

## Practice Overhead: Management & Occupancy Expense

*Chris Bentson, President of Bentson Clark & Copple, LLC*

This is the final article in a three-part series on orthodontic practice overhead. In the 2<sup>nd</sup> quarter edition of the *Bentson Clark reSource*, we performed a high level review of practice overhead from 25 valuations that were completed in 2007. In the 3<sup>rd</sup> quarter edition of the *reSource* we broke down staff and orthodontic supply expenses into suggested line item entries on an income statement, to arrive at an average staff expense of 22.8% of collections and an average supply expense of 9.9% of collections. This article will examine the components on an income statement making up business management expenses and occupancy expenses for an orthodontic practice. The averages in the sample will show business management expense at 9.9% of collections and occupancy expenses averaging 8.6% of collections. Taken together, you will now have a targeted percentage of net collections for each of the four major expense categories that, if achieved, will allow you to operate your practice at an average overhead rate of 50.9% of collections.

## Developing a Leadership Team for a Profitable Practice

*Char Eash, Consultant, Profit Marketing Systems South, Inc.*

The question of why some orthodontic practices continue to grow and others plateau may be reflected in how the leadership team evolves. The leadership team at all levels is defined as a group of individuals who grow and protect the practice. A leadership team exists whether there are three employees or 30 employees. Staff members on a daily basis are making decisions on behalf of the practice. The question is how (and how well) are they trained to do so? The days of the doctor or a single office administrator managing all the systems within the practice are over. It is impossible for the doctor to practice orthodontics and be expected to manage all the business systems. A single office administrator is generally overseeing one department of the practice, whether it is clerical or clinical.

## Personality Types Within the Orthodontic Practice

*Laura Overcash, Director of Marketing at Bentson Clark & Copple, LLC*

Integrating a new doctor into your practice can be a daunting task with a number of complex decisions that must be addressed. Many doctors choose to hire an associate to eventually become a partner, in order to fulfill anticipated retirement goals. As common practice, it is best to consider this type of relationship as a "business marriage." An associateship/partnership arrangement is ultimately a long-term commitment based on common goals, similar motivations, and open communication in which both doctors are truly dedicated.

## Buffett's Big Bet

*Tom Cartee, Vice President of Sheets Smith Wealth Management*

The battle rages onward and Warren Buffett is taking sides. I refer to the ongoing debate between those who advocate passive investment management and those who want to try to beat the market through active methods. The Oracle of Omaha has accepted a ten-year wager proposed by Protégé Partners LLC with the \$1 million prize going to charity. OK, so what is the bet? Protégé (a top notch New York City money management firm that runs funds of hedge funds) has bet Mr. Buffett that a group of five funds of hedge funds selected by Protégé will outperform the Vanguard S&P 500 index fund over a ten-year period beginning January 1 of this year. This is a classic battle between the forces of active versus passive investment management.

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