Dr. Parsons was concerned. His production had dropped 15% from the previous year. His general practice had been one of just two in the area until recently. He had enjoyed a relatively non-competitive environment where his practice had operated at approximately $800,000 - $850,000 year after year. He paid very little attention to any type of referral-based marketing or referring doctor communication. In fact, he admitted that his customer service to referring doctors was less than ideal.

In the last five years, several new dentists had moved into the area. Two of them opened individual practices. Two other practices had opened satellite locations, one from a larger group and the other as a second location of an individual dentist whose practice was performing well. Dr. Parsons was afraid his practice was in a downward spiral. Would next year bring another 15% drop in production? For more than a decade, Dr. Parsons had enjoyed being a “big fish in a small pond,” and now he found himself in a highly competitive environment.

A recent encounter with a former patient was a wake-up call for Dr. Parsons. Mrs. Nelson had been with the practice since it opened 15 years ago. She cancelled her last hygiene appointment and had her records sent to another doctor in the area. When Dr. Parsons saw her in the supermarket, he wasn’t sure what to say to her. With patients like Mrs. Nelson leaving his practice, he knew it was time to do things differently.

Dr. Parsons did not anticipate the changes in his competitive environment. By assuming he would remain the dominant practice in the area, he failed to do any strategic planning. Now he was scrambling to get his practice back on track. If Dr. Parsons had foreseen that competition would increase, he could have been actively implementing strategies to retain current patients and gain new ones. Instead, he was forced to play “catch up.”

Dr. Parsons’ predicament, unfortunately, is all too typical. It is a scenario that Levin Group frequently sees in established practices.

Strategic planning

Anticipation is a critical business skill and a key component of strategic planning. Strategic planning is the ability to look toward the future and determine the direction of the practice. Good leaders examine the current status of their practices and plan a course of action.

For strategic planning to be effective, the doctor must engage in “outside-the-office” thinking. As the leader of your practice, you must be willing to spend the time necessary to set the direction, anticipate future needs and threats, and envision where the practice will be in three, five or even seven years.

SWOT analysis

To plan for the future, every practice should undergo a SWOT analysis. SWOT is an acronym that stands for strengths, weaknesses, opportunities and threats. The importance of a thorough SWOT analysis cannot be overemphasized. In fact, to begin the process of practice transformation, Levin Group performs an in-depth SWOT analysis at the onset of the consulting experience to provide a road map for future growth.

This analysis should be done taking into consideration both your personal and professional goals. A SWOT analysis is a tool for examining internal and external factors that contribute to or hinder long-term success. A SWOT analysis includes these four elements:

- **Strengths:** Start the strategic process by reflecting on the positive. Analyze where your practice is strong and capitalize on these strengths. Figure out the best way to use all available practice resources. Look at the following areas to determine your strengths:
  - Patients
  - Patient referrals
  - Customer service
  - Operational systems
  - Scripting
  - Leadership
  - Case acceptance
  - Practice revenue, collections, profits
  - Long-term growth
  - Practice reputation

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• Weaknesses: Even the best practices have a few weaknesses. Ask your staff about ways the practice can improve. You can use feedback as an opportunity to take your practice to the next level. By performing this analysis, you can turn weaknesses into strengths. Here are some areas to examine:

  • No-shows
  • Overhead
  • Training
  • Lost patients
  • Case acceptance for cosmetic and elective treatment

• Turnover
• Marketing
• Opportunities: What opportunities are available to your practice? Could your practice benefit by adding two more treatment chairs? Is it time to renovate? Is it time to think about hiring an associate? Should you add more cosmetic and elective procedures to your service mix? These possibilities must be analyzed in advance so that when such opportunities become available, you are ready to capitalize on them. Areas to consider include:

  • Expansion
  • Additional location
  • Additional staff
  • Fewer hours

• Improved systems
• Additional associate(s)
• Purchase of a competitor’s practice
• Threats: What would happen to your practice if your longest tenured staff member suddenly departed? What if another similar practice opened up a few blocks away? What if your practice was hit by a natural disaster? These are situations you must anticipate to protect your profitability and the future of your practice. Like weaknesses, threats may not be situations that you want to face, but preparing now will save you from potential problems down the road. During your career, you will face one of more of these threats:

  • New competition
  • Staff turnover
  • Staff or doctor illness
  • Economic downturn
  • Loss of referral sources
  • Natural disaster
  • Decreasing insurance reimbursements
  • Facility and lease issues
  • Malpractice
  • Bad press/word of mouth

SWOT analysis helps you understand the positioning of your practice within the community as well as the best ways to ensure your growth and success in the long run.

With the right management systems and internal marketing in place, Dr. Parsons can turn around his practice. Levin Group has seen other dentists in similar situations ramp up their internal marketing to generate more patient referrals and more production. Redesigning management systems and upgrading customer service can help Dr. Parsons operate more efficiently and “wow” patients at the same time.

Conclusion

Strategic planning will help you map out your professional and personal future. Before you can move ahead, you need to accurately assess current strengths, weaknesses, opportunities and threats. Don’t wait until you have a crisis on hand, like Dr. Parsons did, before engaging in strategic planning. Performing a SWOT analysis will help you anticipate needs and threats.

For our readers

Dental Tribune readers are entitled to a no-cost phone consultation with a Levin Group Practice Development Specialist on “How To Use Strategic Planning To Grow Your Practice By $200,000.” Call 888.973.0000 to schedule a time for your call.

About the author

Dr. Roger P. Levin, DDS, is founder and chief executive officer of Levin Group, Inc., a leading dental practice management consulting firm. For more than 20 years, Levin Group has helped thousands of general dentists and specialists increase their satisfaction with practicing dentistry. Levin Group may be reached at 888.973.0000.