices should hire a PRC for at least 16 to 20 hours per week. We typically find practices that don't have a PRC have extremely limited and ineffective referral marketing programs.

- **What gets measured gets done.** You need to measure referrals monthly per referral source by referral numbers as well as production. You need to know what numbers are up or down and then act accordingly. If you see more than a 30% drop in any referral source in a 90-day period, you should view that as a major red flag and act immediately. Address your referral relationships by focusing on building stronger communication and asking referral doctors if anything has occurred that needs to be corrected.
- **Referral marketing is a science.** The science says that you need at least 15 consistent strategies that are rotated between small, medium, large, and anchor event strategies. You need to build a comprehensive referral marketing program that includes an annual marketing calendar and a PRC working on it every week.

Summary

Referral marketing is the most critical factor in the success of any specialty practice. The challenge is that it often gets put off until tomorrow or never as other more pressing actions such as treating emergencies must be taken. Inconsistency in referral marketing is the number one reason for referral marketing failure. You can avoid this by hiring a PRC who can consistently conduct a referral marketing program with a minimum of 15 annual strategies.

To contact Dr. Levin or to join the 40,000 dental professionals who receive his Practice Production Tip of the Day,

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