



Implant Game Changers

A Whitepaper Series By Roger P. Levin, DDS

Implant Game Changers is a monthly whitepaper on an important implant practice management topic. It provides you with a quick and easy way to understand a specific business challenge and how to translate the solution into higher production and profit, greater efficiency, more implant patients, lower stress and greater personal satisfaction.

The 4 Stages of the Entrepreneurial Practice – Part 1

Entrepreneurs are often heralded by business literature. When we hear about Steve Jobs, Bill Gates, Mark Zuckerberg and Elon Musk, we sit back in amazement at what these individuals have done. Although they are all true visionaries, we can often forget that they did not do it all alone. In fact, had they not been surrounded by many of the people who helped them along the way, either inside or outside of their companies, we may never have heard of them at all.

The entrepreneur is to be admired, but only for a short time. What we really should admire are entrepreneurs who can make the leap from chaotic entrepreneurial companies to high-quality production machines. Unfortunately, most entrepreneurs fail, and they fail quickly. In fact, there is data indicating that most new entrepreneurial companies fail in under five years. The main reason is not that the entrepreneur was not a visionary, it was that they were never able to make the leap from entrepreneur to CEO.

There are four stages involved in transitioning from an entrepreneur to a CEO within a specialty practice. By understanding these four stages, any specialist will be able to advance their practice, increase production and profitability, and create an enjoyable environment and career.

One of the most important factors in moving from entrepreneur to CEO is the level of enjoyment and satisfaction that can be achieved while in practice. Most entrepreneurs become stressed, frustrated, fatigued, or even burned out, but they must keep going to maintain the lifestyle they have built. While specialty practices won't go bankrupt if they don't make the leap from entrepreneur to CEO, the entrepreneurs will simply become more frustrated, more fatigued, and more burned out.

Although practice production leading to doctor income is critically important, we're finding more and more specialists who are voicing their dissatisfaction and lack of enjoyment because the practice has simply continued down a chaotic entrepreneurial path as it becomes larger and more cumbersome to operate and manage.

The 4 Stages of Practice Entrepreneurship

Levin Group has identified four stages of practice entrepreneurship, starting with a new practice or start-up all the way through to specialists operating as true CEOs. Very few practices ever make it into Stage 3 of entrepreneurship, and there's only a small minority that make it into Stage 4. This is not unusual for entrepreneurial companies. The entrepreneur has an idea, opens a business, and helps the business to grow, but the entrepreneur's lack of knowledge base, leadership, management skills, and desire can keep the practice from developing into a well-run business. This is the crux of the problem in specialty practices. The practice gets too big for the entrepreneurial management that must take place, which means many tasks and functions simply get ignored and overlooked. From a financial standpoint, this can be fine if the doctors are producing at a certain level. From a practice operations and staff management perspective, this can be an unpleasant way to continue to practice.

One example would include a client of Levin Group who had a record year in 2020 during the pandemic. Despite being shut down, he was able to handle extreme pent-up demand upon re-opening, worked far more hours than normal, and worked through all the PPP and PPE requirements. By December 2020, he was giving serious thought to selling his practice because he was so exhausted from his efforts that he didn't want to

continue. Fortunately, he decided to simply take two weeks off regardless of the financial impact (which was minor), and then reduced his schedule to 3 1/2 days per week for the year 2021. Since that time, he has also hired a part-time associate. Although his income will be 12% lower in 2021, he is much happier and has realigned his life to make sure that he is getting enough time for family, personal pursuits, and renewal, which are all important to enjoying any type of career.

I deliberately did not mention at the outset of this short case study that this specialist was in his late 40s. If you're a 35-year-old entrepreneur in Stage 1 reading this, you may think that you would simply push as hard as you could and keep going, but if you're in your late 40s and go through this type of scenario, you may have a very different opinion. Part of the issue was that the specialist in this case study had also lost several staff and was reaching what is to be considered a level of burnout. Managing or avoiding burnout in your mid 30s is different than managing it in your late 40s and beyond. I applaud the decision that this doctor made to get his life and practice back in order by taking the time to hire excellent people despite facing a severe staff shortage and accepting a slightly lower income that still places him in the top 15% for his specialty. Without realizing it, he made the decision to move from Stage 2 of entrepreneurship to Stage 3.

This month, let's take a look at the first 2 stages:

Stage 1:

Stage 1 for the practice entrepreneur is one that every specialist who has ever opened a practice understands. The practice is being developed, the doctor is figuring things out as they go along, and staff members are being hired gradually as needed. This is an exciting time and there is tremendous hope for the future.

The early stages of a new practice, like any new business, are all about the excitement and vision for the future. Every specialist to ever open a practice could not wait to get started. The fact that they had to do many, if not

most, of the staff-level tasks was irrelevant. Working extra hours or weekends on the administrative items was not seen as annoying. It was seen as moving forward and creating the beginning of a long-term career.

But within this excitement lies chaos. The truth is that most practices at this stage don't have good systems. Even worse, they barely have staff members. Because they are just getting going and there's lots of excitement, the chaos and stress are ignored and there is not much fatigue. The excitement of this stage will last until the practice starts to get busier and the owner needs to spend most of his or her time on patient care during scheduled patient operating hours. Now, all the extra administration, involvement, questions, problem-solving and other issues start to become a burden. There is less time for the specialist to focus on non-patient care during scheduled hours. This means that the doctor now must do everything else either after patient hours or on weekends. This is the result of all the patient care (which is a great thing when you think about it) that is now beginning to weigh down the doctor. This is when stress and fatigue become more of a reality and there comes a point when something simply must be done.

Stage 2:

Very few practices can stay in Stage 1 for an indefinite period. The small number that do are typically low production practices that never figure out how to make the leap into the next stage. Most practices will move into Stage 2 simply because the level of frustration and being overwhelmed is too great to stay in Stage 1.

Stage 2 is typically characterized by hiring more staff. If you can't get everything done, answer your phones properly, file insurance correctly, confirm patients, or collect overdue accounts, you must hire more staff. This is logical and certainly predictable. If you're lucky, you're able to hire people with a lot of experience in different areas that can cover many different practice needs and take the pressure off the specialist. If you're not lucky, you hire people with limited expertise in specific areas,

which means you'll need more people, and this will lead to higher overhead.

Staff labor is the single largest expense in every dental practice. Unfortunately, you have to invest before you have grown enough to have a return on that investment. You're already behind in most cases as you entered late Stage 1 of dental practice entrepreneurship. By the time you start hiring more team members, you're already stretched thin, and you don't have enough production growth to justify the investment just yet. If all goes well, the practice will have a return on investment, but it could take a year or two before that payback occurs. Either way, the only way to move into Stage 2 is hiring more staff members that can carry out functions and take many of the administrative tasks off the doctor.

Keep in mind that in Stage 2, the doctor is still the leader of the team. Even if someone is given the title of office manager, it's unlikely that this person is a real office manager. We'll talk about real office managers later, but for now it's important to understand that a real office manager runs all, and I mean **all**, of the day-to-day operations. In Stage 2, the practice is not there yet. Instead, it's usually the doctor coordinating a team of people and now dealing with more staffing and labor issues. This feels good initially and it works. At least until the practice grows again and begins to outgrow the leadership level of the doctor.

Leadership now becomes a much more critical factor. Up until now, and in Stage 1, the specialist could function

by sweat equity. This means doing a lot of extra work by compensating for what the staff didn't do. This includes finding areas where staff underperforms and helping the staff to address them, such as reactivating inactive patients, calling overdue patients, following up on unaccepted treatment plans, and carrying out the marketing program.

In late Stage 2, the practice has once again outgrown the organizational structure. Remember, no one sat down a year or two earlier to put together a labor plan with full job descriptions, expectations, results and goals, and measurements. In most cases, in Stage 2 of dental entrepreneurship, the staff members are hired here and there and some are replaced here and there. This is not a plan, but it's normal and what usually happens. If you step back and look at your team in the middle of Stage 2 of practice entrepreneurship, they look pretty good on paper. What is missing is how the team has been integrated and organized to take tasks off the doctor's plate, allowing them to focus on clinical treatment.

Stage 2 of dental entrepreneurship starts off well, but it moves back into chaos, stress, and fatigue as the stage progresses.

Unfortunately, most practices never make it out of stage two.

In the next whitepaper we will look at Stages 3 and 4 of the entrepreneurial practice. Stay tuned for next month...

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.

To contact Dr. Levin or to join the 40,000 dental professionals who receive his *Practice Production Tip of the Day*, visit www.levingroup.com or email rlevin@levingroup.com.