



# THE FIRST DAY THROUGH THE FIRST YEAR

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## About this publication...

This publication has been completed to provide you information, guidance and important considerations as you move towards the next stage in your career lifecycle – as a practicing dentist. In your training thus far, you have received excellent practitioner and clinical training skills as well as some financial management exposure. But a recurring theme we continue to hear from graduates is their preference for more training on the practice management side.

*Our objective in writing this publication is to help fill this gap and deliver a good starting point to build your knowledge from.*

Our information has been designed as a workbook.

There are eight chapters each one dealing with a major question that you must answer while setting up practice.

In most cases, the material is presented in outline form.

This was done so you can locate information without having to wade through a lot of excess verbiage. Under the title on each chapter page the main points of that chapter are listed. We have tried to present this material in an objective factual manner. Please remember that there can always be exceptions.

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# TYPES OF PRACTICES

As a new graduate, there are many options to consider – associate, start up a new practice, or purchase an existing practice. We will identify the benefits and drawbacks of each.

## ASSOCIATE

### + BENEFITS

- 1 Nominal outlay of capital typically required.
- 2 Gain experience and build confidence.
- 3 Learn from an established practitioner.
- 4 Fairly stable earnings – can repay any student debt.
- 5 Full appointment book from the first day.

### - DRAWBACKS

- 1 Lower earnings potential versus ownership.
- 2 More challenging, higher priced procedures may be saved for the owner.
- 3 Does your Agreement impact your ability to own in your desired location?
- 4 Possible personality conflicts.
- 5 Not your own boss.
- 6 May learn poor practice procedures as well as good ones.

## ASSOCIATESHIP CONSIDERATIONS

- 1 Are there sufficient support staff to serve both dentists? If not, what provisions are to be made?
- 2 Are the facilities and equipment adequate?
- 3 Is the practice large enough for another dentist? Would a hygienist or the addition of another assistant, take care of the overflow?
- 4 Does the owner dentist plan to work less once you are in the practice? Does he/she plan to specialize? If so, how will it affect the overall practice billings?
- 5 What is the owner dentist's succession plan over the next 5 years? Does he/she plan to retire in that time frame? Will there be an opportunity for you to acquire the practice?
- 6 Will the owner dentist allow you to complete a trial period prior to signing an associate agreement?
- 7 If you are only able to work 1 or 2 days at the practice, then look to associate at 2 or 3 different practices.

- 8 Are the owner dentist's practice philosophies consistent with yours?
- 9 Will you get an opportunity to perform challenging procedures?
- 10 10.If you sign a non competition/non solicitation agreement does it impact your ability to own in your desired location?

## ASSOCIATESHIP CHECKLIST

(Consult a competent attorney prior to signing an agreement.)

- 1 What days and hours are you to work?
- 2 What are your days off including holidays?
- 3 Vacations?
- 4 Will you be an employee or an independent contractor (obtain legal advice)?
- 5 Who is responsible for support staff?
- 6 Who will pay for insurance coverage—professional and liability?
- 7 Who is responsible for collections?
- 8 Are there any restrictions on the type of dentistry you are able to do?
- 9 What is the policy in regards to equipment, supplies, instruments and maintenance?
- 10 What are the fees and how are they determined?
- 11 Compensation:
  - a. Straight salary
  - b. Percentage of dentistry produced (40 to 50% after lab fees)
  - c. Percentage of collections (40 to 60%)
- 12 Compensation increases.
- 13 New patient policy.
- 14 Length of association.
- 15 Policy covering prolonged illness of owner dentist.
- 16 Collections and financial arrangements with patients.

- 17 Death provision—what rights do you have concerning the practice?
- 18 Is there a Non Competition/Non Solicitation clause that states that you may not set up practice within a certain area for a specified period of time upon termination of the association? This is not uncommon; however, consult with a lawyer to make sure it is not too severe.
- 19 Termination clause. What are the terms and conditions?

Our experience has shown that associating for several years at a few practices prior to owning a practice is extremely beneficial. You gain the dental experience and confidence while observing from the owner(s) what works and what doesn't, in terms of practice management, human resources and other policies.

## NEW PRACTICE START UP

### + BENEFITS

- 1 Operate your practice with your philosophies.
- 2 Be your own boss.
- 3 Typically less costly than acquiring a practice.
- 4 Hire and train your own staff.
- 5 Develop and design the office layout to suit your needs.

### − DRAWBACKS

- 1 No patient base.
- 2 Expect losses in the first 12 to 24 months.
- 3 You may choose a bad location.
- 4 You may lack confidence in your dental skills.
- 5 You may lack experience with your practice management skills.





## NEW PRACTICE START UP CONSIDERATIONS

- 1 Are you comfortable and good at networking and marketing?
- 2 Are you independent, entrepreneurial and confident about starting your own practice?
- 3 Are you comfortable hiring your staff, training them and implementing your own human resources policy?
- 4 Do you see yourself developing various policies and procedures?
- 5 Is the market size in your desired location large enough to support another practice? You will need to determine the size of your market, estimate your market share as well as analyze demographics and the average income level.
- 6 Have you considered purchasing some used equipment and utilizing a modest layout and design?
- 7 Will you continue to associate and earn a stable income until your practice reaches full capacity?

Our experience has shown the most successful start-ups have the following characteristics:

- Located in relatively underserved or unsaturated locations.
- Utilized some used equipment and undertook modest leasehold improvements in order to minimize start-up costs.
- Operating in premises of 1,000 sq ft – 1,200 sq ft, typically consisting of up to 4 operatories.
- Equipped additional operatories only when amount of billings and cash flow could support (all operatories were wired and plumbed at the outset.)
- Established an effective recall program.
- Employed well-trained, empowered staff that is paid fairly.



You may decide to become an owner in a group practice.  
We will discuss the primary forms of group ownership.

## 1. PARTNERSHIPS

A partnership can consist of any number of partners who share in the net practice income. Their share of income as well as other provisions and arrangements are determined by a prearranged written agreement called a Partnership Agreement.

### PARTNERSHIPS

#### BENEFITS

- 1 Shared initial capital outlay.
- 2 Pooled general expenses—lights, telephone, etc.
- 3 Shared support personnel—receptionist.
- 4 Possible doubled income potential or more.
- 5 Practice is always covered; succession plan in place.

#### ⊖ DRAWBACKS

- 1 Loss of income due to inefficiencies.
- 2 Great chance of personality conflicts.
- 3 Doubled personnel responsibilities.
- 4 Not your own boss.
- 5 Difference in energies expended with equal incomes.
- 6 Jealous spouses or nosy family members.
- 7 Responsibility for the liabilities of the partners.

### PARTNERSHIP CHECKLIST

Below are key areas that need to be documented in a partnership agreement. Consult an experienced lawyer prior to signing any agreement.

- ☐ Arbitration of disputes policy.
- ☐ Termination clause.
- ☐ Dissolution of partnership clause.
- ☐ Buyout partner clause.
- ☐ Policy on the purchase of deceased members share of practice.
- ☐ Life of each member should be insured to provide money in case of death (for purchase of his/her share.)
- ☐ Support personnel policy:
  - ☐ Hiring and terminating
  - ☐ Compensation
  - ☐ Authority
  - ☐ Duties
- ☐ Vacations, meetings, postgraduate studies.
- ☐ Sick leave.
- ☐ Policy concerning extended illness of group member.





- Insurance—professional liability. If 1 partner is found negligent are all partners deemed negligent.
- Separate contract on ownership of building (if applicable.)
- Expenses—supplies—overhead.
- Compensation
- Fees
- Collections
- Patient policies.
- Division of work responsibilities.
- Division of profits clause.

## FACILITY SHARING PRACTICE

A facility sharing practice usually consists of several dentists (some may be specialists) who combine for the purpose of sharing certain expenses and personnel. Very often they will use a joint reception room, receptionist and hygienist. In a facility sharing practice, each dentist owns his/her practice patient base.

It is important that a Facility Sharing Agreement be prepared, which set out all of the terms and conditions. Below are the main benefits and drawbacks.

## FACILITY SHARING PRACTICE

### ⊕ BENEFITS

- 1 Practice is always covered; succession plan.
- 2 Less likely to have personality conflicts as in a partnership.
- 3 Individual income and practice.
- 4 Possible savings on shared costs.
- 5 Professional consultation.

### ⊖ DRAWBACKS

- 1 Possible personality conflicts.
- 2 Personnel responsibility may be greater.
- 3 Not as attractive to potential buyers as you are not completely your own boss. As a result, the value of such practices may be less than that of comparable sole ownership practices.
- 4 May be difficult to take patients with you if you decide to change your location.

## ACQUIRING A PRACTICE

If immediate cash flow is important to you or you prefer to have a stable, existing patient base and inherit employees, then buying a practice makes more sense. Below are the main pros and cons and key points to be aware of.

### PARTNERSHIP BUY-IN

#### ⊕ BENEFITS

- 1 Turn key – Instant practice, equipment, staff and patients.
- 2 Highest earnings potential.
- 3 Bookkeeping and patient records already set-up.

#### ⊖ DRAWBACKS

- 1 More expensive to purchase than set-up.
- 2 Décor and equipment may have become outdated.
- 3 Shortage of available practices in large urban areas.

### CHECKLIST FOR BUYING A PRACTICE

- 1 Why is the practice for sale?
- 2 Is it located in a desirable area (i.e. growing and safe area, access to public transportation, etc.)?
- 3 Be aware of the demographics of the area where the practice is located.
- 4 How many active patients?  
How many new patients per month?
- 5 Have you conducted a random audit of at least 10% of the total number of active patient charts? Are there any red flags?
- 6 Review a minimum of the last 3 years of financial statements.
- 7 Have revenues been stable or growing the last several years? What is the practice's cash flow?
- 8 What is the level of hygiene revenue as a percentage of overall revenue? The greater the percentage, the higher the average hygiene billings per active patient, typically resulting in higher billings. A high percentage is an indicator that a good hygiene recall program is in place.
- 9 Is the vendor staying on to help in the transition (send out a joint letter, introduce to new patients, etc.)? If the vendor is staying as an associate, have an Associate Agreement prepared.
- 10 Is the vendor signing a non competition and non solicitation agreement?
- 11 If associates are being maintained, have they signed non competition and non solicitation agreements?
- 12 Are key staff being retained?
- 13 In what condition are the premises and equipment? Are substantial expenditures required to update the equipment and décor?
- 14 Has a valuation report been completed by a well-known valuation firm? The vendor typically pays for this.
- 15 What is the value of the goodwill and equipment?
- 16 How long has the practice been established? How long has it been located in the present location?
- 17 If premises are leased, is the lease assignable? Does the lease have a demolition clause or other unfavorable clauses? What is the remaining term of the lease, including options to renew?
- 18 Engage an experienced lawyer and accountant.



Acquisitions that typically are the smoothest and most successful are ones where an associate working at the practice for a few years buys it. The patients and staff are familiar with the buyer and patient attrition is lowest in these instances.

The purchase by an outside dentist can also be successful as there are measures you can implement to minimize patient attrition, such as:

Have the vendor stay on for a short period of time, send out joint introductory letters, have a grand opening or similar event attended by the buyer and vendor, staff and patients.

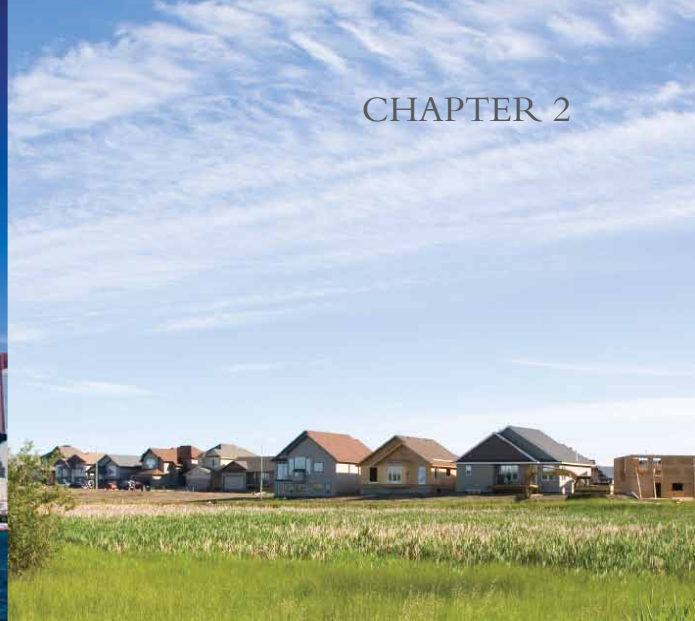
We are asked numerous times whether it is better to start up a purchase or acquire one. Each has its advantages and drawbacks. Ultimately, the answer is based on your preference, skill set and comfort level with establishing a practice from scratch. You need to first assess what your goals and needs are.

From a financial perspective, our experience indicates acquiring an existing practice usually is more profitable than setting one up. The primary reason is the established cash flow and amount

of time it would take the new practice to reach its full capacity. There are exceptions of course. One is starting a practice in a less saturated, less competitive market, such as a rural area. These areas benefit from less competition and a smaller market that may not support an additional practice. In addition, these practices also enjoy lower expenses such as wages and occupancy costs (rent or cost to purchase the building) along with lower leasehold improvement costs. So these new practices are quite profitable and can be more profitable than those in urban areas. One financial drawback of a rural practice is it will typically be more difficult to sell and will sell for less than an urban practice. The majority of dentists want to live and practice in an urban area, making the rural practice unattractive to most purchasers.

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# LOCATIONS

It is often said the 3 primary success factors of operating a business are location, location, location. This also applies to dental practices. Below are examples of communities where you can operate, as well as their main advantages and disadvantages.

## SIZE OF COMMUNITY

### LARGE CITY

#### ⊕ BENEFITS

- 1 Usually more patient referrals.
- 2 Greater chance for professional contacts.
- 3 Usually good public transportation.
- 4 Usually greater cultural, recreational, entertainment and educational options available.
- 5 Better chance to specialize.

#### ⊖ DRAWBACKS

- 1 Office expense (salary & rent) is usually greater.
- 2 Greater competition.
- 3 Your practice will usually build more slowly.
- 4 More difficult to become socially and professionally acquainted.

### SMALL TOWN

#### ⊕ BENEFITS

- 1 Usually easier to become socially and professionally acquainted.
- 2 Practice will usually build more quickly.
- 3 Office expenses (salaries & rent) are usually less.
- 4 Less competition equals typically better economic opportunities.
- 5 You can become prominent in the community much more easily.

#### ⊖ DRAWBACKS

- 1 Fewer professional contacts.
- 2 Smaller pool of experienced support staff.
- 3 Likely more difficult to sell, resulting in a lower resell value.
- 4 Poor public transportation.
- 5 Educational, recreational and cultural facilities may be limited.
- 6 Lack of privacy.

## COMMUNITY CHECKLIST

We recommend you look into the following to determine if this is the best fit for you.

- 1 How does it compare to the “best” community you ever lived in?
- 2 Is the town growing, static or declining?
- 3 How many dentists are practicing in the area?
- 4 What is the dentist population ratio?
- 5 How many dentists have moved? Why?
- 6 Are the local dentists active in their local society?
- 7 What do the local dental offices look like?
- 8 What fees is the local dentist charging? Are they up-to-date?
- 9 Are the people enthusiastic about their community?
- 10 Talk to the bankers and ask them about the town’s future. Is there new industry coming to town-what are they doing to attract new business.
- 11 Is it a one industry town? Tourist or seasonal industry?
- 12 Talk to someone your own age and get their opinion of the community.
- 13 How many hospitals serve the community?
- 14 Talk to some physicians and get their opinion of the community and its people.
- 15 Is new housing being built?
- 16 How are the local schools?
- 17 What are recreational facilities and cultural events like?
- 18 How is the climate?

## COMMENTS

It is important that you jot down the answers to each of these points to enable you to re-evaluate them in order to reach a conclusion.

## SPECIFIC TYPES OF LOCATIONS

Once deciding on the community you would like to practice in, you then have to determine where within that community you prefer.

Below are some examples.

### DOWNTOWN PROFESSIONAL BUILDINGS

#### ⊕ BENEFITS

- 1 Close professional contacts.
- 2 Many established locations requiring little building upkeep.
- 3 Many sources of referrals.
- 4 Close to laboratories.
- 5 Good public transportation.

#### ⊖ DRAWBACKS

- 1 Some people don’t like to fight “downtown” traffic and parking.
- 2 Your practice will usually build more slowly.
- 3 Rent and salaries are usually higher.
- 4 Often you’re tied down to a long term lease.
- 5 It’s difficult to expand.

### BUSINESS NEIGHBORHOOD

#### ⊕ BENEFITS

- 1 You may find an established location.
- 2 Rent may be less than downtown.
- 3 Practice may build more quickly.
- 4 Free convenient parking may be available.
- 5 More word of mouth referrals.
- 6 Typically higher patient retention even if they move as most will work in the area.





## BUSINESS NEIGHBORHOOD

### ⊖ DRAWBACKS

- 1 Fewer professional contacts.
- 2 May not be any public transportation.
- 3 More emergency work and late hour appointments.
- 4 Office may be a walk-up type.
- 5 The surrounding neighborhood may begin to deteriorate.

## RESIDENTIAL NEIGHBORHOOD LOCATION

### ⊕ BENEFITS

- 1 Your investment may increase in value.
- 2 You are in charge of your own building.
- 3 Convenient
- 4 Easier to expand.
- 5 All of the benefits that were listed under the business neighborhood.

### ⊖ DRAWBACKS

- 1 Initial cost is greater.
- 2 Neighborhood may deteriorate and so might your investment.
- 3 Cost of upkeep is higher.
- 5 More late hour appointments.

## SHOPPING CENTER LOCATION

### ⊕ BENEFITS

- 1 Become established more quickly.
- 2 Usually up-to-date surroundings.
- 3 Convenient location with free parking.
- 4 Usually high traffic.
- 5 Good patient referrals.

### ⊖ DRAWBACKS

- 1 Typically higher rent.
- 2 More late hour and emergency appointments.
- 3 May have poor public transportation.
- 4 Fewer professional contacts.
- 5 Longer hours of operation to match shopping mall hours.

## RESIDENCE OFFICE LOCATION

### ⊕ BENEFITS

- 1 No traveling time.
- 2 Overhead is shared.
- 3 It's easy to expand.
- 4 Certain tax advantages.
- 5 All of the benefits listed under residential neighborhood.

### ⊖ DRAWBACKS

- 1 More emergency calls.
- 2 More late hour appointments.
- 3 Very little office or personal privacy.
- 4 Lack of professional contacts.
- 5 Much harder to discipline yourself when first starting out.

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across the entire width of the page, providing a guide for handwriting or typing. The background is a solid off-white color.



# OFFICE PLANNING

Another key consideration involves your premises. Whether you lease the existing premises, convert a space into a dental office or build a new premise, all have important considerations and pros and cons. Here are some examples.

- Leasing an existing dental office
- Changing an office into a dental suite
- Building a new office
- Sharing a premises
- Equipment selection
- Patterson.com

## LEASING AN EXISTING OFFICE CHECKLIST

- 1 How long is the lease?  
Are there options to renew?
- 2 Is the lease assignable?
- 3 Does the lease have a demolition clause and other unfavorable clauses (i.e. relocation clause)?
- 4 Is the rent competitively priced?
- 5 Are the renewal rates subject to arbitration?
- 6 What renovations are you allowed to make?
- 7 What renovations and improvements are necessary and how much will they cost?
- 8 Who pays for the renovations and leasehold improvements?

- 9 Is the landlord willing to provide a few months rent free while renovations are made?
- 10 Are there enough operatories and are they large enough to accommodate the equipment you are going to use?
- 11 Is there adequate room for future expansion?
- 12 Does the layout assist with patient traffic flow?
- 13 Check the past history of the building.
- 14 Consult an experienced lawyer to review the lease.

## CHANGING AN EXISTING OFFICE INTO A DENTAL SUITE

As above in addition to:

- 15 Can plumbing be run under the floor?
- 16 Are there any objections to a dental suite by surrounding offices?
- 17 Consult a competent dental dealer.



## **PURCHASING AN EXISTING DENTAL BUILDING**

If you are contemplating buying an existing building, it is important you look at the cashflow of the practice to ensure it is sufficient to repay any financing you may need. It is also highly recommended you compare the cost to buy the building versus leasing it.

If you intend to build your own office, then you will need to make sure you have the time to oversee building plans, get the necessary permits, etc. And ensuring you have the budget to carry out these costs is equally important.

## **SHARING THE RECEPTION ROOM WITH ANOTHER DENTIST**

### **⊕ BENEFITS**

- 1 Less overhead.
- 2 Practice is covered during absence.
- 3 May be possible to share receptionist.

### **⊖ DRAWBACKS**

- 1 May have personality problems.
- 2 Possible conflict over standards of cleanliness and appearance.
- 3 Unequal patient loads.
- 4 Room may not be adequate.

## EQUIPMENT

If you decide to establish your own practice, then you will need to purchase equipment as well as plan your office layout. We will first discuss equipment and the primary items you should have in your practice.

## EQUIPMENT SELECTION

We will not recommend any specific brand of equipment in this book. We will, however, pass on some of the techniques that we have been using for years to help dentists determine what type of equipment they will work best with. Notice, we said with. Improper selection of equipment can cause a great deal of pain and discomfort. We feel your equipment should be personally designed for you so that it will act as an extension of your body. If your equipment is not chosen with care you could find yourself twisting and turning and making awkward time-consuming motions. Here are the basic items we feel you should have in an operatory.

## STOOLS

Dental stools are commonly the last piece of equipment that will be chosen by the Dentist and their Dental Assistant or Hygienist.

The dental stool is the most utilized piece of equipment during a typical working day. A properly fitted quality stool will help the practitioner to not only maintain good health but will also aid in reducing operator fatigue. Dental seating should be of utmost importance when making your equipment selections. You should take into consideration the product construction, support, personal fit, physiology, and ergonomics. A good stool will aid in a more productive career.

## CHAIR

The chair is one of the first pieces of equipment that a patient will experience in the dental office. It needs to be comfortable, easy to access (retractable or no armrest) and modern in design. An articulating headrest is recommended for better comfort and improved operator access during procedure.

Seamless upholstery is also recommended for infection control purposes.

It's a practice builder.

## INSTRUMENTATION

Dental instrumentation is also commonly referred to as the treatment center, unit or control. It will provide the air, water, electricity and vacuum services necessary for dental procedures.

When choosing a treatment center, some of the things that must be taken into consideration are:

- Are you left or right handed?
- Will you work 2 or 4 handed?
- Will you need to perform any procedures in a stand-up position?

You will then have to choose between the following instrument delivery systems:

- Rear delivery
- Over the patient delivery
- Side delivery
- Wall mounted delivery
- Ceiling mounted delivery

One important thing you need to consider when choosing a unit is "How easily will this unit integrate new technologies?"



## X-RAY

Digital x-ray is now a standard in dentistry. You have two choices for intra-oral x-ray machines an AC or DC generator. DC is the unit of choice when working with digital sensors. Today's x-ray machines allow you to choose variable KVP and some with variable MA. The technology is changing constantly, so be sure to visit a showroom to see the latest products.

## LIGHTING

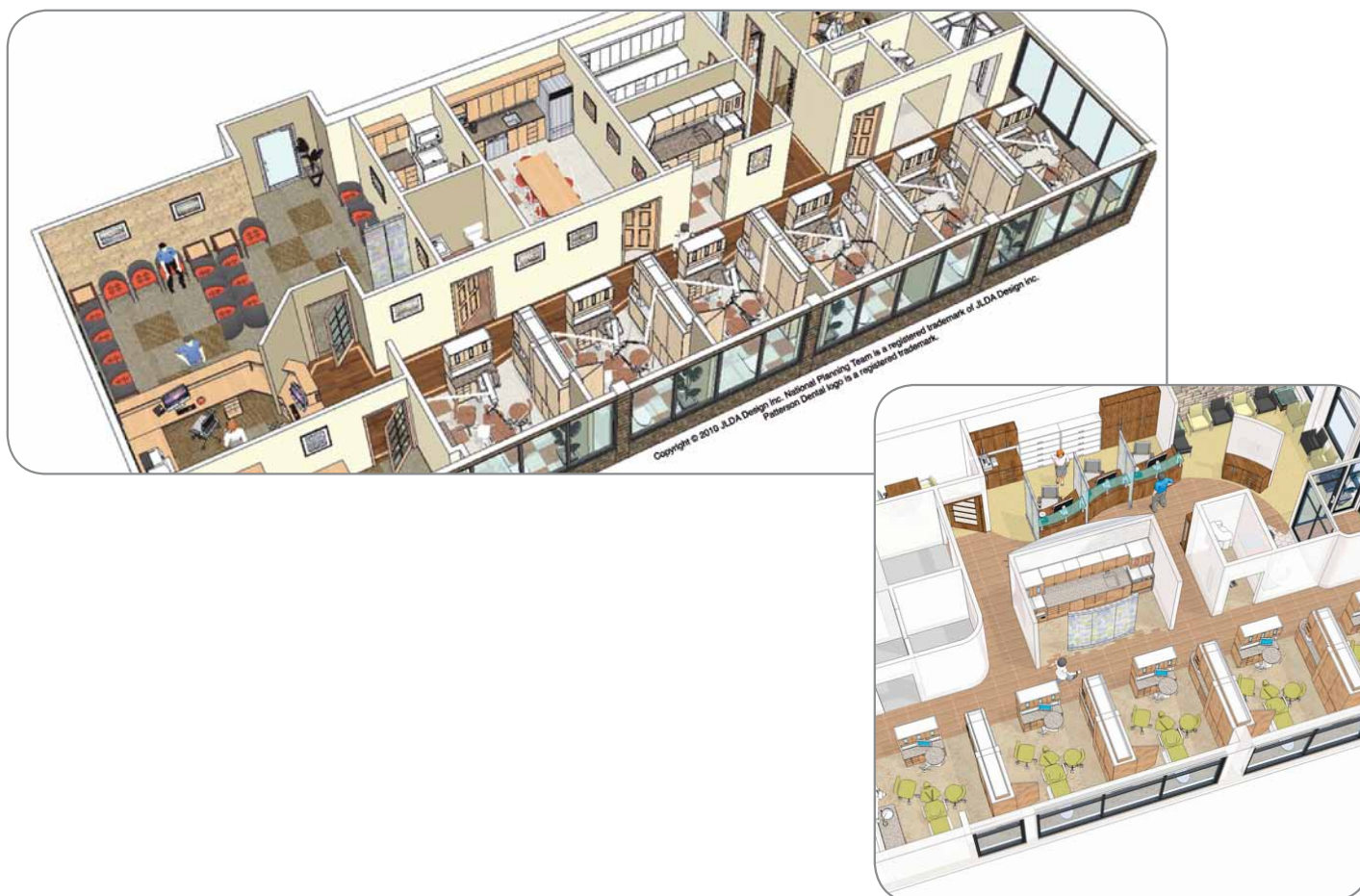
If you didn't have an X-ray you could still practice a certain amount of crude dentistry, however, without a dental light you would be helpless. General vision illumination and oral illumination are two of the most important items in a well equipped office. Check with your dealer for the latest in operatory illumination.

## CABINETS

The value of cabinets cannot be overlooked in an operatory. They will provide storage as well as equipment compartments, organizing drawers and auxiliary work surfaces. Time and motion is almost synonymous with good dental cabinetry.

Discuss the various equipment concepts with your dealer. He/she is going to have a preference, but remember, his/her primary concern will be to make you as comfortable and as efficient as possible. They will be able to tell you which equipment is reliable (from a service standpoint) and which equipment is supported by the manufacturers.

## EXAMPLES OF A FLOORPLAN







# FINANCING

Given the cost of starting a practice or acquiring one, most dentists require financing. Banks that understand a dentist's needs and the various defined points in the career lifecycle have been an important source of financing. In this section we discuss the basic financial terms, information required to obtain financing and other useful information.

- Definitions
- Practice Start Up Financing
- Practice Acquisition Financing
- Credit Rating & Credit Report
- Types of Ownership
- Team of Advisors

## DEFINITIONS OF COMMON FINANCIAL TERMS

### PRINCIPAL

Principal is the sum of money upon which the interest is paid.

### INTEREST RATE

The percentage per period of the principal that is paid as interest. There are two rates to choose from:

- 1 Variable rate, which is traditionally based on a bank's prime lending rate. The rate can fluctuate as the prime rate changes. Thus the amount of interest paid changes as the rate changes.
- 2 Fixed rate, whereby the rate is fixed for the term of the loan. The level of interest remains constant over the term.

### INCOME STATEMENT

Also known as the profit and loss statement, this is a critical component of a practice's financial statements. It records the revenue and expenses over a certain period of time, typically 12 months.

The top entry is billings or revenues, which includes both dentist and hygiene billings. The expenses incurred to generate those revenues, such as lab fees and dental supplies (totaled together are referred to cost of sales) are deducted from billings. The next figure is called gross profit. Additional expenses (called fixed expenses as they are incurred regardless of whether any billings occur) are then deducted. Some examples include salaries, rent (if premises are leased) and office expenses. Gross margin less the fixed expenses determine whether you have incurred a profit or loss. A positive figure is a profit while a negative amount is a loss.



## CASH FLOW

While profits are important, it is ultimately cash flow that is the most critical financial component as cash repays loans and other obligations. A bank pays particularly close attention to cash flow and it is a key consideration on whether financing will be granted.

Cash flow is calculated from the income statement to determine the level of cash a practice generates and how much is available to repay any debt. Net income (or loss) is the starting point and we add the amounts for interest, depreciation and amortization. If we also add back taxes, the figure is called earnings before interest, taxes depreciation and amortization (EBITDA).

## PRACTICE START UP FINANCING

If you decide to start your practice, the cost will usually be lower than if you purchase one. But this can still be a significant amount. The cost is dependent on a number of factors that we previously mentioned: size of premises, amount and type of equipment purchased and whether new or used, level of leasehold improvements, whether in an urban or rural area, etc.

## LEVEL OF FINANCING

Lenders are often asked the level of financing required. This is dependent on several variables. These variables include reliability of the projected financial statements, location and ability to support another practice, your experience and ability, and whether experienced advisors have been engaged among others. However, it is possible to receive up to 100% financing if the above are positive. An interest only period is also typically offered to allow you an opportunity to build up your patient base.

## INFORMATION REQUIREMENTS

The bank usually requires the following:

- Business plan, which includes projected financial statements and cash flow projections for 2 or 3 years.
- Market analysis, including size of market, assumed market share, demographic analysis and competitive analysis.
- Marketing plan.
- Your background
- Amount of financing required and what it will be used for.

## PRACTICE ACQUISITION FINANCING

Usually more costly than to start a practice, nonetheless banks familiar with the industry provide financing.

### LEVEL OF FINANCING

Again, up to 100% financing, including goodwill, is possible. The exact amount is based on purchase price compared to value of the practice determined by an experienced valuator, level of cash flow and whether it is sufficient to repay the debt as well as having a sound transition plan in place, etc.

### INFORMATION REQUIREMENTS

The bank usually requires the following:

- A Practice Valuation (which typically includes historical and projected financial statements and cash flow projections).
- A Purchase and Sale Agreement.



## CREDIT RATING & CREDIT REPORT

### CREDIT RATING

As discussed previously, lenders look at a number of factors when looking to grant financing. An important aspect we have yet to talk about is your overall credit rating. This is determined by your level of personal debt and repayment record.

### CREDIT REPORT

Your credit report provides a broad picture of your financial health. It is created when you first borrow money (i.e. line of credit, loan, credit card, including retail or department store credit cards). It includes your credit limits or original loan amounts, account balances, repayment history (including late payments), bankruptcies, liens and judgments.

Since your credit report is so crucial, it is imperative to take steps to protect it. Below are some ways to do so:

- Pay all your bills on time. If unable to make a full payment, then make the minimum payment on time.
- Advise your credit provider in advance if you can't make a payment. They may be able to adjust your repayment terms to more manageable levels.
- Keep your account balances below 75% of your available credit.
- Avoid applying for credit from too many lenders. Too many inquiries in a short time period may be interpreted as a sign of financial difficulties or overextending yourself.
- Check your report yearly. The 2 credit rating agencies in Canada (Equifax Canada and TransUnion Canada) usually do not charge if ordered over the phone or via mail. Report any incorrect information, including date of birth and Social Insurance Number.

## TYPES OF OWNERSHIP

There are three main types of ownership models. Each has its benefits and drawbacks. Again you should obtain accounting and legal advice before deciding on a model.

### SOLE PROPRIETOR

This is when you operate in your own name i.e. Dr. Smith

#### ⊕ BENEFITS

- 1 Lower cost to establish.
- 2 Lower ongoing professional service costs.

#### ⊖ DRAWBACKS

- 1 Usually tend to pay more in income taxes due to higher tax rates.
- 2 You are personally liable.
- 3 Ceases upon your death.

### PROFESSIONAL CORPORATION

Dentists are able to incorporate in most provinces. A professional corporation such as Dr. Smith Dentistry Professional Corporation is set up.

#### ⊕ BENEFITS

- 1 Typically pay lowest income taxes due to lower tax rates and other tax minimization strategies.
- 2 You are not personally liable.
- 3 Continuity as it is its own legal entity.

#### ⊖ DRAWBACKS

- 1 Most expensive to set up and maintain.

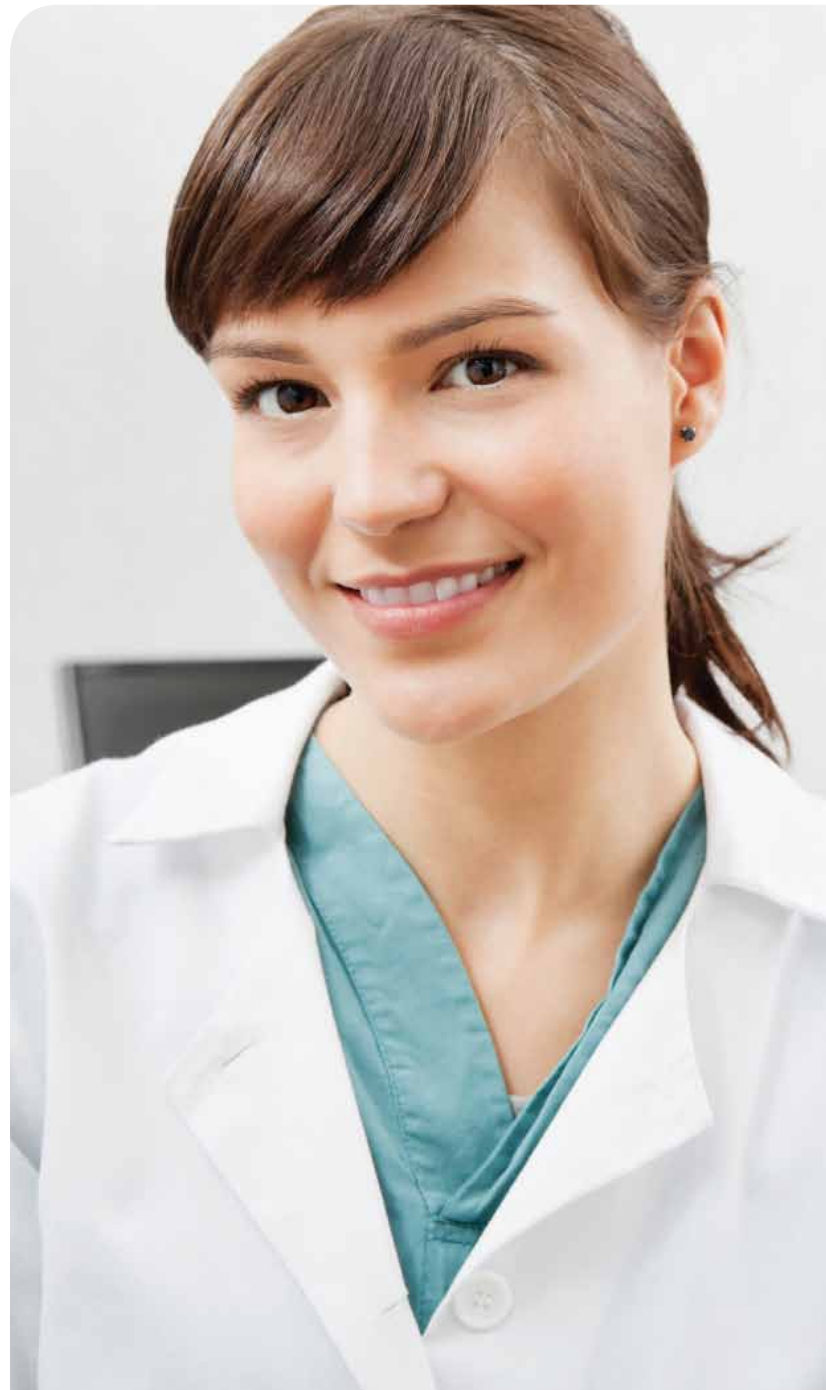
## PARTNERSHIP

#### ⊕ BENEFITS

- 1 Low cost to establish.
- 2 Low ongoing professional service costs.

#### ⊖ DRAWBACKS

- 1 Usually tend to pay more in income taxes due to higher tax rates.
- 2 You are personally liable.
- 3 Potential personal conflicts among partners.





## TEAM OF ADVISORS

A good and experienced team of advisors can help you successfully meet your objectives and become a successful owner.

### ACCOUNTANT

Helps you set up your books and advise on tax matters. He/she will prepare tax returns along with financial statements. There are several competent accountants who are familiar with dental practices.

### LAWYER

A lawyer will assist in preparing legal documents such as associate agreements and purchase and sale agreements while advising you on a variety of legal topics. Again, there are several who understand the legal matters faced by dentists.

### PRACTICE VALUATOR

An experienced valuator assesses the value of your practice. And there are some who provide additional services, such as brokerage services. These firms will list your practice and facilitate you through the process.

### BANKER

An experienced lender understands the dental industry and the needs and challenges faced by dentists. He/she will be familiar with the distinctive stages of the professional lifecycle and banking solutions required. A lender will not only provide the funds needed but also act as a trusted advisor.

If you require more information or have any questions regarding financing or banking, feel free to contact the National Manager, Professionals Program at 1-877-629-6262 or [industry@bmo.com](mailto:industry@bmo.com)

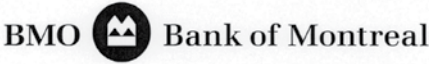
## TAXES

Due to the different Provincial taxes as well as the ever changing Federal tax rules, we will not go into detail in this book. We will, however, point out a few basics that every dentist or dental student should know.

- 1 Retain a competent and experienced Chartered Accountant to handle your books and your taxes. The money you pay him/her will be more than offset by the time and money he/she is able to save you. There are several accountants who deal primarily with dentists and are familiar with dental economics.
- 2 Have an accountant or someone who is experienced in dental economics advise you on how to set up your bookkeeping system

## THESE ARE EXAMPLES OF FINANCIAL DOCUMENTS USED

SAMPLE BUDGET		
Expense	Cost	
Tuition (including incidental fees)		\$30,000
Books and supplies		\$2,000
Monthly Expenses		
Rent/Residence		\$800
Groceries/M Meal Plan		\$200
Utilities		\$50
Phone (Land Line)		\$30
Phone (Cellular)		\$35
Internet		\$40
TV/Cable		\$50
Transportation		\$80
Entertainment		\$100
Personal care		\$100
Other expenses		
Total monthly expenses		\$1,485
Total expenses for 9 months		\$13,365
<b>Total All Expenses</b>		<b>\$45,365</b>



## PERSONAL FINANCIAL STATEMENT

Name		State of Birth (DDMMYYYY)		Social Insurance No. (Optional)	
Street Address		City		Postal Code	
Home Phone No.		Residence <input type="checkbox"/> Other <input type="checkbox"/> Other		How long of present address? Years   Months	
Occupation		Currently Employed by (Inc. Address)		How long with employer? Years   Months	
Employer's Phone No.		<input type="checkbox"/> Married <input type="checkbox"/> Married (This includes single, divorced and widowed) <input type="checkbox"/> Separated		Number of dependants	
Your Principal Income Institution & address				Account No.	

<b>PERSONAL DATA ON YOUR SPOUSE</b>		Under the laws of Canada is the promisor your spouse has an equal interest in your assets		Note: If this section is completed, your spouse must sign the same statement on the bottom of page 2	
Spouse's Name	Date of Birth (DDMMYYYY)	Social Insurance No.	Spouse's Occupation		
Spouse currently employed by (inc. address)		How long with employer? Years	Months	Spouse's work phone no.	

FINANCIAL INFORMATION					AS AT		Date (DD/MM/YYYY)	
ASSETS					LIABILITIES			
List and describe all assets					List credit items, report bank of credit and other liabilities (including drawings and debt support)			
VALUE					BALANCE		MONTHLY PAYMENT	
					OWING			
Total Chequing Balances	\$				Bank Loans	\$	\$	
Total Savings Balances					Mortgages on Real Estate Owned			
Life Insurance Cash Value					*See Schedule B on page 2			
Automobile Make	Model	Year						
Stocks & Bonds (see Schedule A on page 2)					Monthly Rent Payment			
Accounts / Notes Receivable (Please Itemize)					Credit Cards (Please Itemize)			
Real Estate Owned (see Schedule B on page 2)								
Retirement Account (e.g. RRSP)					Other Obligations (Please Itemize)			
Other Assets (Household Goods, etc.) (Please Itemize)								
					TOTAL MONTHLY PAYMENTS	(in)	\$	\$
					TOTAL LIABILITIES	(in)	\$	
					NET WORTH			
TOTAL ASSETS	(in)	\$						

INCOME SOURCES		SUNDRY PERSONAL OBLIGATIONS	
<p>Income from alimony, child support or separate maintenance does not have to be stated unless you want it considered.</p>		<p>Please provide details below if you answer Yes to the following question:</p>	
Your Gross Monthly Salary	\$	Are you providing your personal support for obligations not listed above (i.e., cosigner, endorser, guarantor)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Spouse's Gross Monthly Salary		<p>Details of any of the above</p>	
Net Monthly Rental (from Schedule B on page 2)			
Other Income (Please Reiterate)			
TOTAL \$			

<b>SCHEDULE A</b>						<b>STOCKS AND BONDS</b>	
Quantity	Description	Where Quoted	Market Value	Pledged as Collateral			
				Yes	No		
			\$				
			TOTAL	\$			

SCHEDULE B REAL ESTATE OWNED		Please provide information on your share of real estate owned						
PROPERTY ADDRESS (Primary residence)		Type of Property	Present Market Value	Amount of Mortgage Loans	Gross Monthly Rental Income	Monthly Mortgage Payments	Monthly Taxes incl. Misc. and Maintenance	Net Monthly Rental Income
Plan No.	Lot No.			Total	\$	\$	\$	\$
Street				1st				
City		Province	\$	2nd	\$	\$	\$	\$
NAME AND ADDRESS OF MORTGAGEE(S)			First Mortgage	Maturity Date	Second Mortgage			Maturity Date
REGISTERED OWNER(S)	% Owned	MM/YY Acquired	Purchase Price					
		MM/YY	\$					

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PROPERTY ADDRESS (Show property)		Type of Property	Present Market Value	Amount of Mortgage Loan	Gross Monthly Rental Income	Monthly Mortgage Payments	Monthly Taxes, Insur., Misc. and Maintenance	Net Monthly Rental Income
Plan No.	Lot No.			Total	1st	2nd	3rd	
Street			2nd					
City/Township			3rd					
NAME AND ADDRESS OF MORTGAGE HOLDER(S)		First Mortgage	Maturity Date	Second Mortgage				Maturity Date
REGISTERED OWNER(S)		% Owned	Month/Year Acquired	Purchase Price				
			MM/YY	YYYY				

GENERAL INFORMATION					
Please provide details if you answer Yes to any of the following questions.					
Have you ever had an asset repossessed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	Date (CCMM/TTTT)		
Have you ever declared bankruptcy?	<input type="checkbox"/> Yes	<input type="checkbox"/> No			
Are you party to any claims or lawsuits?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	Do you owe any taxes prior to the current year?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

### Privacy Disclosure and Consent

### Your Personal Information

**What is Personal Information?**  
Personal Information is information that identifies you as an individual. It includes not only your name and address, age and gender, but also your personal financial records, identification numbers including your social insurance number (SIN), personal references and employment records.

### Why Does the Bank Ask You for Your Personal Information?

There are some purposes for using your personal information which are self-evident, such as asking for information concerning your credit history to help determine your credit worthiness if you are applying for a loan or mortgage. Self-evident purposes should be clear, but if you have any questions, just ask us. We also ask you for your personal information for the following purposes:

- to verify your identity and protect against fraud,
- to understand your financial service requirements,
- to determine the suitability of products and services for you,
- to determine your eligibility for certain of our products and services, or those of others, and offer them to you
- to set up and manage products and services you have requested, and

### Sharing Your Personal Information

Your personal information is shared, to the extent permitted by law, within BMO® Financial Group (that is the Bank and its subsidiaries and affiliates) which provides deposit, loan, investment, securities, brokerage, insurance, trust and other products and services. With this more comprehensive understanding, we are better able to meet your needs as they grow and change.

### Your Choices

Also, if you would prefer not to have us use your SIN for administrative purposes, just ask us. This option does not apply where we are required to use your SIN for income tax reporting purposes.

Also, if you would prefer not to have us use your SIN for administrative purposes, just ask us. This option does not apply where we are required to use your SIN for income tax reporting purposes.

For complete details on our commitment to respect and protect the privacy and confidentiality of personal information of individuals, please refer to our Privacy code, which is available at any branch of the Bank of Montreal, by visiting our website at [www.bmo.com/privacy/](http://www.bmo.com/privacy/) or by calling

Please read and sign below:

In this agreement, "you" means each person who signs below.

You consent to Bank of Montreal (the "Bank") obtaining credit information and other financially-related information about you at any time from your employer(s), any credit bureau, any registry, any person who has or may have financial dealings with you and any references that you have provided to the Bank. The Bank may disclose such information about you to its credit bureaus, and any person who has or may have financial dealings with you. If there is more than one party to the loan(s) or guarantee which this agreement relates to, the Bank may disclose this information to the credit bureau. The Bank will not obtain such information after the loan(s) or guarantee which this agreement relates to has been terminated, but may continue to disclose such information in order to maintain the integrity of the credit bureau system and credit granting process.

You certify that all information you give to us in this agreement is true, correct and complete.

☐ You confirm having read the terms and conditions above and agree to be bound by them

Date (DDMMYYYY)	Signature	Spouse's Signature
	X	X

## PERSONAL BANKING SERVICES

If you would like more information, please tick the appropriate box(es):

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Checking Account | <input type="checkbox"/> MasterCard Card       | <input type="checkbox"/> Registered Retirement Savings Plan |
| <input type="checkbox"/> Savings Account  | <input type="checkbox"/> Term Investments      | <input type="checkbox"/> Other                              |
| <input type="checkbox"/> Personal Loans   | <input type="checkbox"/> Residential Mortgages |   |

## 1. Profit and Loss Forecast (in thousands of dollars)

[illegible]

## 2. Cash Flow Budget Planner (in thousands of dollars)

[illegible]



⇒ MARKETING  
 → SALES  
 → GROWTH

# ETHICAL ADVERTISING

Attracting new patients is important as these new patients will help lead to growth in the practice. However, it is critical for start up practices to develop an effective marketing strategy.

Here are various methods that can help your practice attract new patients.

- Be active in the community (sit on boards or clubs, attend the local church, sponsor local kids teams, etc.)
- Join the local chamber of commerce
- Have a grand opening
- Advertise in local/community newspaper
- Set up a web site
- Consider social media (Facebook, Twitter)
- Ask patients to refer you to their friends and family

## PRACTICE BUILDING BASICS ATTITUDE

A friendly but professional attitude at all times is most important. If you're not an outgoing person by nature, make an effort to try to improve your social skills. And make sure your staff (especially the receptionist) are outgoing and friendly. They will help to make the patients feel at home.

Take professional development seminars with regard to patient and staff management. Encourage and fund your staff to take professional development seminars in patient management.

## NETWORKING

Become a member of your local dental society as well as the provincial association. Your fellow dentists can provide valuable advice and may also provide referrals.

## OFFICE

Your practice should be clean, orderly, aesthetically pleasing and equipped with functional equipment and furniture. While it is easy to go overboard and incur significant expenditures in purchasing the latest equipment and creating a spa like atmosphere, it is recommended you be prudent. You can minimize costs by locating in modest sized premises (a 1,200 sq ft practice can accommodate 3 or 4 operatories and a treatment room), purchasing critical equipment with some of it used and minimizing leasehold improvements.



## OFFICE PROCEDURE

The efficiency of today's world demands action. Our society's adoption of drive-in drive-out business has diminished our ability to sit and wait. Try to schedule your patients so they have very little time to spend waiting. For those who must wait, make your reception room pleasant and agreeable.

The seating and caring for a patient in the operatory should be handled in a manner that is smooth and efficient. This will not only relax the patient, it will also give them the feeling that everything is being done just for them.

## PATIENT EDUCATION

A patient who has been well educated by you as to the health value of the dentistry you have performed will bring more referrals to your office than ten patients who leave your office with low dental I.Q.'s. The old saying about a

satisfied customer is just as applicable to dentistry as it is to merchandising. Word of mouth advertising is still the strongest and most effective form of promotion. Conversely, it can also be the most devastating when it takes the form of a complaint or negative customer experience.

The main thing to remember is that every patient who leaves your office is a walking advertisement for—or—against your practice. Use every means at your disposal to make your patients realize the value of the services you have provided.

## HELPFUL HINTS ON HOW TO GET PATIENTS TO REFER OTHER PATIENTS

- 1 Develop the confidence of child patients. Bring a new child into the operatory to watch a good, older child patient—one who has visited you before.
- 2 Develop an effective recall system. Give the patient their next appointment before they leave. Then follow-up with a reminder notice several days before the appointment using the patient's preferred means of communication.
- 3 Treat your patients with respect, care and in a professional manner.
- 4 Phone your ailing patients after extractions. Upon completion of difficult or elaborate cases, contact the patient at least every three months. Make sure that the case is satisfactory and that the patient is following your instructions on hygiene.
- 5 Send thank you letters to patients who pay their bills promptly.
- 6 Ask your patients for referrals. Send thank you letters for referred patients. Reward your referring patients.
- 7 Emphasize the unusual features of your patient's work; give him/her something to "talk about" to friends.
- 8 Don't hurt patients unnecessarily. Use anaesthesia whenever it will contribute to the comfort of the patient. Remember you are treating a sick person.
- 9 Inform your patients of your attendance at meetings and courses.
- 10 Take "before and after" pictures.
- 11 Explain the progress of your work in so far as each step relates to the patient.
- 12 Qualify the satisfaction of each patient. Solicit an opinion of the work you have done from the patient.

[illegible]

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# AUXILIARY PERSONNEL

- Dental Assistant
- Hygienist
- Daily Routine For Assistant

## WHAT ARE THE ADVANTAGES OF A DENTAL ASSISTANT?

- 1 Less interruptions.
- 2 More productive chair side work.
- 3 Better collections.
- 4 Patients are greeted and dismissed more smoothly.
- 5 Better record keeping.
- 6 Better telephone handling.
- 7 Depending on the assistant, he/she could prove to be a practice builder.

## HOW DO YOU FIND A GOOD DENTAL ASSISTANT?

- 1 Advertisement in local paper.
- 2 Local employment agencies.
- 3 Possible referral by other dentists.
- 4 Local dental society or dental assistant society.
- 5 Dental assistant's schools.

## QUALIFICATIONS FOR DENTAL ASSISTANT

- 1 Pleasing personality.
- 2 Poise
- 3 Enthusiasm
- 4 People oriented.
- 5 Initiative and imaginative.

## HOW TO INTERVIEW A DENTAL ASSISTANT

- 1 Using applicable questions lead applicant into a discussion of his/her qualifications.
- 2 Fully explain duties and salary.
- 3 Be frank, but at the same time be friendly.
- 4 Ask about background, schooling, other jobs, and why looking for a new job.
- 5 Ask why he/she would like to work in your office.
- 6 If you decide to hire - establish a trial period.

## WHAT SALARY

- 1 Check CDA national averages by area.
- 2 Check with other local dentists.
- 3 Check with Supply House.

## WORKING CONDITIONS

- 1** Establish written policy which covers the following:
  - a. Hours
  - b. Salary (including overtime)
  - c. Vacations
  - d. Work expected to be done.
  - e. Sick leave and Holidays off.
  - f. Incidentals—such as uniforms, courses, smoking privileges, telephone calls, etc.

## UTILIZATION OF AUXILIARIES

- 1** Employ the right person.
- 2** Have written outlines for the duties of:
  - a. Chair side Assistant
  - b. Receptionist
  - c. Hygienist
- 3** Delegate all ethical duties to auxiliaries.
- 4** Provide for frequent staff meetings to check on team effort and rapport of staff.

## WHEN TO HIRE A DENTAL HYGIENIST

- 1** When you feel you have enough recall business.
- 2** When hygienist's duties have to be performed by you to the detriment of more productive work.
- 3** When you cannot provide the hygiene and education services you would like, due to lack of time.

## WHERE TO FIND A DENTAL HYGIENIST

- 1** Make contact with Hygienist Schools.
- 2** Use one part-time with another dentist.
- 3** Possibly pay part of the education cost of one of your dental assistant's in return for X-amount of years work for you.

## METHOD OF PAY

- 1** Salary
- 2** Salary and commission
- 3** All commission

## POSSIBLE DUTIES OF DENTAL HYGIENIST

(Will vary depending on geographical area and schooling)

- 1** Take X-rays
- 2** Develop and mount X-rays
- 3** Dental prophylaxis
- 4** Maintain recall system
- 5** Toothbrush drill
- 6** Home care instruction
- 7** Dental education in relation to value of teeth to patient and their total health.
- 8** Child-parent education in relation to sweets and proper diet.

## STATEMENT OF OFFICE POLICY

- 1** Hours
- 2** Salary
- 3** Sick Leave
- 4** Holidays
- 5** Duties
- 6** Miscellaneous—uniforms, etc.



**ONCE A MONTH**

- 1 Send all statements on the 28th—never later.
- 2 Pay all bills payable by 10th.
- 3 Post recapitulation sheet.
- 4 Check through cross-index re-call book.
- 5 A monthly “organization meeting” is essential for a smooth running office routine.

**DAILY ROUTINE FOR ASSISTANT**

- 1 Arrive at least 30 minutes before first patient.
- 2 Ventilate office suite.
- 3 Get into clean uniform.
- 4 Tidy and dust office, reception room first.
- 5 Turn on power, water, gas and air.
- 6 Prepare sterilizer for use.
- 7 Make list of day’s appointments for doctor.
- 8 Check “appointment reminder” patients.
- 9 Open, sort and file mail.
- 10 Post all previous day’s records.
- 11 Deposit money receipts daily.

**HOW TO HOLD A STAFF MEETING**

- 1 Use democratic process—everyone has an equal and valid opinion.
- 2 Pre-schedule frequent meetings (daily or monthly.)
- 3 Be careful of criticism.
- 4 Be sure no one holds grudges due to discussion of strengths and weaknesses of office routine.
- 5 Be fair.

Below is an outline of a suggested daily schedule. This obviously will vary depending on your practice, habits, and desires.

**ODD TIMES**

- 1 Make out Day Sheet for next day.
- 2 Check collection sheet.
- 3 Sort and arrange linen.
- 4 Bank all receipts.
- 5 Implement fraud prevention techniques.
- 6 Ensure you review collections and deposits.

**ONCE A WEEK**

- 1 Clean cabinet, polish furniture and perform preventive maintenance.
- 2 Check over supplies.
- 3 Tidy laboratory.

## DENTIST'S CREED...

It is our aim to practice dentistry by the Golden Rule, to be known for our friendliness and caring, for our competence and for our vision.

We want to set and maintain high standards of responsibility towards our clients, our community, our profession and all those with whom we come in contact.

DR. MILAN SOMBORAC

NOTES:

This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, leaving small margins at the top and bottom. There are no vertical margin lines, text, or other markings on the page.



# BUSINESS MANAGEMENT

- Accounting & record forms
- EI insurance checklist
- Example office policy
- Credit & collections

## ACCOUNTING AND RECORD FORMS

As with any modern business, dentistry requires a system of record keeping and accounting. The dentist needs the following information recorded:

- 1 Patient records indicating services rendered, statements sent to patients and unpaid balances.
- 2 Dental supply and equipment purchases, payments made to dealers, depreciation and unpaid balances.
- 3 Commercial dental laboratory fees.
- 4 Purchases, other expenses, utilities, payroll, all accurately recorded with amounts paid and unpaid balances.
- 5 A balance sheet and a profit and loss statement showing the dentist's net income before taxes.

A software system may be used that maintains this information and which is acceptable by the Canadian Revenue Agency.

## DENTAL OFFICE RECORDS

- Daily record
- Filing supplies
- Expense record
- Appointment cards
- Yearly summary
- Letterheads and envelopes
- Patient account record
- Payroll earning record
- Professional cards
- Desk calendar
- Appointment ledger
- Receipt record
- Statements
- Patient call list
- Examination charts
- Recall card
- Patient health history

Depending on the system and accountant or tax consultant you select, the above list may be expanded to provide the particular analysis of the practice you desire.

## INSURANCE CHECKLIST

### Professional Liability/Malpractice Insurance:

To protect against claims of malpractice arising out of the dental practice. In some provinces, this is provided by the regulatory college.

### Premises Liability Insurance:

To protect against claims of injury occurring in the dental office, not arising out of the practice of dentistry.

### Life Insurance:

To protect family and creditors. In case of death.

### Accident and Health Insurance— Disability Insurance:

To provide the dentist with an income while disabled due to accident or sickness.

### Medical Insurance:

Provides coverage to the dentist or their family.

### Fire and Extended Coverage Insurance:

Protects the dentist on dental equipment, supplies and the dental office, (to protect creditors when financed).

### Worker's Compensation Insurance:

To protect against injuries to employees.

## DENTAL OFFICE POLICY

A printed office policy, made available to each new patient, starts the dentist-patient relationship on the road to mutual understanding. An example 'Policy' is printed below for your considered use as a guide only. Your office policy may well differ in content and tone.

## EXAMPLE DENTAL OFFICE POLICY

It is the intention of all personnel in this office to provide for your dental health needs as thoroughly and as efficiently as possible. We, therefore, wish to acquaint you with the customary sequence of procedures followed in caring for the new patient in our practice.

The initial appointment is spent conducting a thorough examination. It includes clinical examination, X-ray as indicated, complete dental health history and impressions for diagnostic models for most children and all adult patients. "To see is to know, not to see is to guess". The more comprehensive the examination, the more intelligently we can diagnose and treat. In those cases where emergency treatment is necessary for the relief or prevention of pain the examination is usually accomplished on the second office visit.

From our study of the X-rays, diagnostic models, and the clinical findings we will diagnose the case so that at the next appointment we can recommend proper treatment. If there is more than one method of treatment to be considered both will be discussed, as well as what can be expected from each type of service. An estimate of the fee for any service will also be given at this appointment. When the type of treatment has been decided upon, time will be appointed for the earliest possible completion of the case. Financial arrangements are customarily made at this appointment. We prefer that both parents of a minor patient be present for this consultation, and that adults bring their spouse, a close relative, or friend. In this way misunderstandings are avoided.

We believe most sincerely that one of the most important services we have to offer is a plan for preventive dentistry. For this reason we spend considerable time at the above appointment discussing preventive measures, which if followed will help the patient maintain the mouth in a state of optimum dental health, once it has been restored. We believe without exception, in the preservation of the natural teeth whenever they





can be maintained in a healthy condition. All patients are recalled at periodic intervals for preventive examination and prophylaxis. The number of months between recall appointments will depend upon the conditions present in each individual mouth.

If at any time you have questions regarding any treatment, fee or service please discuss them with us promptly and frankly. We will make every effort to avoid a misunderstanding, to rectify an injustice, or to preserve a friendship.

## CHAPTER 7

### CREDIT AND COLLECTIONS

It is generally accepted that most delinquent or unpaid dental bills stem from two causes.

- 1 The patient did not thoroughly understand the nature of the dental procedure completed, and/or,
- 2 Discussion of fees and agreement as to when they were to be paid was not properly arranged in advance.

### SUGGESTIONS TO HELP PREVENT CREDIT PROBLEMS

- 1 Subscribe to a reliable credit rating agency.
- 2 Regular statements.
- 3 Regular reminders on past due accounts.

The following collection letters are for use after the patient has agreed to make periodic payments and has missed one or more payments.

#### FORM No. 1.

As you will recall, we agreed that you will make (periodic) payments in the amount of \_\_\_\_\_. Until your entire dental bill of \_\_\_\_\_ has been paid. No interest has been added, The balance due is \_\_\_\_\_. You did not make the payment due on \_\_\_\_\_ as promised, and we would appreciate hearing from you.

#### FORM No. 2.

We are disappointed that you have not honored our agreement to make (periodic) payments on your dental bill. The balance is and a payment was due on \_\_\_\_\_ and not made. Please feel free to call me to discuss this.

#### FORM No. 3.

Unless payment is made on your overdue dental bill within the next seven days, appropriate legal action will be taken.



- New Practice Checklist
- Other Sources Of Information

### SUGGESTED CHECKOUT LIST FOR DENTIST ESTABLISHING NEW OFFICE:

- 1** Must have certificate of successful completion of Prov. Board Examination.
- 2** Select your location then secure a lease or agreement for space (conditional upon financing, if financing required).
  - a. Contact a full service dealer for assistance.
- 3** Obtain a business permit issued by City or County in which you will practice if it is required.
- 4** Draw up Budget for capital and operating expenses.
- 5** List office phone with phone company and directory listing.
- 6** Start utility service for water, gas and electricity.
- 7** Have the phone number of nearest physician or emergency hospital readily available.
- 8** Obtain Malpractice Insurance in addition to other insurance policies (disability, practice interruption, etc.).
- 9** Make application to Secretary of Local and Prov. Societies for membership:
  - a. You should receive at that time a schedule of meetings.
- 10** Plan to hire an assistant when ready.
- 11** Have announcements, stationery, business cards, etc. printed.
- 12** Establish bank connections.
- 13** Establish Consumer Credit connections.
- 14** Establish account with Dental Supply Co., and order necessary items for office.
- 15** Establish account at dental laboratory.
- 16** Establish account with pharmacy.
- 17** Establish fee schedule.
- 18** Re-direct or begin publication subscriptions to your office address.
- 19** Make arrangements for janitor service.
- 20** Make arrangements for uniform and linen service.
- 21** Meet colleagues in area.
- 22** Choose accounting software system.
- 23** Hire an experienced accountant and lawyer.



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