

Dental Practice Stagnation



8 Steps to Predict, Avoid, or Rebound

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No dentist wants to see their business grind to a halt. Any time a practice hits a revenue plateau, dentists naturally want to kick start further growth.

Of course, first, you need to meet your expenses. Funny thing about expenses—they never seem to go down do they? Then there's the desire to see your business expand and become more profitable.

All of you will reach what are called *plateau points* during your practice life cycle. These are times when your revenues stay fairly flat for six months or more. Some practices who have engaged our services, initially presented flat revenues for three, five or even more years. That's more like a habit than a plateau!

Let's look at ways to transition out of stagnation.

Revenue plateaus tend to follow a pattern. Taking a solo GP practice as an example, here are the most common revenue plateaus:

1. \$350,000 to \$450,000
2. \$650,000 to \$750,000
3. \$1.2 million

Where do these revenue plateaus come from? Why is it so hard to renew consistent growth? The answer is, well, there IS no single answer. That is a big part of the problem. It is very rare a revenue plateau happens for just one reason.

However, the number and/or quality of new patients is ALWAYS one of the indicators. Increasing the number of new patients and/or quality of new patients will always drive production and revenues forward.

Some of the potential reasons for a revenue plateau:

1. Low volume and/or poor quality of new patients
2. Capacity restriction
3. Improper delegation
4. Inefficiency in scheduling
5. Limited clinical scope
6. Improper management of re-care
7. Poor customer/patient service
8. Complacent/lazy owner

#1: Low volume and/or poor quality of new patients

The number of patients you maintain, and the quality of those patients, will always be a contributing factor to a revenue plateau. That's why you need to maintain a constant awareness of the number of new patients your dental practice attracts every month, and the average revenue each patient generates. If you consistently track these month-by-month and year-by-year during the life cycle of your practice, you will **never** find yourself mired in a revenue plateau without prior warning.

You will be able to predict an upcoming plateau by identifying a dip in either the volume or quality (or both) of new patients. Then, by implementing targeted promotional activities, you'll be able to minimize the impact and length of the forthcoming plateau. Yes, it is possible for a dentist to predict and take control of the future! It just takes ongoing monitoring and proactive marketing.

#2: Capacity restriction

Capacity restriction can also contribute to a revenue plateau. Fortunately, it's an issue that's relatively easy to identify.

You have just three capacities in your practice: time (hours of operation), space (number of operatories) and providers (dentist/hygienists). That's it! Revenue plateaus can be triggered when a practice has reached its potential within one, two, or all three capacities. When this happens, getting out of the plateau requires the expansion of one or more of these capacities. You'll need to extend your hours of operation, add an operatory and/or hire more staff.

There can be other contributing factors causing a capacity restriction. Inefficient scheduling eats up your office hours. Delegating clinical duties improperly can max out your staffing capacity. And over-reliance on insurance participation can reduce the profitability of your practice. If 80% of your business comes from insurance participation, no matter how many hours you work, no matter how efficiently you schedule and no matter how many more staff members you take on, you're not going to be able to grow your revenues.

As you go through your dental career, make sure you keep a keen eye on the capacities of your practice. Once you think you are close to maximizing your capacities, look at all of your efficiencies and tighten them up. As you get close to maximizing your capacities again and you see nothing you can tighten up – congratulations! It is time to expand.

#3: Improper delegation

Improper delegation of clinical duties can definitely cause a revenue plateau. The most common example of improper delegation of clinical duties has to do primarily with your dental assistant. Assistants, if scheduled properly, can cut the dentist chair-side time in half or by as much as two thirds. But time and time again, we see dentists fail to delegate tasks to assistants. Find out what your state regulations allow, and work toward expanding the role of your dental assistants to the maximum they're capable of doing.

#4: Inefficiencies in scheduling

Inefficiencies in scheduling will almost always produce a revenue plateau. If you combine this with improper delegation, it can become a predictable revenue killer.

Here's a question. How come one dentist will schedule 20 minutes for a crown prep, and the dentist across the street will block one hour for a crown prep? Is there a reason one dentist takes three times as long for the same procedure? Dental assistants can legally handle (in most states) 40 minutes of that one-hour appointment.

Why do many of you reserve the whole 60 minutes in your schedule? We assume you work out of at least two operatories during the day. Efficient scheduling can not only drive production, but also make each day more enjoyable. If you start to hit a plateau in your practice, take a look at your delegation and your scheduling. Be honest with yourself about your capabilities, and work with your team to tighten things up.

#5: Limited clinical scope

Having a limited clinical scope will also create a revenue plateau. We have had clients who didn't want to see kids, didn't do any endo (even the easy stuff), hated the thought of learning ortho (because their dental school instructors told them to refer it all out), and shipped out any patient with a pocket deeper than four millimeters to the Periodontist. What's wrong with this picture?

Certainly, there's a financial argument to be made that a practice like this is acquiring the patient, but then dispensing the revenue to outside specialists. That's going to affect revenue levels. But beyond that, what about the inconvenience to the patient? Say you are treating a family of four. The husband has a toothache and comes in for emergency treatment (endo), the wife has three or four sites with five-millimeter pockets, and one of the kids needs braces.

How would you feel if you were the mother of this family? How many dental relationships does she have to manage and juggle just to come to your office? She will have a General Dentist, an Endodontist, her Periodontist, a Pedodontist for the kids, and an Orthodontist for the child who needs braces. That means she will have five doctors, at least five assistants, at least one hygienist, five different locations, five different office hours and five different people at the front desk she has to deal with!

Is this a good thing for the consumer? Our point here is that a limited scope does more harm than just farming out the production dollars to the specialists. It also degrades the perception of service among your patient base. If your service level is low (real or perceived), your organic growth (patient referrals) will be low.

#6: Improper management of re-care

This is THE most common cause for revenue plateaus in general offices. If you are experiencing a revenue plateau and your practice has been in existence longer than five years, we would look here first.

- 1) Take the number of new patients in the previous 12 months
- 2) Run an overdue re-care list for the same previous 12-month period
- 3) Compare the numbers.

If you are currently in a revenue plateau, the number of new patients is going to be equal to or LOWER than the number of existing patients on the overdue re-care list. If overdue re-care is a problem in your practice, FIX IT. The back door of your dental practice is just as important as the front door. Assign a team member to reorganize the re-care system and get them specific training so that they can take full responsibility for this important business system. Then stay on top of the results of their work. And do this for the rest of your career, not just for a month or two.

#7: Poor customer/patient service

This is less likely to be a contributor to a revenue plateau, but it is certainly worth mentioning here. Almost all dentists strive to provide great service to their patients and to hire team members who share their passion for service excellence. In our years of working with dentists, we have only rarely come across a dentist who didn't care about patient service.

However, occasionally, the behavior of the supporting team causes problems. Most often, the problem can be traced to the person answering the phone when a new patient calls. We can't tell you how many times we have just looked at each other in amazement after listening to the interaction between a new inquiry and the person at the front desk. We have seen dental practices plateau just because they put someone with poor phone skills on the front desk. Those phone calls are the all-important first point of contact. It could be the start of a long and rewarding relationship with a new patient—or a total dead end. So, make sure your office staff understand the phone lines are your practice's lifelines.

The second most common customer service leak occurs when you have a heavy-handed hygienist on staff. Typically, patients won't say anything directly to the hygienist themselves. And, typically, patients won't complain to the doctor. They MIGHT say something to the person at the front desk when making their next appointment—but it is rare. Most often, they'll simply slink off and never come back.

Since the majority of dental offices pre-appoint and the average re-care cycle is six months, you won't even know you have a problem until it's too late. (It takes an average of nine to 12 months to uncover this type of problem.) To address potential issues BEFORE they start affecting your revenues, we recommend monitoring the performance of your hygienists using anonymous patient surveys. Several dental technology companies offer electronic surveys as part of their service offerings, so it's easy to survey your patients regularly.

#8: Complacent/lazy owner

This is more common than you might think. And there's no faster way to stagnate the revenues of a practice than to have an unmotivated owner at the helm. Hey, if you like where you are in life, that's fine. After all, that's the goal! But if you hit a revenue plateau and are too complacent, lazy, or comfortable to do anything about it – well, that's probably why you hit the plateau to begin with.

Without hard work and focus, your practice is naturally going to slow to a halt. We don't have a magic formula for making an owner more energetic or more driven. That is not our expertise. But we can definitely tell you that these characteristics contribute to a revenue plateau in many dental practices. Revenue plateaus happen for any number of reasons, and any combination of reasons. The causes are complex, and that's why the solutions are not always simple.

We've shown you ways to correct a revenue plateau, should you find yourself mired in one. We have also shown you the importance of anticipating and avoiding plateaus before they happen. By ensuring adequate new patient quality & intake, working to retain existing patients and ensuring patients are booked for regular re-care, you can avoid and/or push through almost any plateau.

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If there is ever anything we can help you with, you can find us on our website or by telephone at [855.950.5305](tel:855.950.5305).

We sincerely hope this guide helps you connect with more patients who can benefit from the services you provide.

If you wish to discuss this guide in more detail with our CEO, Mark Dilatush, you can access Mark's Calendar here: <https://npi-education.com/3nxLvDy>.