



Learn from the Best

Private-practice dentists might not be huge fans of dental insurance companies or DSOs, but we sure can sure learn a lot from them. I recently did a podcast with Patrick Bauer, the president and chief executive officer of Heartland Dental, which has 915 dental offices—so essentially, Bauer is running 1 percent of the country's dental offices.

You might remember from statistics class that what matters is how you pick your sample size, but if you can't learn anything at all from a 915-office sample of the business of dentistry, I don't know what to tell you. You'd be wise to pay attention to these concepts and ideas that DSOs know after decades in the industry.

- **They see success when there's one dentist for every 1,750 or more people.** And yet I routinely see private-practice dentists trying to open an office in downtown areas where the population already has one dentist for every 500 residents. If a DSO doesn't think it would thrive in such a situation, there's almost no way that you could.
- **They pay attention to median household income.** They want a \$60,000 median household income, and their offices do much better if it's more than \$200,000. Who do you think can afford a root canal, buildup and crown?
- **They know that patients drive only up to 18 minutes for services.** There's no reason for anyone to drive half an hour to find a dry cleaner, a physician ... or a dentist.



- **They always employ two dentists.** The more hours covered, the more successful the practice. Their standard model is two dentists with three registered dental hygienists, three dental assistants and three business assistants. (I call those last two groups “wet hands” and “dry hands.”)
- **They employ call centers.** Not just for extended hours, but after the third ring.

Data shows that when dental practices use a call center to answer after the third ring, the practice gets 11 more new patients a month on average. Every dental office I know of that's collecting between \$2 million and \$4 million a year spends north of 5 percent on advertising. Why wouldn't you spend money on a call center? It's amazing how handling the phone is everything.

- **They negotiate with PPOs.** Private-practice dentists rarely attempt this, but it's worthwhile. Check out Dentaltown's online CE course about negotiating rates. Some DSOs average a *20 percent uplift* in PPO prices! Think about that: If you could negotiate a 20 percent increase in PPO fees, that's basically a down payment to be able to buy an office in just five years.
- **They use intraoral scanners.** With traditional impressions, dentists average about 5 percent



by Howard Farran, DDS, MBA, publisher, *Dentaltown* magazine



Discover how to negotiate PPO rates—and earn CE credit!

Sandi Hudson's CE course explains how solo dentists can successfully negotiate PPO fees based on their own individual practice makeup. To take the course and earn 1.5 CE credits, visit dentaltown.com/negotiation-ce.

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remakes, but when they switch to intraoral scanners, it's down to 1 percent. A lot of labs offer lower fees to dentists who provide digital impressions, because they're not receiving a model to pour into the stone, trim it and do other manual labor.

- **If a practice isn't doing seven root canals a month, it's a failure.** You need to excel at bread-and-butter dentistry: All the million-dollar practices are doing at least seven root canals a month—plus extractions and oral surgery, crown and bridge work, fillings, and treating kids.
- **They offer clear correctors.** An estimated 4.5 million Americans are wearing braces, which is about 1 percent of the country, and I've seen other data that says only 5 percent of Americans have ever had braces. And yet when you travel the world, orthodontics has changed so people want whiter, brighter, sexier teeth. I know many Medicaid mill dentists that pull out an Invisalign case for \$4,500 every week. Multiply that by 50 weeks and you're looking at \$225,000—nearly a quarter-million dollars of net income every year, which more than breaks even with all the low-cost fillings, cleanings, exams and X-rays.

You can't deny that DSOs have done the research to determine how they can maximize practice profitability. You can, however, use some of their top findings to improve your own dental practice as well. You'd be foolish not to! ■

> See Howard Live

Howard Farran, DDS, MBA, is an international speaker who has written books and dozens of articles. To schedule him to speak at your next national, state or local dental meeting, email rebecca@farranmedia.com.

2019

March
20

Townie Meeting 2019

Talking Stick Resort
Scottsdale, Arizona

April
25

Caribbean Dental Program's Dentistry in Paradise

Accra Beach Resort Hotel & Spa
Christ Church, Barbados

May
3

Benco Dental Spring Fling

Wilkes-Barre, Pennsylvania

July
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Tennessee Academy of General Dentistry

Pigeon Forge, Tennessee

