Money Matters

Hitting first base

Ian Stead outlines the four key areas new practice owners should focus on during their first year in practice, so as to avoid common pitfalls and ensure growth and increased profitability.

Reassuring your team

Your staff plays a vital part in your practice. They are also often the last to know about any sale to a new dentist, so may need reassurance with respect to their employment status and any changes you wish to make. It’s a good idea to hold one-to-one meetings with each member, and that any major changes you may wish to make are introduced gradually and after the team is used to working together.

The team will have legal protection of their employment terms, under TUPE regulations, which means you can’t vary their terms and conditions without consultation and agreement. However, you should issue them with updated employment contracts if you purchase the practice as a sole trader or partnership.

New contracts should also be issued to any inherited associates and hygienists. It is also necessary to inform them of any new policies that will affect them. For example, your reception team should inform patients about changes to payment methods carefully.

Often, less popular changes, such as this, are best implemented at a time when more positive alterations are being made, such as practice refurbishment or the development of new services in the practice.

Looking at ways to develop marketing strategies will help you identify areas where your money is being spent most effectively. It is also important to inform patients of any new policies that will affect them. For example, your reception team should inform patients about changes to payment methods carefully.

By having systems in place to regularly provide you with this information, you will always know what is happening within the business and can make informed decisions on any necessary changes that could be made to drive the practice revenue.

Strategy and planning

As well as all the areas you need to consider and systems you need to implement to manage your business effectively in the first year and beyond, it is always important to take time out to plan exactly what you want to achieve in the forthcoming year and to regularly review whether you are on target to achieve your longer-term vision or goal.

This may take the form of an initial three-year plan, broken down into more manageable 12-month targets, however these targets should always be measurable and fit into your overall 5-year plan.

Monthly management review meetings, as mentioned in the systems section, will provide you with all the relevant information to ensure you are on track to hit your targets, or at least highlights areas that may need attention.

Often this is a neglected area, and many principals are only aware of the true state of their practice finances once the accountant finalises their year-end. As this often occurs when the new financial year has already begun, change may not become effective for many more months after that, and sometimes not even within that fiscal year.

Looking at ways to develop the team in promoting the various options available to patients, as well as providing a range of literature and posters in the practice, will help you to market your services to your existing patient base.

Looking at ways to develop marketing initiatives you may wish to undertake, it is wise to look at previous activities and the results generated. A good starting point for this planning is to collate information on how patients came to hear about the practice, and how many of them become regular attendees. This information will help you identify where your money will provide you with the best return for your investment.

Stationery and marketing

Obviously there are some areas that will need attention fairly quickly, such as practice stationery and name plates, for example, but in the long term you may also wish to review areas such as the patient information brochures and the practice’s website. The quality of information you provide to a patient can say a lot about the quality of service and care you deliver, and should not be underestimated.

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About the author

After graduating from Imperial College, London in 1980, with a BSc Hons in Zoology Ian Stead, joined Rentokil PLC Pest Control Division under a graduate recruitment scheme, to become sales manager of its west London branch. In 1995, he went on establish an independent pest control company in London, which was sold in 2004. As the son of a dentist, Ian possesses some empathy with dentists and dentistry. It was with this understanding and his experience running successful businesses, that Ian joined Frank Tay lor & Associates in April 2006 as managing director.

Without any strategic plan, or the means to analyse the areas of your practice that will directly influence your business growth, how will you know if your practice is fulfilling its potential?