

SUMMARY AND THOUGHTS FOR THE FUTURE

Summary

At some point in the future, you will leave your practice either voluntarily or involuntarily. When that time comes, you will want to maximize your practice value. In order to accomplish this, consider the following.

1. Operate and continually update your practice in accordance with a strategic practice or business plan, coupled with effective management systems.
2. Adopt and fund a tax-qualified retirement plan as early in your career as possible.
3. Develop your practice succession plan 15 years prior to anticipated retirement.
4. Seek assistance from your advisors to establish or relocate the practice.
5. Carefully consider the entity in which you will operate your practice, e.g., sole proprietorship, professional S or C corporation or a limited liability company.
6. Determine whether you will own or lease the practice facility. Set goals for the acquisition of the real estate in which your practice is located, e.g., year of purchase, financial requirements, etc.
7. Consider the circumstances whereby you would hire an associate.
8. Maintain written employment practices, including the use of employee handbooks.
9. Understand the value of your practice.
10. At the time you decide to transfer a portion or all of your practice, determine a time frame and structure for such transfer, how you wish to be paid, etc.
11. Prepare your personal financial and estate planning long before your retirement in the event of a contingency.
12. Commit yourself to the process of business planning. Your practice is not only a professional entity, it is also a business entity and should be treated as such.

Thoughts for the Future

The supply and demand of dentists and dental specialists will create wonderful practice opportunities. You can be as busy as you choose.

There will be an increasing number of doctors working on a part-time basis due to family considerations and the increasing number of women in professional practice of all types. Practice ownership opportunities will be provided for doctors who work on a less than full-time schedule in order to provide an incentive to remain with a particular practice.

Overhead costs will tend to increase over time, as is currently the case. As a result, development of management and leadership skills for practice owners will become increasingly important and vital to successful practice operations. Overhead costs will increase due to: (i) technological improvements in the delivery of dentistry and patient treatment; and (ii) the on-going difficulty of recruiting, training and retaining quality staff members. In the future, a major consideration will not be staff costs, but availability of work force.

As a result of increased overhead costs and the importance of practice management skills, dentists will tend to practice in groups to a greater extent than is currently the case. However, to successfully practice in multiple doctor settings, the difficulties and complexities of group practice will have to be overcome and effectively dealt with. If not, practice groups will fail in much the same way as they did in the 1970's when groups initially formed.

While the public will hopefully understand and appreciate the value of fee for service dentistry, there will be a continuing and on-going need for patient education. Patients need to understand the high quality professional services and low costs for those services are inconsistent.

The on-going struggle with insurance companies over payment of fees will continue. Hopefully, organized dentistry will recognize how important lobbying efforts will be in the future in dealing with these matters. The survival and prosperity of dental practices equates to the survival and prosperity of small business in this country. Free enterprise is crucial to our economic future as a nation.

There will be a significant segment of the population who will be aging and another group of individuals who are economically impoverished. These economic segments will need dental care. There are already proposals for federal funding of these costs as relative to Medicare and Medicaid. In the event of dentistry becoming subject to Medicare, dentistry will possibly face the same overwhelming headaches and difficulties with fraud and abuse and anti-kickback statutes as does medicine. Where payment for dentistry is made with federal funds, those individuals who have limited ability to purchase dental care should receive services. However, federal funding of dental care will also have the effect of significant government regulation on the profession. This will force doctors to practice in groups to a greater extent than is currently the case.

While the Wall-Streeters have not yet been successful in the dental service management organization models, look for insurance companies, other non-dentists and dentists to attempt to open large scale dental practices and provide economies of scale for professional services. In fact, as hospitals change their focus to community health centers, watch for hospitals to provide dental services on a much larger scale than in the past.

I am hopeful that the public will come to understand that there are no bargains in obtaining dental services at reduced prices. Quality of services will suffer. Health and dental care is vitally important to the public which must understand that in the future, health and dental care will cost a

greater percentage of income than in the past. People are living longer and healthier lives than in the past and increased costs are a small price for good health and longevity.