

# Dental Economics

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## PRODUCTS FOR SALE

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***Many practices sell dental-related products for service and profit.***

In the last few years, I have been increasingly impressed with a number of dental practices that are taking positive steps to enhance their business systems and future success. The Levin Group also is co-sponsor of the "Dental Practice of the Year" program with Dental Economics, which gives us an even more extended view of what steps practices are taking to go beyond being average.

Dentists who have a vision of the future are taking steps today to make it happen. Perhaps the key word is commitment. Not all dentists are committed to improving their practice or their lives. However, those who are committed to improvement find more opportunities to achieve higher levels of success. Many of these opportunities are simple to understand and implement, and do not require a great deal of time to make it happen. Dentists do not have much excess time anyway, which often makes it difficult to take advantage of new opportunities.

### Looking back

Over the past 20 years, many practice-building opportunities have presented themselves, and some dentists have taken advantage of them. Since the late 1970s, we have seen the widest financial spread among dental practices in the history of the profession. No longer do all practices look the same and have similar gross revenues. Today, we see everything from practices with extremely high revenues to those that actually lose money. Let's evaluate some of the key opportunities that dentistry has enjoyed.

***1. Perhaps the first major change—and opportunity—in dentistry came in the early 1980s with the advent of adhesive dentistry.*** What has today become known as cosmetic dentistry caused an explosion of excitement in the early 1980s. Dentists of

all ages learned and used techniques in bonding, porcelain-laminate veneers, posterior tooth-colored inlays and onlays, etc. This gave dentistry an entirely new way to restore teeth and create beautiful smiles. While the early materials certainly had their challenges, the improvements came fast and furious, and cosmetic dentistry was born.

***2. In the middle 1980s, we began to receive extensive exposure to osseointegration and dental implants.*** Despite the earlier reputation of implants, these seemed to work. They were embraced by many dental leaders as a state-of-the-art dental technique. Success rates were 88 percent or higher, and implant seminars were full. Many dentists immediately wanted to better understand how to use this modality in the practice to help their patients. The implant era had begun.

***3. The technique of tooth-whitening also emerged in the 1980s.*** The early techniques required chemicals in the office that were difficult to control, but effective. The true explosion came with the creation of home-whitening kits that dentists could administer while controlling the usage and length of exposure. The whitening products worked well, and many patients received brighter smiles and improved their appearances.

***4. The next major explosion occurred in the area of practice management and the development of business systems.*** Although practice management certainly existed before the 1980s, many dentists began to realize that they could significantly enhance the quality of their practices if they implemented effective systems. The need for systems—combined with staff shortages in different parts of the United States—led to the creation of business-system programs. These programs were designed to increase profitability and staff training and decrease stress. The business systems, taught by leading consulting firms, have evolved since then. They now provide practices with written, documented step-by-step systems to reach optimal potential.

***5. A major opportunity in periodontics occurred in the 1980s and 1990s.*** Although periodontal disease has been around as long as teeth, a revolution of awareness and treatment seemed to

come about in the late 1980s. General dentists began to better understand the presence and pathology of periodontal disease. This led to better diagnosis, an improved referral process, and more soft-tissue management in dental practices throughout the country. The communication and referral process has been significantly enhanced, and increasing numbers of patients will receive periodontal treatment in the future.

### Looking to the future

What will be the next frontier for expanding productivity in dental practices? As the saying goes, “the future is here.” One area in particular that I see emerging is that of dispensing dental-related products in the practice. It may surprise many dentists to know that over 40 percent of the sales that take place in hair salons are based on hair products, not haircuts. These products include shampoos, conditioners, hair sprays, different hair treatments, coloring, etc. I know that I rarely walk out of a hair salon without at least a shampoo, conditioner, or hair spray. I never realized how much of these salons’ revenues are based on nonservices.

If you don’t like the idea of being compared to a hair salon (although it is an intriguing area for us to study), then take a look at our close cousins, the plastic surgeons and facial plastic surgeons. I recently walked into a plastic surgeon’s office and noticed that an entire area of the office had been set aside to provide make-up-related enhancements. After commenting on this to the surgeon, he informed me that he now employs a cosmetologist to provide makeovers for patients. Not only does this surgeon’s practice sell the make-up-related products, *it sells a lot of them!* He said people were coming by regularly to purchase and repurchase the products used in their makeovers. The surgeon told me he was delighted with how well these products were selling. He considers it a service to his patients.

Today, we must look at all possible avenues of dental productivity and expansion. In looking at the future of dentistry, I predict that many practices will begin to carry and sell dental-related products. Why? Here are a few reasons.

**Convenience**—Patients would rather pay the full retail value or *even a premium* and receive the items your office recommends than go somewhere else. Even one additional trip to a pharmacy is inconvenient. More people suffer today from *time poverty* than financial poverty, and they are happy to streamline and eliminate any extra trips. Many people are so overwhelmed that they prefer one-stop shopping in the truest sense of the phrase. Ask your staff members for their opinions!

**Selection**—Many dentists will send patients off to purchase certain products for oral home care that simply are not available.

This is especially true if you are beginning to recommend products such as tongue-scrappers, breath treatment, a specific type of toothbrush, special floss, professional fluorides, etc. In fact, approximately three-quarters of patients who are given a professional fluoride prescription never fill the prescription. It is easier for patients to get the products that you or the hygienist recommends when the product is available in the practice.

**Professionalism**—Although we dentists have never been comfortable selling products in our offices, it is indeed becoming professional to carry health-care-related product lines. As another example, it is not by accident or coincidence that so many ophthalmology practices have an optometry store that sells glasses right next door or even within the practice. You can be sure that the ophthalmology practice owns the optometry store and that all profit from selling glasses goes back to the doctors in the ophthalmology practice.

**Patients would rather pay the full retail value or even a premium than go somewhere else to buy what you recommend. Even one additional trip is an inconvenience to the “time-impooverished.”**

Earlier, we mentioned that most plastic surgeons now carry a line of cosmetic-related products. All hospitals have pharmacies that carry far more than simply esoteric drugs. We could go on and on with examples. The point is that practices are recognizing that the sale of home-care-related products does provide convenience for the patient and revenue for the practice.

nience for the patient and revenue for the practice.

If you decide to carry dental-related products in your practice, you have to consider the best methods of payment. My recommendation is that all products should be paid for *immediately* and in cash or with a credit card. Dental practices are not in a position to send billing statements to collect money for low-dollar, home-care-related products. This goes to the heart of The Levin Group philosophy that patients should pay for everything before leaving the office.

It is my prediction that more and more dental practices will seek methods to expand practice revenues. These will range from new services to oral home-care products. You literally will be amazed at the number of patients who not only purchase the products you offer, but also expect you to have them available on a regular basis. As dentistry continues to evolve, additional sources of revenue and service will be not only important, but also critical to your future.

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