



## PRACTICE OPTIONS

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(Part 3 of 3)

Part three of this article examines the establishment of a new practice as a possible means of beginning a practice.

### III. THE ESTABLISHMENT OF A NEW PRACTICE

Establishing a new practice offers the dentist an opportunity to be his or her own boss, to have complete autonomy in all decision making, and to realize a great potential for economic rewards. However, the dentist must take responsibility for all decisions made, along with a risk of financial instability.

The ability to provide dental care for patients is insufficient for success in today's environment. Entrepreneurial skills are very important to the establishment of a dental practice. Although quality work is of paramount concern, a particular dentist may perform the highest quality work in the community, and his or her efforts are minimized if the practice is economically successful.

Several factors which contribute to the economic success of a dental practice are: a definite business philosophy; marketing expertise; the ability to educate, motivate and communicate with the patient; a sound dental education; the willingness to work hard; and the dedication to consistently produce high quality work.

Location is also a primary consideration when establishing a new practice. It is not only important for the dentist to decide where he or she would like to live and practice, but it is also important to determine the economic potential of the community. As location is a function of marketing, it is wise to calculate the dentist to population ration. Compare the ratios for various communities within the state as well as the national dentist to population ratio prior to making final decision as to location.

A major key to a successful new practice is keeping within the budget. This starts from the proper preparation of the business plan. In the establishment of a practice, a comprehensive business plan is even more important than it is in the purchase of an existing practice because the seller's patients are not there to rely on. The same pre-practice evaluation and business plan elements that are applicable to the purchase of an existing practice apply to the establishment of a new practice.

Business plans further allow the new dentist in practice to maintain overhead at a reasonable level. The dentist should know prior to entering profitability. For example, by performing an

analysis of revenues versus expenses, it shouldn't take long to determine that it doesn't make economic sense to equip three treatment rooms initially where one or two, at most, are needed. A business plan should tell the dentist what he or she can spend on the practice before the money is actually spent.

#### Other Considerations

It would be very stressful, if not impossible, for a dentist to be successful without quality employees. For this reason, it is in the dentist's best interest to retain a motivated staff throughout the years of practice.

In addition to staff considerations, dentists communicate daily with consultants. The consultants generally utilized in a dental practice are: the dental laboratory, the dental supplier, the accountant, the banker, the lawyer, and the practice management expert.

Innovative consultants can provide a wide range of needs for the dentist based upon a continuous and on-going relationship. This saves the dentist from the impossible task of totally researching all of the areas that others can perform very well within their realm of expertise.

Two essential criteria for choosing the appropriate consultants are trust and technical expertise. The presence of these factors should instill confidence in the dentist of the consultant's ability and will usually lead to a long and mutually beneficial relationship.

It takes time, effort and expense to be successful in dental practice today. Responsible, qualified employees and consultants can certainly assist the dentist in making proper decisions for his or her practice needs.