

# Thriving in an economic downturn

**R**-e-c-e-s-s-i-o-n. There aren't many words in the English language that evoke such a variety of strong emotions from business owners, ranging from fear to uncertainty. Others may take refuge in their ignorance, either knowingly or not. This article reviews the validity of each of these as well as the opportunity the current economic climate presents to the dental practice owner.

Fear can be a healthy response to a potentially threatening stimulus. It can also be an unwarranted reaction disproportionate to the actual circumstances and cause the business owner to make decisions that stifle the economic growth of the business. Many dentists will be tempted to withdraw into their business shell while they 'weather' the recession storm. Savvy dental practice owners will see this portion of the economic cycle as an opportunity to thrive while others brace for the worst.

Uncertainty may be the most stressful emotion of all. At least the fearful and blissfully ignorant have a plan. The uncertain practice owners are paralysed by an inability to move in any direction, or they go one way and then the other, wasting both time and resources.

Others will choose to ignore the obvious events occurring in the economy and their ramifications to their local marketplace, oblivious to or refusing to acknowledge how they are affected by it.

Many of these dentists have the 'head in the sand' mentality that if they don't think or talk about it, then they will not be impacted by it.

The answer to all three of these responses to a recession is a large dose of reality. What are the facts? We know that a barrel of New York light sweet crude oil has for the first time eclipsed £90.48, resulting in our patients paying more than £2.58 per gallon at the gas pump.

The sub-prime mortgage crisis has affected lending to both suppliers and consumers, in addition to the highest foreclosure rate in recent memory. Real estate values have plummeted, as has the value of the dollar; infla-

tion and unemployment have risen; the overall growth of the economy has ground to a halt.

Possibly the most important statistic of all is perception, or consumer confidence, the ultimate determinant in what people do with their resources, not helped at all by the timing of a presidential election year and an unpopular war overseas. Economic downturn or recession — choose your term — nearly all the indicators point to economic conditions that directly or indirectly affect the business of dentistry.

Are there opportunities for the practicing dentist to endure or even prosper in such a climate? The fact that there are can be substantiated by what I have observed in practices I work with all over North America both in this present downturn and previous ones as well. I've compiled these key methods for success into the following five strategies.

## Five strategies to make the recession irrelevant

### 1. Adjust to the marketplace.

Take what the market gives you then give it what it wants. Our response to the changes occurring all around us should reflect the needs and desires of the marketplace. Increasingly, in this economy and culture, when it comes to dental care, two things motivate people: affordability and convenience.

Money, and how to make the best personal use of it, is on the minds of many Americans at the moment. Take a drive down the highway, or a walk through an airport, and you don't get the feeling that Americans are using less fuel, despite escalating prices. Sacrifices are being made elsewhere. In general, patients are less likely to commit to full-mouth reconstructive dentistry, but will have smaller areas of their mouth restored as they seek an affordable compromise between the big case and allowing deterioration to continue.

If the dentist sees this temporary downsizing as an unacceptable compromise for the patient, the patient will simply go somewhere else to get the more affordable option. The dentist that ends up treating the patient will see this trend for what it is, an opportunity to give people what they want

now, while acknowledging they will likely commit to the full case or a variety thereof in the future.

The key here is to make dentistry affordable for the patient. That doesn't mean we discount the treatment, but we work within the patient's perceived budget. Phasing the treatment plan, using creative outside financing options such as Care-Credit®, giving patients other treatment options (only after they ask), and as a last resort, just keeping patients in the practice re-care system until they are ready to proceed with comprehensive care.

While affordability speaks to money, convenience addresses time. Increasingly, people want to squeeze more out of each day, and they want *their* dental appointments to work within their schedule, not yours. If you can make their visit and their subsequent appointments as convenient as possible, you will be able to capture and retain more than your share of the market.

Of course, to today's patients other factors, like trust, caring and excellence, matter. Combining these with affordability and convenience for the patient, while accepting the fact that you may need to do less dentistry on more patients for this economic cycle allows you to capitalise on what the market offers you, while you give it what it wants.

### 2. Use targeted marketing.

A healthy flow of new patients makes you bulletproof. If you accept the premise that the average size case will be smaller during this economic downturn, then you will need more patients to supplant what will be lost. You are also likely to need more patients as patients fall out of the re-care system and postpone treatment.

New marketing methods, both internal and external, will help you reach more patients at a time when past modes to attract them may bring you less return. The message of your marketing must establish you as distinct from the dentists they are already familiar with and set you apart as someone worth visiting in the eyes of your prospective patients.

The good news is that this is the best time to market your practice for the following reasons:

- There will be less competition as many dentists fail to see the potential and are reticent to make the investment.
- As a result of less competition in the marketing arena, marketing will be less expensive.
- When patients are placing more emphasis on affordability and convenience, they are more susceptible to the call to action from marketing (even if they currently have a dentist).
- When the economy rebounds, the prominence established from marketing will help you take maximum advantage of the upturn and allow you to dominate your marketplace.

### 3. Sharpen your saw.

Enhance the distinction between your practice and others by refining key systems. One of the great things about capitalism is that when demand for services goes down, competition goes up and the quality of services and products generally improves. Economic downturns tend to expose practice weaknesses. Scheduling systems require more focus, case acceptance must be operating at the highest possible level, and team improvement is paramount.

If you are less busy, then you have some time on your hands, time to work on your practice. Even if you don't have extra time, then your efforts to build your team, improve systems and improve leadership will separate you from the pack even more during an economic downturn.

### 4. Expand your services.

If you can do more, you *will* do more. The mantra of any business threatened by a slowing economy should be, 'Take advantage of every opportunity that presents itself.' The more tools you have in your dental toolbox, the more opportunities you have to take advantage of.

Look at what you're referring out to specialists. Are some of these services within your realm of practice if you procure additional training? Are there new and emerging areas of care that would give you access to a larger share of the market? If the answer to either of the previous two questions is yes, then you have an opportunity to create more opportunities, appeal to more patients and increase both the size and percentage of case acceptance in your practice.

### 5. Focus on profit.

Profitability is the ultimate contingency plan. The typical reaction when times are lean is to downsize, freeze all spending and wait out the recession. Instead, the focus should be on maximising *profit* as a contingency against the inevitable 'down' month or two that accompanies a recession.

Spending is only one component of the profitability formula, and the equation for this is: (production X collection rate) – expenses = profit. Systems that positively impact any component on the left side of the equation lead to more profit. When times are lean, cash is king. Protecting cash flow by focusing on the bottom line gives you the resources to take advantage of the opportunities available in this economy.

Planning for more profitability starts with a budget. The budget allows you to determine how much you need to collect and produce and, therefore, allows you to set goals.

It is a dynamic instrument that is evaluated periodically and updated as necessary with the sole purpose of keeping the business on track for maximum profitability.

## Conclusion

A dental practice is not immune to the ebb and flow of the general economy. The degree to which it is adversely affected by a recession is determined by its response to the marketplace and its needs, taking its marketing methods to a new level, refining key practice systems, expanding patient services, and focusing on practice profitability. □

### About the author

**Anthony Feck, DMD,** is a nationally recognized clinician, consultant, lecturer and author. His company, Sunrise Dental Solutions, works with dental practices across North America providing practice management solutions through monitoring, training and coaching. To find out more about Sunrise Dental Solutions, visit [www.SunriseDentalSolutions.com](http://www.SunriseDentalSolutions.com) or contact Dr. Feck directly at (800) 750-0757 or [Tony@SunriseDentalSolutions.com](mailto:Tony@SunriseDentalSolutions.com).

For Patient Treatment and Imaging Requirements.....

**www.velopex.com**

MEDIVANCE INSTRUMENTS Ltd. Tel.: +44 (0)20 8965 2913 Email: [enquiries@velopex.com](mailto:enquiries@velopex.com)

**VELOPEX**  
INTERNATIONAL

DT20.10.08-bj