



Inside

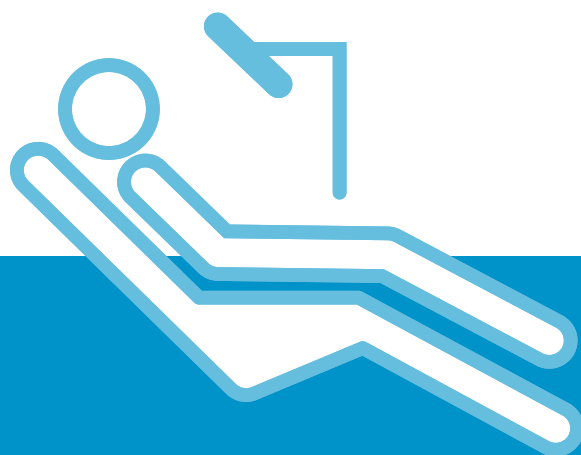
- Conducting due diligence
- Planning your transition
- Building production
- Managing growth

Practice Success Series for Dentists

Acquiring a Dental Practice

Wells Fargo Practice Finance

**WELLS
FARGO**



Planning

is the critical first
step on your path to

success

Introduction



In *Preparing for Ownership*, you learned how to take control of your financial profile, develop a business plan, and assemble your acquisition team. Now, you should be ready to look at practices available for purchase and lay the foundation for a smooth transition to ownership.

This workbook is your guide to the due diligence process that may help you identify the right practice, transition smoothly, and assume leadership. Included are guidelines for maintaining production, establishing business systems, marketing your practice, and monitoring practice performance.

How we can help



Like we said before, we want you to be successful.

That's why we've taken our experience working with dentists like you to create tools that guide you through the process of evaluating, purchasing, and transitioning into a practice.

We're also here to help you through every step of your journey. If there's something we can't provide or answer, we'll help connect you with the resource that can. Call us. Let's talk about what you need — and figure out how to make it happen.

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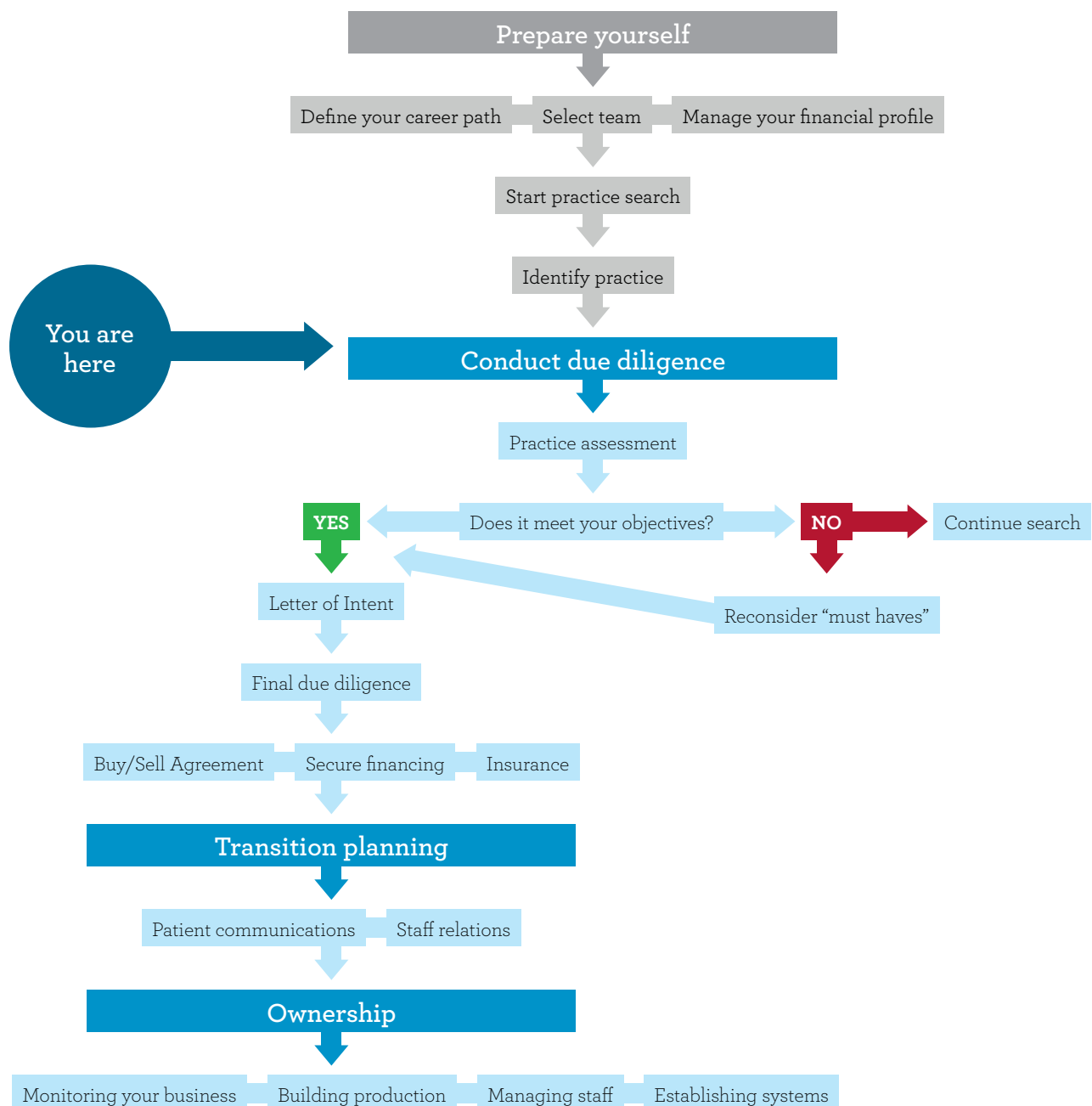
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Activating your plan

Now that you've defined your goals, developed your plan, and assembled your team, it's time to put all that work into action and find your new practice.

The practice acquisition process

As a reminder of where you are now and what to expect next, refer to the flowchart below.



Activating your plan



Building your timeline

The average time before you'll start seeing patients is about nine to twelve months, and will vary considerably depending on whether you're acquiring an existing practice, or remodeling a purchased or leased space.

To build your timeline and see where you should address each step of the process, fill in your goal opening month in the far right column where indicated. Working backwards towards the left side of the page, fill in the months leading up to your opening.

	Complete	Mo. 12	Mo. 11	Mo. 10	Mo. 9	Mo. 8	Mo. 7	Mo. 6	Mo. 5	Mo. 4	Mo. 3	Mo. 2	Mo. 1	Open
Month:														
Practice acquisition	Write business plan, including financial projections													
	Prepare budget													
	Contact lender													
	Get demographic analysis													
	Contact practice broker													
	Meet with accountant													
	Meet with attorney													
	Hire rest of project team													
	Develop marketing plan													
	Refine overhead projections													
	Apply for tax & employment ID numbers													
	Obtain insurance													
	Finalize/implement marketing plan													
	Set up credit card processing													
	Network with local business owners													
	Review/refine finances													
	Finalize details for opening													
	Schedule appointments													
	Start seeing patients													



For a checklist version of this timeline, see page 3. For an electronic copy, contact your practice financing specialist.

Activating your plan



Acquisition timeline & checklist

If you're acquiring a practice, it's likely to be at least six to nine months before you assume ownership and start seeing patients. The timelines below are based on the experiences of doctors like you. Keep in mind that timing can vary greatly depending on the nature of your project.

6 to 9 months before transition

- _____ Write a business plan
- _____ Prepare your personal and business budget
- _____ Contact your lender about financing options
- _____ Obtain a demographic analysis of the area(s) you are considering
- _____ Identify a candidate practice through your practice broker
- _____ Meet with your accountant and attorney to review your plans
- _____ Select and hire the rest of your project team
- _____ Obtain proper licensing from the appropriate experts on your team
- _____ Meet with your equipment representative to begin equipment selection, if needed
- _____ Write a marketing plan and order communications materials (business cards, brochures, etc.)

2 to 4 months before transition

- _____ Review your finances and refine overhead projections
- _____ Meet with your accountant to apply for Federal Tax Identification and employment identification numbers
- _____ Obtain insurance including property, Workers' Compensation, disability, overhead, liability, and malpractice
- _____ Credential with insurance companies
- _____ Finalize and start implementing your marketing plan, including development of your website
- _____ Send letters to existing patients announcing the new practice ownership
- _____ Meet with existing staff to start forming a relationship – if allowed by seller
- _____ Meet with your supply representative to set up ongoing orders
- _____ Set up credit card processing
- _____ Network with local business owners

1 month before transition

- _____ Review your finances and refine as necessary
- _____ Begin interviewing and hiring additional staff as needed
- _____ Work with your equipment representative, supplier, and marketing experts to finalize details for transition
- _____ Start scheduling appointments or co-treating with the seller for a period of time
- _____ Write a transition letter to send to patients from seller and buyer

Activating your plan

Working with your acquisition team



Once your team is in place, it's time for them to get to work, helping you identify and secure the right practice.



Lender

Name: _____

Company: _____

Attorney

Name: _____

Company: _____

Accountant

Name: _____

Company: _____

Insurance broker

Name: _____

Company: _____

Practice broker

Name: _____

Company: _____

Lease negotiator

Name: _____

Company: _____

Practice management consultant

Name: _____

Company: _____

Marketing consultant

Name: _____

Company: _____

Local practitioner/mentor

Name: _____

Company: _____

Conducting due diligence

When you identify a practice, your acquisition team will assess its business viability. To determine whether it's a good match, you need to be actively involved in the due diligence process, too.

Your practice assessment

Answer the following questions to determine how well a practice fits your needs.

Patients

It's critical to evaluate a practice's patient base to determine whether it's one you can — and want to — work with.

Patient base

- How many active patients are in the practice? _____
 - How is "active" defined? _____

Patient records

- How many patient records did you examine? _____
- Are treatment notes complete and legible? Yes No
- Are health histories up-to-date and signed by the patient? Yes No
- Is recommended treatment listed in patient records? Yes No
 - If not, where is it? _____

Looking for tips and a ready to-use chart audit template? Contact us at 1-888-937-2321 or practicesuccess@wellsfargo.com.

Treatment presentation and acceptance

- How does the type of dentistry performed by the seller compare with yours?

- If you observed the seller presenting treatment:
 - What is similar to your style?

 - What is different from your style?

 - How conservative or aggressive are you compared to the seller?

- How does the practice track treatment acceptance?

 - How is "acceptance" defined?

Conducting due diligence

Staff and patient relations

Employees form a bridge between owners and are integral to both a smooth transition and retention efforts.

- How does your personality compare with the seller's?

- How does the seller typically communicate:

- With staff? (Meetings? Email? Frequency?)

- With patients? (Email? Social media? Letters? Frequency?)

- Does the seller maintain personnel files for each employee? Yes No

- What do these files contain?

- What is current compensation (pay + benefits) for each employee?

- What changes would you make?

- Is there a staff handbook documenting policies and procedures? Yes No

- If so, when was it last updated? _____

- Does everyone on the team have (or have access to) a copy? Yes No

- If you have access to observe the practice in action, describe the rapport between:

- Patients and staff

- Patients and doctor

- Staff and doctor

If you would like additional copies of this assessment, contact us at 1-888-937-2321 or practicesuccess@wellsfargo.com.

Conducting due diligence

Business and financial systems

Doctors who mindfully manage their systems are best able to withstand fluctuations in the economy and patient flow.

Scheduling

- How many weeks out is the seller 75%+ booked? _____
 - What is the average number of cancellations or unscheduled time per week? _____
- How many emergency patients per day? _____
- If there's hygiene in the practice:
 - Does the office pre-appoint hygiene? Yes No
 - How far out is the hygiene schedule fully booked? _____
 - What percentage of hygiene hours is unfilled each week? _____

Insurance payor mix

- Does the seller accept reduced fee plans? Yes No
 - If yes, which? _____
 - How many patients are in each plan? _____
- Does the practice accept assignment of benefits? Yes No
- Does this mix work with your business strategy? Yes No
 - If not, what needs to change?

Patient payments

- When were fees last updated? _____
 - What changes would you make to the current fee schedule?

- What payment options are available to patients?
 - Credit/debit cards _____
 - Checks _____
 - Cash _____
 - In-house payment plans _____
 - Outside financing _____
 - Other _____
- Are financial arrangements documented in patient records? Yes No
 - If not, where are they?

Conducting due diligence

Cash flow

- What is the practice's average monthly collections? _____
 - What are collections as a percentage of production? _____
- How much is owed to the practice's Accounts Receivable (AR)? _____
 - What percentage of AR is over 90 days? _____
- Would monthly cash flow (collections + insurance payments) cover overhead and practice loan payments? Yes No
 - If no, how much of a variance is there? _____



Cash flow — the total amount of money moving in and out of a practice — is a key indicator of the health of a business.

Seller transition

- What is the seller's intention after selling the practice?

- Is the seller willing to include a non-compete clause with the Buy/Sell Agreement? Yes No
 - If yes, for what duration? _____
- What is the seller's willingness to introduce you to key referral sources?

Conducting due diligence

Facility

A thorough examination of the office space helps predict and plan for future expenses.

- What are the existing lease terms and conditions?

- When does the lease expire? _____

- Describe the appearance and condition of the practice.

- Reception

- Front desk and business area

- Operatories

- Lab

- Patient consultation area

- Layout, design, and aesthetics

- Is there anything you'd need to change or update right away? Yes No

- If yes, what?

- What kind of room is there to expand?

- What is the age and condition of the equipment, technology, and systems?

- Does it work for the type of dentistry you plan to perform? Yes No

- Will the current set-up be sufficient for at least 2 years? Yes No

- Is there anything you'd need to purchase or upgrade right away? Yes No

- If yes, what?

Conducting due diligence

Location & marketplace

The number of doctors in the area – and the area itself – can impact the growth rate of a practice.

- Describe the location and visibility of the practice:

- Accessibility & parking

- Public transportation

- Signage

- Describe the competition in the area:

- How many GPs or similar specialists are within a 1, 3, and 5 mile radius?

1 mile _____ 3 miles _____ 5 miles _____

- If you're a specialist, how many doctors who practice the same specialty are within a 1, 3, and 5 mile radius?

1 mile _____ 3 miles _____ 5 miles _____

- What is the population density surrounding the practice? _____

- How long does it take you to get to this location from your home? _____

- Is this acceptable? Yes No

Marketing & new patients

Marketing can be defined as how you present your business to the community.

- How many new patients per month has the practice seen for the last two years? _____

- What is the primary source of those new patients?

- What kind of marketing does the practice currently do to attract new patients?

- With existing patients?

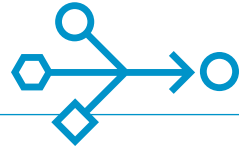
- With referral sources?

- Externally?

- What would you do differently?

Conducting due diligence

Does this practice meet your objectives?



After you've completed your research, analyze the results.

- Refer back to the *Defining your vision* section of *Preparing for Practice Ownership*: Is this practice in sync with most of your answers, including your list of “must haves”? Yes No
- Review the assessment you just completed. Are you comfortable with the answers? Yes No
- Ask yourself: Is this the right practice for me? Yes No

If you answer “Yes” to these three questions, ask your attorney to prepare a Letter of Intent outlining your terms for acquiring the practice. Once accepted, you will move into the final phase of due diligence (see below).

If you answer “No” to any of the questions above, or found any significant red flags or fatal flaws, sit down with your acquisition team and analyze the situation. Talk about how far apart you are from a match and why. You might want to look at your list of “must haves” again. Is there any flexibility? If not, you should move on and search for another practice.

Is the practice viable?



Your team will collect the documents below as part of their evaluation of the practice’s viability. You should also request copies for your own files.

Documents	Collected by
Practice tax returns – past 2 years <ul style="list-style-type: none"> • Supplemental schedules (e.g., C, E, K-1) 	Accountant, broker, or seller
Interim profit & loss statement – current period between the last tax return and the last full month of operations	Accountant, broker, or seller
Accounts Receivables (AR) aging report	Accountant, broker, or seller
Monthly collection report – current year	Accountant, broker, or seller
Equipment list, including age of equipment and equipment leases, if applicable	Accountant, broker, or seller
Staff information & personnel records <ul style="list-style-type: none"> • Number of employees • Employee contracts • Positions held, description of duties • Length of employment • Compensation history records • List of paid benefits • Performance reviews • W-4s • Attendance records 	Broker or seller

Conducting due diligence

Final due diligence



Final due diligence is one of the most critical times to be surrounded and supported by your acquisition team, especially your attorney, accountant, insurance broker, and lender.

During this phase, you will address outstanding items from the initial round of due diligence and finalize the last components of your acquisition:

- Buy/Sell Agreement
- Financing
- Insurance policies
- Lease transfers

All of the above should be prepared and/or reviewed by the appropriate member(s) of your team. Once everything is finalized and in place, you are set to finalize and transition into ownership.



Documents you may need

Attorney

- Personal (buyer) and practice (seller) tax returns (last 2 years)
- Employment documentation
- Buy/Sell Agreement

Accountant

- Personal tax returns (last 2 years)
- Business plan
- Cash flow projections

Insurance broker

- Current insurance policies
- Lease or purchase agreements

Lender

- Personal and practice tax returns (last 2 years)
- Business plan (optional)
- License to practice
- Cash flow projection

Transitioning the practice

Once your Buy/Sell Agreement is signed by both parties, your transition essentially begins. Working with the seller, help ease some of the anxiety associated with the upcoming change in ownership by communicating with your new staff and patients before you take over.



Team relations

Schedule time to get to know your new team before you start working together.

Group event

Plan a lunch or dinner for the entire practice team, including the seller. Make it a casual, low-pressure occasion with the sole purpose of getting to know each other. Briefly address the group during the event:

- Tell them a bit about yourself, including why you became a dentist
- Talk about your practice philosophy and why you think this is a great practice
- Announce you would like to meet with everyone individually to get to know them better

Individual meetings

This is your first opportunity to have one-on-one time with each member of your team. Talk about your expectations and conversely, learn what they expect of you. Create a comfortable environment where you both can talk openly. By listening to what they have to say and candidly discussing practice related concerns and ideas, you'll build trust by demonstrating that each individual's feedback is important to you.

- **Ask questions.** Make an effort to learn each team member's opinion about different aspects of the practice. For example:
 - What are the best things about this practice?
 - If you were in my shoes, what would you change? Do you think the rest of the team would agree?
 - What concerns do you have about this transition?
- **Listen.** People will feel valued because you're open to their input.
- **Take notes.** By considering and potentially incorporating your new team's input, you'll reinforce the trust they're putting in you as their new employer and leader.
- **Develop a strategy.** Another benefit to having these meetings early is that input from your team helps to develop a strategy for implementing new systems and making gradual changes.

Transitioning the practice

Patient communications



Letters from both you and the seller, sent in the same envelope, set the tone for a smooth transition.

Sample transition letter from seller

Selling dentist's name
Practice name
Practice address
City, State ZIP

Use practice letterhead

Date

Dear patients and friends,

It has been my pleasure to serve our community for the past _____ years as your dentist. I have had the privilege of meeting many wonderful people over the years, and have enjoyed serving you and your families. It is with great happiness and a sense of fulfillment that I announce my intention to retire at the end of this month. My last day at the office will be _____ (day/date).

_____ (name/credentials) will assume the care of my patients. Dr. _____ is a board-certified dentist who is an expert in all aspects of restorative and cosmetic dentistry. Dr. _____ attended _____ (name of college/university) for his/her undergraduate schooling and _____ (name of dental school) for his/her dental training. He/She is an outstanding dentist and will take great care of you and your family.

To ensure you receive uninterrupted care, I will turn over my practice to Dr. _____ during the next few weeks. My excellent staff will be staying to work with Dr. _____ and will continue to assist you throughout this transition. For more information about Dr. _____, events, and upcoming promotions, please visit _____ (your website address).

I appreciate your loyalty throughout the years and will take the memories of all I have experienced with me to retirement. I wish you continued good health and all the best in the coming years.

Sincerely,

_____, D.D.S./D.M.D.

Transitioning the practice

Sample transition letter from buyer

Buying dentist's name
Practice name
Practice address
City, State ZIP

Date

Dear patients and future friends,

I am pleased to announce that I will be joining the dental practice of Dr. _____ in the next few weeks and assuming your care when he/she leaves for retirement on _____ (day/date). It is an honor for me to join such an exceptional practice, and I look forward to getting to know you and your families.


Dr. _____ and I both wish to make this an easy and positive transition for us all, and I look forward to carrying on his/her fine tradition of warm, professional, and personalized care. We have worked together over the past several months to ensure that the care and service you rely on will continue without interruption.

Let me tell you a little about myself. I grew up in _____ (city/state), went to undergraduate school at _____ (name of college/university), and attended _____ (name of dental school) in _____ (city/state) for my dental training. I have been a dentist in a nearby practice in _____ (city/state) for the past _____ years. I live nearby, so if you have a dental emergency, I can see you promptly.

I would like to thank Dr. _____ for this wonderful opportunity. You can count on me to continue to provide a stable and comfortable environment where you can enjoy the very best in dental care. I am excited about joining this great practice and look forward to meeting you soon.

Sincerely,

_____, D.D.S./D.M.D.



Contact us for electronic templates that you can customize for your practice. 1-888-937-2321 or practicesuccess@wellsfargo.com.

Maintaining production

Simply put, production is the first step toward cash flow. In order to sustain and grow your practice, it is essential that you collect enough revenue to cover your operating expenses, pay down debt, and deliver adequate profit.



Sudden impact strategies

As your practice transitions, it may experience a stall in production. Here are some steps you can take immediately to help you to initiate and sustain momentum.

- Establish daily production goals based on monthly overhead requirements.
- Announce production goals at morning meetings, making sure everyone is aware of the daily target (see **Team huddles**, pg. 21).
- Develop a scheduling template that helps you consistently meet production goals (see **Preblocking for production**, pg. 22).
- Ask for referrals. Reward your team and patients for every patient they refer (see **How to ask for a referral**, pg. 25).
- Review charts. Start a reactivation campaign for patients who have fallen out of their ideal treatment cycle.
- Determine whether a patient in the hygiene room needs restorative treatment.
- Remind patients how their insurance benefits helps them to pay for dental treatments.
- Offer elective or cosmetic treatment. (Ask: "If you could change anything about your smile, what would it be?")
- Offer additional financial arrangement options.
- Improve your verbal skills, especially for handling objections. (For example: "If we could fit this into your budget, would there be anything else that would prevent you from making an appointment?")
- Start tracking case acceptance (see sample form below). Review reasons for non-acceptance, look for patterns or trends, and improve your presentation skills as needed.

Be prepared

For additional guidance and tools to help you implement sudden impact strategies, including tips on chart audits, reactivating overdue patients, presenting treatment, and addressing concerns, contact us at 1-888-937-2321 or practicesuccess@wellsfargo.com.

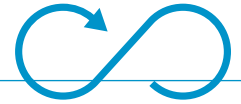
Sample case acceptance tracking form

Date	Patient name	Treatment presented	Accepted? (Yes/No)	Reason for non-acceptance	Treatment scheduled (date)
7/24/XX	Jody Taylor	2 crowns, upper left	Yes		8/15/XX
7/25/XX	Mark Johnson	2 fillings, upper right	No	Not enough time for all of the appointments required	

*For example only

Maintaining production

Improving your recall system



A good way to maintain a consistent production level is to schedule patients' next appointments at the end of each visit. Here are a few ideas for developing an automatic reappointment system.

- Pre-appoint patients for their next hygiene appointment. This is more time-efficient and productive than sending a recall card asking patients to call you.
- Establish a clinical protocol to determine the type of hygiene treatment a patient needs.
- Evaluate services offered by hygiene, and add new services as appropriate (e.g., ARESTIN® or Periodontal therapy).
- Send reactivation postcards to patients becoming inactive.
- Build value into the next appointment by including the three “Ws” in your conversation:
 - **When** they're coming back.
 - **What** treatment they will receive.
 - **Why** it's important (saves money, time, and keeps their smile attractive).

Cash flow management



Any business can find itself with cash flow shortages at times. Dental practices are no different. Use the following steps to help manage cash flow during these times.

1. List expenses that are critical to keeping the doors open. This is called the “make-break point.” Usually included are:
 - Staff and dentist salaries
 - Payroll taxes
 - Office lease and utilities
 - Current lab and clinical supplies expenses (include past due amounts for labs or supplies in your outstanding bills)
 - Loan payments
2. List every outstanding bill you have to pay, starting with the oldest due date and ending with the most recent. List payee, amount owed, interest rate, and due date (as well as the number of days past due). Rearrange this list to prioritize bills with the highest interest rates, which could harm your credit rating.
3. Pay only the make-break expenses and nothing else.
4. Take a percentage, typically 10% of any funds left over and place them in an interest-bearing savings account. Reserve this account until it totals one to two months of your average monthly expenses. This reserve fund becomes your long-term solution.
5. After saving a reserve, take all funds remaining and start paying down the outstanding payables list, paying as much as you can on one bill at a time until it is paid off. Start with the highest priority bill, as you determined in your list.

Maintaining production

Take a moment to think about the strategies you will employ to jump-start production and/or grow the practice. Capture them here for easy reference if/when you need them.

1. _____

2. _____

3. _____

4. _____

Consistency is critical

You may not be able to pay off everything at once, but managing cash flow will help you:

- Motivate your team to meet your goals
- Save typically 10% after your make-break expenses are paid
- Pay down any outstanding balances
- Work with creditors to pay off any debt

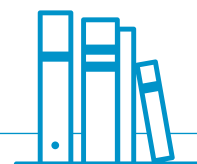
If you need additional guidance or tools for managing cash flow, or strategies for reactivating patients, contact us at 1-888-937-2321 or practicesuccess@wellsfargo.com.



Managing your team

As a practice owner, you need to be a competent people manager in order to attract and retain staff that may help you run your practice effectively. Here are a few things you can do to position yourself for success.

Practice policies and guidelines



Document practice policies and business protocols. Your guidance may include:

- Employee practice handbook
 - Describe policies and guidelines for the effective management of your practice, including:
 - Your practice philosophy
 - Employment practices
 - Hours of operation
 - Employee benefits
 - Other business policies
 - Ensure the handbook is updated to support how you want to run your business
 - Have your attorney review before implementing to ensure it is legally compliant
 - Introduce the handbook in a team meeting and distribute copies to each staff member
- Standardized job descriptions
- Employee files



Managing your team

Healthy communications



Open communication is another secret to success.

Help establish a healthy workplace and model positive communication by doing the following:

- Set expectations early and meet regularly with your team
- Provide a regular forum for staff members to openly share their ideas, suggestions, concerns, and operational issues
- Implement a documented procedure for staff to raise complaints involving procedures, business processes, or even other team members
- Create an environment where team members feel safe being open and honest

When problems do arise:

- Confront them early while they are still relatively minor
- Restore order as quickly as possible to keep the practice running smoothly
- Enlist the help of your practice management consultant or attorney if the issue is severe or you cannot manage a situation internally

Collaboration is one of the most desirable behaviors in establishing a harmonious office. But in the midst of a communication breakdown or conflict among staff members, moving toward collaboration can take a unique set of social skills. Contact us for resources to help navigate the path: 1-888-937-2321 or practicesuccess@wellsfargo.com.



Establishing business systems

Instituting a few basic business systems helps you manage productivity and profitability. With clear guidelines, delegate tasks effectively and set standards against which you want to evaluate job performance and develop training protocols. The following business systems are fundamental to running an efficient dental practice.

Team huddles



Team huddles give you and your team time to discuss and prepare for the day ahead.

Take a few minutes toward the end of each day to prepare for the next morning's huddle. Then take no more than 15 minutes at the beginning of the day for the morning huddle, before your first patient arrives. Use the sample agenda below as a guideline.

1. Yesterday's schedule (Assistant/All)

What went well, areas to improve?

2. Today's schedule (Assistant/All)

Emergency time, catch-up time, problems, concerns, celebrations

3. Doctor/Hygiene handoff (Assistant/Hygienist)

Identify periodic exam time when there is a natural break in doctor's schedule

4. New patient information (Appointment Coordinator)

Share information gathered over the phone about the new patient

5. Financial discussion (Financial Coordinator)

Patients we're expecting payment from today, patients needing financial arrangements, problems accounts/unpaid balance

6. Pre-blocks (Appointment Coordinator)

Next available production pre-block and new patient pre-block, the back office staff should jot these down so they can guide patients into appointments

7. Internal marketing (All)

Each person target 1 - 2 patients to ask for a referral (First follow-up on yesterday's efforts)

8. Patients with unscheduled treatment needs (Assistant, Appointment Coordinator)

Report any patients coming in today with treatment that has been diagnosed, but not accepted. Report on patients from yesterday's schedule who had treatment presented to them, but did not set up financial arrangement or make an appointment to start that treatment.

9. Goals (Financial Coordinator/Appointment Coordinator)

Did we reach production and collection goals yesterday? How about today? Where are we month-to-date?

10. Thoughts for the day (Doctor)

Use a quote, a cartoon, or a short story to help everyone stay positive and team focused

Establishing business systems

Preblocking for production



Preblocking — preserving a block of time for significant treatment* on all days you see patients — is an effective tool that focuses every team member on meeting daily production goals.

How to preblock

1. Calculate your daily preblock goal

- Multiply the dentist production goal for the month by 75% *Example: \$40,000 x 75% = \$30,000*
- Divide by your crown fee. (This gives you the number of preblocks you need per month to meet your goal.) *Example: \$30,000/\$1,200 crown fee = 25 preblocks per month*
- Divide monthly production preblocks by the number of days the dentist will work on patients this month. (This gives you the average number of preblocks you need per day to meet your goal.) *Example: 25 preblocks/16 days = 1.5 preblocks per day*

2. Post and announce your daily goal

- Announce the daily goal at your morning huddle.
- Post the goal in a prominent place for the front desk staff to reference throughout the day.

3. Block your preferred times for performing significant procedures

- On a computer scheduler, use preblock commands or a template to reserve preblocked time.

4. Keep the 48-hour rule

- If you're unable to fill the preblocked time 48 hours before the scheduled day, fill the time with any available procedure.
- Move the lost production preblocked time to another day in the same month, keeping the importance of meeting the cash flow needs of the practice for the month at the forefront.



*Significant treatment is defined as any treatment — including multiple minor procedures — that equals a crown fee and can be completed within 1 to 1.5 hours.

Establishing business systems

Financial arrangements



The way your office manages patients' financial arrangements can make the difference between a thriving practice and one that struggles to make ends meet.

Guidelines for an effective system

Here are a few ideas to use as a starting point for your financial policies. Use this chart to note your preferences and enhancements.

Practice	Comments
<input type="checkbox"/> Financial protocols should be clearly written, for internal use only, and easily accessed by your staff.	
<input type="checkbox"/> Include protocols for a full array of scenarios ranging from insurance, payment plans, and worker's compensation to telephone shoppers, emergency visits, and courtesies.	
<input type="checkbox"/> Document all financial arrangements in writing, include a due date, and have both the patient and financial coordinator sign to indicate acceptance.	
<input type="checkbox"/> When negotiating, start by asking for payment in full prior to treatment. <ul style="list-style-type: none">• Many offices offer a 5% courtesy for this option.	
<input type="checkbox"/> Offer a variety of payment options (e.g. credit card, dental credit card, bank loan, auto debit) and provide the ability to mix and match them to patient needs.	
<input type="checkbox"/> Do not tie payment to appointment dates. <ul style="list-style-type: none">• Provide payment coupons that patients can mail in on their due date.	
<input type="checkbox"/> In your morning huddle discuss who needs to be seen by the financial coordinator for expected payments, financial arrangements, problem accounts/unpaid balances.	
<input type="checkbox"/> Develop a collection protocol (e.g. 2 – 3 telephone calls, followed by 2 – 3 letters) and follow it consistently.	
<input type="checkbox"/> Measure success with a case acceptance log (see page 16).	

Establishing business systems

Tip: The 4 Ps of successful financial arrangements

A well-defined system that's consistently followed may help to keep your patients satisfied. Keep these principles in mind as you develop your program:



Person:

Make sure the person responsible for financial arrangements is a well-trained professional who can confidently negotiate treatment acceptance.



Place:

Conduct financial conversations in a comfortable, private, and quiet location where you can sit at eye level with the patient, preferably side by side.



Policy:

Develop guidelines that provide a win-win for both your patient and your practice.



Procedure:

Develop a system and negotiation process that allows for healthy case acceptance.

For assistance with your financial arrangements system, work with your practice management consultant, contact us at **1-888-937-2321** or **practicesuccess@wellsfargo.com**.

Monitoring practice performance



Tracking and analyzing your business on a regular basis is a critical tool for managing the success of your practice.

Wells Fargo Practice Finance's Milestones program enables you to recognize trends, determine the financial health of your practice, and establish baseline measurements of everything from production to operating expenses. By measuring on a monthly basis, you'll develop an early warning system for recognizing and reacting to negative trends before they become critical problems. For more information, contact us at 1-888-937-2321 or practicesuccess@wellsfargo.com.

Marketing your practice

Just like any other small business, you need a marketing plan to keep your practice vibrant and growing. And while you'll want to use "external" marketing tactics such as a website, direct mail, and advertising to attract new business, generating goodwill, and retaining your existing patient base should be your primary concerns as you assume ownership. Here are several "internal" marketing strategies to use — at little to no cost — to enhance your relationship with patients.

Post-op phone calls



The follow-up phone call is an important customer service tool for enhancing relationships and building trust.

Create time in your schedule at the end of the day for a quick two- to five-minute phone call to every patient who experienced a significant procedure (anything with anesthesia) the previous or same day.

Note: your sole purpose is to ask patients if they are doing well. Patients will appreciate your concern and be more likely to generate positive word-of-mouth about your practice.

Asking for referrals



Asking patients to refer a friend or family member is one of the easiest and least expensive ways of generating new business.

Goal: encourage and increase new patient referrals.

Note: you are **not** trying to get a name and phone number on the spot.

The following steps will help prepare you and your team to effectively ask for referrals.

- Review your patient schedule each morning with your team, and have each team member identify at least one patient he or she will ask for a referral.
- Be sure the patients you approach for referrals have expressed a positive attitude toward your practice and services.
- Document the referral request in the patient record, noting the date and initials of the team member who asked for the referral. Do not ask patients for referrals more than once a year unless you get a spontaneous glowing compliment from them.
- Practice this technique by role-playing at staff meetings, with one person playing the patient and the other asking for a referral.
- Develop an incentive program to reward staff members for learning and implementing a new skill as well as patients for providing referrals, being mindful of anti kickback statutes as applicable.
- Your staff can also be an important source of referrals. Offer treatments to your staff so that they can provide recommendations for your excellent work to patients, friends, and family members.

How to ask for a referral

The best time to ask for a referral is when you receive a compliment about some aspect of your practice or service. An easy way to tactfully invite a compliment is with a simple question such as, "How was your visit with us today, Mr./Mrs. _____?"

If you receive a positive response, follow these easy steps (it should take about 12 seconds!):

1. **Thank** your patient for the compliment.
2. **Share** your practice philosophy — for example: "We want everyone to feel comfortable here so we really make an effort to be as pain-free as possible."
3. **Ask** for the referral — for example: "You know, you're a terrific patient. If you have friends or family looking for a dentist, we'd love to have more patients like you."
4. **Offer** a business card.

Marketing your practice

New patient communication



Establishing friendly communications at the beginning of a relationship is the first step in generating goodwill. An effective way to make patients feel they will be well taken care of is to send a welcome letter or email before they come in for their first appointment.

Sample new patient

Your Name
Practice Name
Practice Address
City, State, ZIP

Date

Patient Name
Address
City, State, ZIP

Dear [patient name]:

Welcome to our practice! And thank you for selecting our team to manage your dental care needs.

Our goal is to provide you with the highest quality dental services available in an efficient and comfortable environment. We are committed to helping you prevent dental problems by restoring and maintaining your oral health through regular preventive care.

We will provide a thorough examination on your first visit, including an oral cancer screening and necessary x-rays for proper diagnosis, followed by a consultation regarding your dental needs. Treatment costs will be discussed and financial arrangements can be made.

Please visit our online patient portal (add link) or complete both sides of the enclosed health questionnaire and registration form and bring them with you to your first visit, along with your insurance information.

If you have any questions, please contact us at _____ (phone number) or _____ (email address). We look forward to meeting you!

Sincerely,

_____, D.D.S./D.M.D.

Remember:

Include the following items in your communication:

- Map or brochure that shows your location
- Links to update registration and medical/dental history
- Your business card

Contact us for an electronic template you can customize for your practice:
1-888-937-2321 or
practicesuccess@wellsfargo.com.

Marketing your practice

Dos and Don'ts for your website



Dos

- Choose a clean, uncluttered layout. More is less. Keep it structured and balanced.
- Use professional photos which are high resolution. Dark or fuzzy photos can make your practice look unprofessional.
- Choose colors which support your vision and style. If you use soft colors in your office, don't use neon pink on your site.
- If you have forms for individuals to download or fill out, make them easy to find. Don't make patients search for things. Have clear navigation.
- Focus on what's important to you and your practice.

Don'ts

- Clutter the homepage with too many images, text boxes, or banners.
- Use too many photos or too much copy. One image can be worth a thousand words.
- Use too much text on a page. The idea is not to tell the entire story but to create an environment where people want to learn more.
- Ask patients to download new software in order to fill out your forms.

External marketing



Combining internal marketing efforts with an external marketing strategy helps your practice grow. But how do you know where to invest — or how much?

Should you start a Facebook page or Twitter feed and promote new patient specials? What about a direct mail campaign or sponsoring a local youth sports team? Or should you focus on branding with updated signage, letterhead, and patient education materials? The answer really depends on a combination of the practice's current state, and your objectives for it.

The most efficient and effective way to develop an external marketing strategy that makes sense for your practice is to work with a practice management or marketing consultant that has experience with, and understands, dental practices and their unique needs.

Marketing your practice



Why join your professional association?

Your professional association offers a wide array of resources and programs designed to enhance your ability to achieve success and improve your excellence as a doctor. As a member, you have access to printed and online publications that keep you up-to-date on the latest happenings in the industry.

Training programs, continuing education courses, and career centers are available to help you manage your practice and enhance your professional skills. Qualified members may also have access to discounted products and supplies. Plus, your professional association gives you a powerful voice in state and national legislatures to help ensure a healthy future for the industry. For example, here are just some of the benefits members of associations may enjoy:

- Specialized programs and resources for emerging practitioners
- Online resources to help you manage your career, expand your knowledge, and balance your life
- Online CE and other educational resources
- Value-added products and services
- Membership at the local or state level may automatically qualify members at the national level. With one membership, you get the benefits of all
- Access to patient-centered, ethically based best practices for managing patients, finances, regulatory issues, and more

Congratulations

We hope the Practice Success Series has helped you prepare for a smooth transition into ownership. For more information about additional planning tools and financial products or services that can help you continue on your path to success, contact us at 1-888-937-2321 or practicesuccess@wellsfargo.com.

We're here to help you take your next step, and appreciate the opportunity to work with you.



We're here to help you achieve your financial goals

Wells Fargo has a wide variety of business products and services to help you manage, grow, and transition your practice. Let's talk.

How can we help?

Let's talk

1-888-937-2321

Monday through Friday

7:00 a.m. to 4:30 p.m. Pacific time

practicesuccess@wellsfargo.com

wellsfargo.com/dentists



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