

142,864	153,022	142,818
247,602	297,185	—
—	307,339	301,486
136,818	138,452	132,134
7,407	56,198	85,656
—	112,868	
196,792		

How to Run a Dental Office: Taking Control of Spending

By Roger P. Levin, DDS

It costs quite a bit to keep a dental office running, and those operating expenses come out of practice revenues before you see any income. It's impossible to avoid this "cost of doing business," but you can and should exercise tight control over this overhead.

Although you may believe that you and your team are spending responsibly, you're probably wasting (or at least misspending) a significant amount of money every year. To minimize the damage to your bottom line, follow these steps:

1. **Tabulate how much you're spending, and on what.** Go through the financial records for the past year tabulating all expenditures. Add up everything and then compare the total with the amount of revenues during the same period. Calculate what percentage of practice income has been going toward overhead. This tells you where you presently stand.
2. **Compare that percentage to 59%.** There are variations from one office to another, but Levin Group has learned by working with thousands of clients that 59% is a healthy amount of overhead for a general dental practice. What's more, our experience also tells us that it's an attainable target.
3. **Return to your list of operating expenses looking for "fat."** Every budget that hasn't been scrutinized and tightened will present opportunities for reducing spending. Some cuts are obvious and easy to make. You may need to agonize over others. Go through your list noting areas of possible savings and estimated dollar amounts. Periodically compute a new total to see how you're progressing toward the 59% target. Don't stop until you reach it.

4. **Now, look at the lean, new budget in terms of its impact.** Make sure no cuts will negatively affect the quality of care for patients or diminish your ability to compete effectively for new patients. Make adjustments if necessary.
5. **Review the new budget with the team.** You want your entire staff to understand the importance of overhead control and look at the budget from that perspective. Ask for feedback, which might lead you to think again about some of the proposed cuts and may also include some good suggestions for cuts you overlooked.
6. **Once you commit to the budget, commit to abiding by it.** This will probably be the hardest part of the process... especially for you, as practice owner. You need to learn to control impulses and track spending diligently. And if expensive, must-have technology comes along, figure out how you can acquire it without breaking the budget.

Your practice will be more successful in the long run if you and your staff learn how to exercise fiscal discipline. Controlling overhead is an essential part of this process.