



# Implant Game Changers

***A Whitepaper Series By Roger P. Levin, DDS***

Implant Game Changers is a monthly whitepaper on an important implant practice management topic. It provides you with a quick and easy way to understand a specific business challenge and how to translate the solution into higher production and profit, greater efficiency, more implant patients, lower stress and greater personal satisfaction.

# Achieving Success and Financial ROI for the Surgical Practice

Surgical practices, like all new businesses, go through a series of stages in their development. Levin Group has identified four stages for surgical practices that we refer to as the 4 Entrepreneurial Stages. Not all practices make it through to Stage 4 and this whitepaper will review some of the characteristics of each stage. Each stage has higher production and profit than the previous stage, but also comes with new challenges. You should identify which stage your practice is in.

In our research on the progression of practices and the impact on production, Levin Group has categorized information from hundreds of practices and identified these four key stages that you can enter as your practice progresses along an entrepreneurial pathway.

## The 4 Entrepreneurial Stages of Surgical Practice

**Stage 1:** The first stage of the surgical practice is usually when a surgeon opens a new practice or purchases a practice that is significantly underperforming. The challenge, much like the one experienced at all new entrepreneurial companies, is to build up revenue quickly enough to outpace the expenses. In the business world, most entrepreneurial companies do not make it past 5 years. However, in the surgical world, almost all practices succeed, and most can achieve excellent income levels. This contributes to the lifestyle and savings of the owner surgeon.

The first stage of the entrepreneurial surgical practice has extremely specific characteristics. The first characteristic is that the new or underperforming practice typically does not have systems in place to any degree. Although I usually explain that systems are essential for surgical practice success, this is not necessarily true in Stage 1. In Stage 1, the practice has a great deal of open time, so systems such as scheduling do not need to be maximized because the open time will compensate for the lack of systems. As the practice begins to grow, more chair time will be filled. However, depending on how long it takes the practice to become busy and reach scheduling capacity, systems aren't necessarily essential at this point. The key to success in Stage 1 is increasing referrals.

A second characteristic is hard work. Every entrepreneur knows that when you start a business, you're going to work hard and one of the main reasons is that you must stay very lean on staffing.

Most new surgical practices have a small staff that handles many functions with great attitudes and boundless energy. The new or newly purchased practice is one where the surgeon will have to do many tasks to get the practice up, running, and developing. Staff members usually wear multiple hats and work to the best of their ability. At this stage, the surgeon is highly motivated and energized, and the team often feels that their contributions are valued, appreciated, and enjoyable.

One highly successful surgeon who had been in practice for 12 years recently said to me:

"I'm doing very well financially, but the startup phase was fun! I'm happy and much more financially successful, but the fun of being a new entrepreneur, building a practice and watching it become more successful was really great too."

**Stage 2:** It is important to note that the early part of each stage is often enjoyable, fun, and satisfying. However, as the practice moves through a stage and is not prepared to move to the next stage, it often becomes chaotic, stressful, and fatiguing. This is the natural evolution of the practice unless the four stages are well understood, and practices can prepare for the next stage in advance. Often, there is a monetary restriction as to how much of that preparation can occur.

The second stage typically begins when the practice becomes remarkably busy and needs new methods of operations, creating controls, and maintaining customer service. The first step in Stage 2 is to hire additional staff members. Hiring staff and re-organizing job responsibilities allows the practice to handle more business as well as more functions. Keep in mind that new patients come with questions, insurance challenges, collections, consult management, financial options, no-shows and a host of other concerns and factors. As those other concerns and key factors expand, more staff will be needed. The clinical area is no exception. The busier the practice becomes, more labor will be needed in the areas of assistants, sterilization, etc.

As production rises there will be more money available to hire more staff and begin to build the right size team for the current situation. Production should be increasing as well as collections, profit, income, new patients, and referrals. The practice is busy and has a sense of vibrancy. Unfortunately, as in each of

the entrepreneurial stages, the practice will expand beyond the current team size, capability, and systems, which will cause the office to move back into a level of chaos, stress, and fatigue.

**Stage 3:** The third entrepreneurial stage is where the surgical team now needs to be given significant skill set training, organization, and a clear understanding of the expected results. Additionally, systems become extremely important in Stage 3. Unfortunately, very few practices ever progress past this stage and reach Stage 4, which is the most financially rewarding and most enjoyable stage for a surgical practice.

Most surgical practices reach and remain in Stage 3. Stage 3 has many of the “natural resources” already in place from Stage 2 such as the right number of team members; however, proven step-by-step systems need to be implemented. Many practices implement incomplete systems or partial improvements, allowing production to grow until reaching at late Stage 3 plateau.

As the practice continues to grow, it will overwhelm the systems that are in place and the fun and organization of early Stage 3 gravitates back to the chaos, stress, and fatigue typical of the late part of each stage. This is where surgeons often become frustrated, burnt out or begin thinking about possibly selling the practice or adding an associate. However, the practice may not really need an associate. It may simply need a systems upgrade.

**Stage 4:** Stage 4 is simply the most enjoyable and financially rewarding of all the stages. Unfortunately, very few practices ever make it into Stage 4 because it requires advanced systems that maximize efficiency combined with high-level leadership skills. In a 30-year ongoing study of top 10% producing surgical practices, Levin Group found that these top 10% practices ran very smoothly with an office manager and team that operated almost

independently. Office managers were able to focus their time on practice management and development while the team continued to perform at an elevated level each day. The longevity of the team in these practices was longer than that of most other practices with an average tenure of over 10 years. We attribute this to the leadership skills of the surgeon and office manager in Stage 4.

These practices are also characterized by a focus on continuing improvement, regularly upgrading their systems, technology, services, and leadership skills. If it seems that these practices “have it all together” that is correct. They are smooth running operations that can manage high volume and production day after day without the associated levels of stress that are often seen in late Stage 3 practices.

One way to describe a Stage 4 practice is that the surgeon arrives at work, attends the morning meeting (a critical element of daily practice organization), sees patients all day, and finishes on time. Stage 4 practices also typically have excellent relationships with referring practices, five-star customer service, many positive reviews, and a dedicated and happy staff.

## Summary

Every new surgical practice or purchase of an underperforming practice will evolve through the four entrepreneurial stages. In the early part of each stage the practice is growing, exciting, energized and fun. In the latter part of each stage, the practice is frustrating and chaotic and often experiences customer service breakdowns. This is normal. Great surgical practices can only move from Stage 1 to Stage 3, (and maybe Stage 4) with the right systems and preparation. By learning the characteristics of each stage, the practice can continue to progress and increase production, profit, and referrals while still having fun.

### ROGER P. LEVIN, DDS

Roger P. Levin, DDS is the CEO and Founder of Levin Group, a leading practice management consulting firm that has worked with over 30,000 practices to increase production. A recognized expert on dental practice management and marketing, he has written 67 books and over 4,000 articles and regularly presents seminars in the U.S. and around the world.

To contact Dr. Levin or to join the 40,000 dental professionals who receive his *Practice Production Tip of the Day*, visit [www.levingroup.com](http://www.levingroup.com) or email [rlevin@levingroup.com](mailto:rlevin@levingroup.com).