



Promoting my practice – What do I do now?

by Howie Horrocks & Mark Dilatush

Whether you are down from last year, flat from last year, or up from last year, the basic foundation principles for managing your marketing budget are the same. Since March 2008, most of you have experienced some type of impact from the overall economy. Is there something you should be doing now that is different from what you were doing before? Maybe, it depends, read on.

As a pre-requisite, when we say “year”, we do not mean a calendar year. You can start to promote your practice properly whenever you want. For planning purposes, a “year” simply means 12 months, no matter which month you start.

Start with your budget.

A middle of the road promotion budget range for a dental practice should be 5% of previous 12 month revenues TO 5% of your goal revenues for the next 12 months. Using an example, a dental practice with revenues of \$600k in the previous 12 months and a goal of \$800k in the next 12 months should have a marketing budget range of \$30k to \$40k for the upcoming year. You should not spend less than \$30k or more than \$40k. This is not an overly conservative budget, nor is it an overly aggressive budget.

Practices with revenues greater than \$1.5m can start dropping their marketing budget one quarter point each year as long as they continue to grow into whatever capacity (time, space, providers) they need to feed.

History helps point you toward the future.

Since a productive promotion is a terrible thing to waste, you have to figure out what is working and what is not working from your promotion expenses from last year. Typically, a dental office will run a production by referral report for the previous 12 months and study the data on the report. We are going to discuss a much better way to do this later in this article, but you have to start somewhere right? So, go run a production by referral source report from your practice management software and look for the source of most of your new patients. While you are doing that, look at your accounts payable software for the cost of each of those promotions.

You are planning for the upcoming year, so keep any and all promotions (and their associated expenses) that make sense. Be careful here. Make sure you look at the average revenue per new patient, not just the number of new patients. Many promotions will generate high volumes of patients, but return little revenue. These can kill you financially. If none of your promotions worked well last year, it's time to wipe the slate clean and start fresh with new promotions in the coming year.

Where should a dentist invest their budget?

Every dentist is different. Every situation is different. Every starting point is different. So, what follows is a very general guideline that you might use to allocate all or any remaining dollars in your marketing budget. The following is in *least to most* risk order. It is also very important for you to understand that some mediums are actually pre-requisite mediums to the mediums further down the list. In general, if you apply these properly and in this order – those at the top will support (and therefore lower the risk) those farther down the list.

1. Internal Promotion: Typically, a dentist should allocate about 5% to 10% of their budget every year to internal promotion. Examples of internal promotion might be electronic services that help you communicate electronically (SmileReminder, DentalSenders, DemandForce, etc), referral reward campaigns, new patient brochures/portfolios, local public relations events/organizations, etc. Internal promotion should **always** have a place in your budget.
2. Web: As the wane in investment in Yellow Page directories continues, those dollars should be re-invested in yellow page alternatives – the web. Five percent to fifteen percent (depending on the severity of competition in your market) of your budget should go here each year. Obviously, you will need a website first. After that, competitive positioning on search engines (SEO), a professionally done video series for your website, and potentially search engine marketing (SEM) are all places you can allocate your budget. In general, the above would be in the order that we would typically recommend.
3. External/Direct/Targeted – Mail: While there are many variations (postcards, brochures, magazines, etc), a significant part of your budget should be devoted to a properly designed, targeted, and deployed mail campaign. If everything is done properly, the patients you receive will support the highest average revenue per patient. Depending upon the size of your annual marketing budget, you may have to stop here and save the rest for future years. A solid annual mail campaign will run 25k to 30k. You can of course have fewer targets and send fewer pieces, but the average *successful* mail campaign consumes about 25k to 30k within a budget.
4. External/Untargeted – Print media: Once you have reached this point and have budget left over, it is time to expose the practice within the local print media. This could be newspapers, community newsletters, magazines, almost anything that is distributed to households within the same general *footprint* your mailers hit.

5. Mass Media – Radio, Television, Billboards, etc.: If you **still** have room in your budget, **and if** everything else above is producing for you – now you can expand into mass media. Which mass media you use is really dependent upon several things. Cost is usually the first concern because in most markets, radio, tv, and billboards are not cheap. Typically, you are looking at a minimum 3k to 4k per month investment in these mediums. Of course, if you are in a more rural area of the country, these mediums can be exploited for less – a LOT less.

Budget & Budget allocation are done – what's next?

What's next is definitely *as* important as what you've already read. The answer is actually the result of other questions. What are you after? What do you want? What do you need? Do you want lots and lots of patients to fill unused capacity? Do you simply want another ten great new patients a month to augment your existing new patient flow?

These are serious questions. They are serious questions because the answers will dictate design, deployment volumes, and deployment timing.

If you want ten or so great patients every month, your designs and deployment have to reflect that. If you want or need large volumes of new patients, your designs and deployment have to reflect that as well. You can also do both!

In general, promotions based on the benefits of today's dentistry will generate slightly less volume but better patients. In general, promotions based on financial incentives will generate slightly higher volume of patients that support lower average revenue. Think of it like a sliding scale.

Design, deployment, campaign management

We could fill this entire issue of DentalTown magazine talking about design, deployment, and campaign management. We have been statistically testing and tracking design elements for the past 21 years. Much of what we've learned through consumer testing would surprise you. The best advice we can give you is to choose a firm (or someone) that **tests**. This is not the time for you to be a guinea pig (so to speak). You shouldn't look for *cookie cutter* and you shouldn't look for *totally custom*. A cookie cutter design doesn't allow for the promotion of your unique marketable attributes (yes, believe it or not - you are unique). A totally custom design is, well, totally and completely untested (which adds significant risk to your marketing investment). What you are looking for is a customized design using a fully tested set of design elements.

You also need someone (either you, someone you delegate to in your employ, or a firm) to deploy your advertising in such a way that it complements the other ways you promote your dental practice. As an example, a dentist may mail once a month and deploy insert drops every other month. These need to be coordinated and orchestrated in order to gain the best result while not creating a spike/valley of phone calls.

What do I do as I implement these changes?

At the beginning of this article, we reference looking at history to determine part of your future. We discussed running reports from your practice management software to determine the advertising source and value of your new patients. Well, the honest to goodness truth is none of you do that very well in your practices. We understand you *think* you do. That's ok. There is a very affordable and powerful alternative. That alternative is to put a tracking phone number on all of your external mediums. This opens up a tremendous opportunity for the dentist/owner. Now, using a web browser, you can sit at home and view:

Number of incoming inquiries by source between any date range
Listen to how your staff handles the phone during a new patient inquiry
See what day and time an inquiry came in that **was not** answered by your staff
Determine the quality of the incoming inquiries
Verify/cross reference number of inquiries with the real number of new patients

How would you like that? One year from today, how would you like to **know** (as opposed to guess) which of your promotions are working and not working? Wouldn't that make this whole process of promoting your dental practice a lot less stressful, expensive, and uncertain?

Successfully and professionally promoting a dental practice does **not** have to be a mystery. We hope this article gives you the foundation for getting your promotions back on track.

New Patients, Inc and Productive Dentist Academy present two day events called Marketing Summits. We will be in Seattle in May 2010, Denver in August 2010, and in Florida in November 2010. If you want to truly learn how to set up your marketing successfully, we would love to see you in the audience. You can get more information at www.newpatientsinc.com.

Howie Horrocks is the Founder and CEO of New Patients, Inc., the ad agency exclusively for dentists.

Mark Dilatush is the Vice President of New Patients, Inc.

For more information call: 866-336-8237 or on the web at www.newpatientsinc.com