

Mastery 

## RUNNING ON EMPTY

*Answers to Questions Dentists Have about the Recession*

by

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2009

***RUNNING ON EMPTY***  
*ANSWERS TO QUESTIONS DENTISTS HAVE ABOUT THE RECESSION*

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## PREFACE

Perhaps, not since the first day you walked into your practice have you had a world of uncertainty before you quite like now. Unclear. Doubtful. Threatening.

Whether you recognize it or not, you are at a crossroads that requires you to choose a direction.

For some, even though the economic landscape has transformed, nothing will change. They will force old habits and tired routines that have worked in the past to fit a very different future. There will be others, however, who will take the risk and reformulate themselves and their practices to adjust to this new economy. Which path will you take?

Likely you are worried and anxious about the impact of the recession on your practice, your career and your life. You are unsure of how to navigate your practice in this new economy. You might be doing okay at this time, but your numbers are starting to flatten out and you don't want to be blindsided down the road. Or, your practice is showing clear signs of being affected by the recession—a decrease in new patients, higher cancellation and no-show rates, greater difficulty in collections, a significant change in case acceptance.

For those of you who realize you must change, you recognized early that this recession is not a short term interruption, but a long term condition. For those of you who understand that you must change, you realized you have to rethink how to lead, manage and market your practice. For those of you who have chosen the path of change, you've come to understand that the way your practice is currently constituted may perform poorly in this new economic environment. What worked in the past isn't going to work in the future.

This book, in question and answer format, is organized to provide insights about making changes in your dental practice. Changes in who you are and how you practice in today's economy. Success will not come easily because the context of dental practice in the United States, and the world, has changed and will never be the same. No matter how hard you try, or how much you wish it, failing to recognize this important truth will put you, your future and your business at considerable risk.

However, the opportunity to reinvent your dental practice as a more efficient, high performing, and satisfying business expression has never been better. And doing so now will position you for greater success when the economy ultimately does rebound.

Be fearless!

*Dr. Marc B. Cooper  
Christopher Creamer  
The Mastery Company*

## TABLE OF CONTENTS

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### **PART I**

The New Context

The Opportunity

Culture of Change

How the Future Shows Up for You

Vision Lost

What Makes Success Practices Successful

Is 'Excellence' Your Core Value?

Operating States and Integrity

Shift from Beauty to Health

### **PART II**

Rules for Change

Cash is King

More with Less

Manage Your Management

I'll Take Care of You

Don't Be Road Kill

Accountability

Listening

Great Patient Service

Customer or Patient?

New Patient Referrals

### **PART III**

Bridge to the Future

Self Improvement vs. Remastery

The Triangle Offense

Core Values and Remastery

Final Words

## THE NEW CONTEXT

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*I have been in practice 16 years. Last year my practice was low-seven figures, but everything has changed in the last six months. It seems like the financial meltdown is now directly impacting my practice. My practice is in a fairly wealthy North East coastal community and I assumed, given the wealth and age of my patient population, it wouldn't be affected. I am not clear why this downturn is happening so rapidly in my practice. What has so radically changed?*



Your practice is impacted because the context has changed.

Context is decisive. Context is everything. Context is the space in which you and your business show up. Context rules. Therefore, context determines what succeeds and what fails within it.

Context determines what thinking and which actions will meet with triumph or disaster. Context determines which interactions and initiatives will be achieved or crash and burn. Anything you try that isn't supported by the context will not work.

*Disruptive change shifts context.*

A financial meltdown of this magnitude is a disruptive change. The context has clearly shifted. No longer do you hear the words *prosperity, abundance, opportunity, vision*. The way we speak about the future has changed from optimistic to pessimistic. The way you look at the appointment book, the receivables, the way you present treatment, the way you speak to patients, and, yes, even the way you see your staff, has shifted. The context has shifted and context is decisive.

When context is altered, what worked in the past, will not work now and you need to operate consistent with the current context or you will open yourself up to considerable risk. We see this change in context as a shift from Profitability to Viability.

The aim in a context of Viability is straightforward—survive, rather than thrive. In a context of Viability it's all about “skinnying” down, reducing costs, shifting goals and priorities, operating so you are still around when the crisis subsides.

Here are some changes we suggest you consider within this new context.

### ***Expansion vs. Contraction***

For most of the last two decades, the economy was growing, and you rode the coattails of this expansion. You grew, you bought, you hired and you lived the life of expansion and possibility. Now, everything is in a state of contraction. This is the time to unload anything and everything that isn't essential to the bottom line revenues required to keep you in business. It's not a time to purchase new equipment or move to a bigger space. It's not time to take another big CE program. It's not time to bring on an associate. The charge is to reduce, and then manage, your spending as tightly as you can.

### ***Growth vs. Reduction***

In the past, it was all about growing your practice. Larger space, new associate, better equipment, more services. "More and better" were the operative words. Now it's about "less." Fewer supplies, less staff, less of everything so less revenue is needed to float the boat.

And I know this is difficult, but it's probably time to reduce staff to the most efficient number you need to function. Your primary job as an owner is to ensure your practice survives and does not go out of business struggling to pay overhead. Don't make this move unless or until you absolutely have to.

### ***Beauty vs. Health***

In the old context of profitability, it was about esthetics—*We'll make you a gorgeous smile*. People were much more open to treatment plans for veneers, crowns and replacing the old. In today's context, people are anxious and much more risk adverse about spending their money. We suggest you shift this conversation.

*I understand the situation. We're all in it. So I'd like to recommend treatment that will keep you healthy and we can get to the other work when things turn around.*

In this economy, spending money on getting pretty isn't a priority.

### ***Long Term vs. Short Term***

When the context is screaming crisis, people are generally worried about what's going to happen in the future. When this conversation is present, as a manager and leader, you need to focus yourself and your staff on the day to day. Focusing on *today* significantly reduces anxiety. Accomplishing short term goals and fulfilling short term requests allows staff to feel they are winning. Keep today front and center.

***Pay Up Front vs. Pay Over Time***

People are crazy about their money right now. In the old context of Profitability, you didn't need to soft pedal financial arrangements to maximize the margin. In a context of Viability, if you press patients into treatment plans, you'll lose them. Be more flexible, extend credit where you can, do what you need to do to put patients in the chair and generate production enough to sustain your Viability. It's not about increasing your margin, it's about making sure you stay breathing. Partner with your patients.

In a new context, everything changes along with it. If you don't change consistent with the new context, you'll struggle or fail. There is a Native American expression: Ride the horse in the direction it's going. This is sage advice these days.

## THE OPPORTUNITY

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*I am really scared about the future. My production, collections and new patients are free falling. And patients are saying “No” to treatment except for what is absolutely necessary. How do I approach this downturn so I don’t stress over losing the practice I’ve worked so hard to build?*



Most practices, to varying degrees, are experiencing economic decline attributed to patients worried about finances and uncertain about their economic future. You may have trouble attracting and retaining new patients because people are reluctant to spend or add debt to already strained family budgets. So being worried, anxious and edgy about the sustainability of your practice is understandable.

We’re in a recession. You need to operate consistent with the state you’re in and the state you are in is a recession. The question is not how to ignore the recession, since it is unavoidable, but how to take advantage of it!

One opportunity is clear. In order to navigate the recession you will need to produce similar results with less—less time, less money, fewer staff hours. With flat to decreasing revenues, you will have to deliver much higher efficiency, better team performance, greater customer satisfaction, consistently, all with less money.

Patients will be reluctant to spend money. You’ll be forced to adjust your treatment plans to accommodate their financial resistance. In order to sustain your viability, you’ll need to deliver your dentistry at the most efficient and cost effective level possible. This means seeing patients on time, all the time. It means operatories impeccably set up, materials readied, charts up to date, all communications impeccably clear and complete. No mistakes. You need to run your practice like Toyota, not GM.

Another opportunity is system and process improvement. You’ll need to find answers. *How do we do more with less? How do we make fewer mistakes? How do I become a better leader and manager to generate better staff performance? How do we provide superior customer service? How do we budget and make it work? How do we eliminate or pair down items and actions that have little to do with producing results? How do we learn to operate mean and lean?*

Any system improvement begins with measurement. In most corporate models, CQI, TQM, Six Sigma, measurement reveals the performance of the system. *How effective is your recall system? What percent of patients actually show up for their scheduled six-month appointments, even with post cards and confirmation calls? How effective is your word of mouth marketing? Is there a correlation between how many patients you ask to refer and how many new patients show up?* During a recession, everything counts and the numbers are crucial to performance. Determine what needs to be measured and start.

Take this opportunity to significantly improve your customer service. Take it to a whole new level. When you were busy, when things were flush, being nice was good enough. Now each and every patient interaction counts. The better the service, the fewer cancellations and no shows. Customer service isn't just lip service any more, it's survival. Super service is better than super size!

And what about teamwork? Being a coordinated unit wasn't mandatory when times were good. But now helping each other out is critical. Being impeccable in your work and your word is essential. You and your staff need to operate as a team like never before.

The opportunity of this recession is to transform your practice into a high performing enterprise, fine tuned to deliver outstanding service through strong team work supported by highly effective systems. If you can succeed in the recession by doing these things, when the economy rebounds, you'll be stronger than ever.

The recession has created a new context for running your practice. If you stick your head in the sand and hope for the best, if you ignore the opportunities to become lean and efficient, to elevate your customer service and provide outstanding dental hear care, you are putting your career and your business in jeopardy.

Remember, run your practice like Toyota!

**DR. MARC B. COOPER**

Dr. Cooper is President and CEO of The Mastery Company. He has been a consultant to the health care industry for nearly 25 years—at the practice management level as well as at corporate and organizational levels. Prior to his consulting career, Dr. Cooper was an academician, basic science researcher and practicing periodontist.

His consulting clients have included more than 2,000 dentists practicing in solo, partnered and group practices and their corresponding support staffs. Dr. Cooper has also worked with senior executives, managers and supervisors in large health care systems, regional and community hospitals, third-party payers, clearinghouses, biotechnical firms, information technology companies, IPAs, PPOs, DPMs and DHMOs.

Dr. Cooper focuses the majority of his work on dentists in private practice, training and coaching them to achieve mastery as leaders, managers and owners who are able to consistently operate their dental practices as successful businesses.

**CHRISTOPHER CREAMER**

Chris Creamer is Managing Partner of The Mastery Company. He directs and coordinates technology initiatives as well as all multimedia development projects. His technology and business experience comes from his experience with SportsMind and the Human Potential Project, corporate training and consulting companies who design and deliver residential training programs.

Mr. Creamer graduated from the University of Texas at Austin with his degree in Psychology. His focus was on the study of statistical methodologies for testing and measuring behavior. He was instrumental in co-developing The Mastery Company's suite of online surveys and assessments used by clients to evaluate all aspects of their business performance.



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