

Looking Back at the Practice Valuations of 2011

By: Chris Bentson & Doug Copple

In this seventh consecutive year of our annual practice valuation review, Bentson Clark & Copple, LLC looks back at several statistics from practice valuations that were completed during the previous year. As such, we have selected twenty-five valuations from 2011 and provided a review, offering a glimpse into the current values of orthodontic practices as seen by Bentson Clark & Copple. The statistics will provide some measurement data that can be used to compare non-valued orthodontic practices giving practice owners some benchmarks in the industry. A summary of the averages of the data published over the last five years in the *Bentson Clark reSource* is provided on page 2 and illustrates recent trends on the metrics reported, primarily overhead rates and value as a percent of collections. The cumulative data totals of 125 orthodontic valuations completed by Bentson Clark & Copple over the previous five years (2007–2011).

A Community Involvement Approach to Practice Growth

By: Nancy Hyman

As professional referrals continue to decline, many orthodontic practices seek creative measures to maintain and increase patient referrals. Chris Bentson, partner at Bentson Clark & Copple, notes: "Orthodontists are seeing a decline in referrals from general dentists. It's not just the economy driving this, as it is well documented that GP's are also believed to be producing more orthodontic treatment out of their offices than in the past. The *Journal of Clinical Orthodontics'* bi-annual practice study shows that referrals from GP's declined from historical averages of 50% of the referred patients to an orthodontic practice to 40% in the latest 2011 published study. This decline of ten percentage points is significant for most orthodontic owners, and orthodontists are reacting to this by increasing marketing budgets and focusing on internal referral programs to bring patients into the practice."

This article focuses on a full team approach to community involvement. Each strategy has been tested in the office of Dr. William Hyman and other offices in varied geographic areas. Reaching out to your local schools and civic groups relies on multiple team members in a focused effort.

Care and Maintenance of the Golden Goose: Office Design 2012

By: Joyce Matlack

In today's economic times and ever-more-saturated orthodontic environment, setting your practice apart is increasingly critical. Dedication to an unwavering focus on customer service is the first priority. The days of sitting back and waiting for your practice to grow and flourish are gone in most markets. The magical climate for your practice to become your Golden Goose that lays golden eggs must now be created with clear planning, care, and dedication.

To make your Goose happy and healthy you must have a safe, appropriately sized abode with all necessary "goosely" amenities. With its basic needs met and a few extra "goosely" desires fulfilled, your goose will lay the golden eggs of efficiency, optimal growth, and reduced stress, allowing you and your staff to focus on your patients.

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Do You Recall...?

By: Jeff Beham

The word recall means different things to different people. Still, most of us would agree that in the orthodontic realm it is the process of staying connected to and motivating people who have expressed interest in treatment, but for some reason did not start. For the purpose of this article I am defining recall as the follow-up process for patients who had no clinical reason for putting off treatment but ended the new patient consultation without the all-important "yes."

In a sales organization, if someone is interested enough in what you offer to make a call, you do a back flip and run through the halls rejoicing. If they actually agree to spend an hour of their time meeting with a representative to discuss your offerings, that is even better, but somehow these prospects are all too often dismissed as unqualified. We assume they did not start because of "the money" and we move on. By my estimation, this belief costs the average orthodontic practice three-to-five starts per month and, as such, is worth addressing. One key to success is having a well-developed plan for follow up with these prospects. Simply calling to "see how they are doing" is not a good plan. It is also not fun to make that type of call.

Tax Planning 2012: Certainly Not Business As Usual

By: Diane Rumley, CPA

Why include an article on tax rates in an orthodontic newsletter you ask? The scheduled 2013 increase in Federal tax rates requires your immediate attention. Without new tax legislation, your federal income taxes will go up substantially in 2013. Business-as-usual tax planning will be costly.

For well over a decade, individuals have experienced declining or flat tax rates, allowing for relatively consistent tax planning. Defer income and accelerate deductions. Since March 2010, Congress has frantically enacted five new bills aimed at cutting taxes and stimulating the economy. The bills encourage businesses to make capital investments and extend previously lowered individual tax rates through 2012. However, effective January 1, 2013, unless Congress acts, the highest individual federal income tax rate will jump 4.6% to 39.6%, a 3.8% Medicare tax will be imposed on investment income (interest and dividends), long term capital gains will be taxed at 20% rather than 15%, and qualified dividends will be taxed at the 39.6% ordinary rates rather than the current 15% capital gains rates.

Market Observation: The Middle Market Orthodontic Practice

By: Chris Bentson

I have been speaking to the orthodontic residents a great deal recently regarding market positioning. Within any market there is a luxury brand, a middle market brand, and a value brand - yes, this is even true in orthodontics. In car manufacturing think Rolls Royce, Camry, and Yugo. In the world of mass-market clothing retailers consider Nordstrom, Gap, and Wal-Mart. If in the market to buy a watch, Rolex, Seiko, and Timex define these three market positions.

In orthodontics there are subsets of practices in the country that are "high-end" (or luxury practices). These practices are often characterized by high fees, exquisite facilities, the latest technology, and are heavy with a personal touch. On the other end of the spectrum there is a growing number of "value branded" orthodontic options. Ranging from "doc-in-the-box" corporate stores to "insurance- or Medicaid-" based practices that do not rely heavily on general practitioner referrals and offer no-money down, no frills. Orthodontic practices at both ends of the spectrum, luxury and value, seem to be performing well in today's economy. Where does that leave the mid-market orthodontic practice? Perhaps, in a pinch.



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