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# Practicing in the 'new normal':

## The preservation of the independent dental practitioner

Mustafa Shah-Khan, DDS

### PART 1 OF A SERIES

**DENTISTRY IS UNDERGOING SIGNIFICANT CHANGES.** Increasing development and utilization has led to exciting and very positive changes for patients and practitioners. The economic forces facing dentistry are leading to less desirable changes. The combination of technology and economics has led to the "new normal" in dental practice. But before we can discuss this new normal, we must understand what the previous normal was in dentistry.

Prior to 2007, the dental economy was at its peak. Practices in my area routinely experienced 10% to 15% annual growth, which led to increasing practitioner salaries. The average general dentist salary increased from \$120,000 in 1981 to a peak of \$215,876 in 2005, a 79% increase. Elective and cosmetic cases were plentiful. The economy was robust and patients were using their economic gains to improve their functional and esthetic dental situations. It seemed that we simply had to stay out of our own way to be successful.

Then came the 2008 recession. By 2009, average GP income dropped to \$190,492. When the economy falters, so does dental spending. Historically, as GDP rises or falls, so does the income for dentists. Since the economic recovery of 2010, GDP has risen, but annual incomes for general dentists fell to a low of \$180,950 in 2013.<sup>1</sup> This is particularly disturbing for our profession, and a level that we have not seen since 1996-97. Additionally, according to the Bureau of Labor statistics and Dr. Eric Solomon's March 2015 *Dental Economics* article, [visit [dentaleconomics.com](http://dentaleconomics.com) and search for Eric Solomon] the costs of providing dental services have increased 297% between 1985 and 2013. This is statistically significant when compared to the overall costs of goods and services



**The average general dentist salary**  
Prior to 2007, the economics of dentistry was at its peak. Practices in my area routinely experienced 10% to 15% annual growth

increasing only 114% during the same time period.

These factors—rising costs of delivering care, flat overall dental spending, reduction of overall fees, increased penetration of dental managed care, and the rise of corporate dental practices—have created a “new normal” in which independent dental practitioners are struggling to stay competitive.

The US Census Bureau's 2007 economic census stated that the number of offices controlled by corporate dental groups increased by 29% to 8,442. The 2012 Distribution of Dentists survey conducted by the ADA Health Resources Policy Center showed an overall 10% drop in solo practitioners. Are all of these factors signaling the end of the independent dental practitioner? While the economic forces and the growth of corporate practices may not change, there are avenues we can pursue that lead to the preservation of the independent dental practitioner.

As independent practitioners, we have to examine our practices and make sure that we're efficient in our structure, operations, and management. We must look at what I call “building competencies.” When we use the term competency, dentists immediately think of their ability to cut a smooth MOD inlay, onlay, or crown preparation. While this is something that we must have, it is just a piece of our competency. We must look at a broader competency for our practice. A successful practice has to have clinical competency, operational competency, and financial competency.

This article is the introductory piece to a series regarding the preservation of the independent dental practitioner. In our succeeding articles, we will examine the three competencies and discuss how they can positively impact the profitability and sustainability of the independent dental practice.

We are very fortunate to have some of the leading young minds in dentistry writing our upcoming articles. Their experience and expertise will provide great insight into how we can improve our practices for both our patients' experiences and our profitability.

In terms of clinical competency, we will examine the positive effect that improving clinical techniques and the expansion of the scope of services have on practices. Additionally, we will discuss the impact of high-level continuing education, the integration of CAD/CAM through CEREC, as well as cone-beam computed tomography (CBCT) integration for the general practice.

- **Dr. Kevin Kwiecien in conjunction with Dr. Gregg Kinzer**, Resident Faculty at Spear Education, will provide a discussion on the impact of CE on a practice and how it can change our ability to diagnose and predictably treat cases. The Spear curriculum can change how we approach dentistry almost overnight.
- **Dr. Mike Skramstad** of Spear Education and Cerecdoctors.com will give us a real-world perspective on CAD/CAM and CEREC. This technology is the future of general restorative dentistry. It is a tool that can change a practice's daily profitability as well as the scope of care that we provide our patients.
- **Dr. Tarun Agarwal** will discuss CBCT integration for general practitioners. He will discuss diagnostic benefits, ROI, and the ability to integrate implants into a general dentistry practice.

Operational competency involves looking at our practice structure and relative percentages of expenses—overhead control, supply chain management, auxiliary use and compensation, as well as use of consultants and marketing tools. Evaluation and management of both our fixed and variable expenses are vital to our success.

- **Dr. Stan Michalski** of Michalski Dental Coaching will provide insight into operational competency and practice management. We will further discuss the impact that such simple things as credit-card processing can have on our bottom line.
- **Dr. Mustafa Shah-Khan** of the Synergy Dental Partners will discuss supply-chain management and procurement of dental supplies. We will examine the growing trend of dental group purchasing organizations (GPOs) versus traditional supply dealers. How does this avenue level the playing field so that a solo practitioner can pay the same thing for supplies that a 100-member group practice does?

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Fiscal competency involves operational cash-flow management and building the correct team for nonclinical needs. Understanding the differences between operational cash flow and a practice's production and collections is vital to being the best dental CFO for your practice. Do you know what a cash balance sheet tells you about your practice?

- **Jonathan White** and **Lynn Coward**, two real-world dental CPAs, will provide us with insight regarding operational cash management, as well as discuss what types of retirement plans should be used at certain stages in our careers. We all want to retire one day, but we need a more practical plan than someone telling us to max out a 401(k) plan.

There are many things that independent practitioners can do to control their own destinies. Dentistry is at both an exciting and precarious place. Through this series of articles, we hope to provide information that will help you evaluate your environment and make necessary changes to succeed as an independent dental practitioner. **DE**

**REFERENCE**

1. Munson M, Vujicic M. Dentist earnings not recovering with economic growth. Health Policy Institute Research Brief. American Dental Association. <http://www.ada.org/~media/ADA/Science%20and%20Research/HPI/Files/>



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