



CHARTERED ACCOUNTANTS & MARKETERS

VOLUME II

WE ARE HIVE

We have the in-depth knowledge, straight-talking strategy, vision and importantly the resource to increase your patients, revenue and profit levels. We've helped practices of all sizes achieve success.

In this edition of the Hive Business Review, we share with you a selection of the most popular dental business articles we've written and published on our website.

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DON'T SELL STUFF, SELL YOUR VISION.

Luc Wade

As the old saying goes, people buy from people. You buy things from people you like. You buy into their values. When everyone started wearing North Face jackets a few years ago, the wearers (myself included) said to themselves something like “I like the idea of the outdoors and I want to look and feel a bit more rugged on my commute when it’s raining”. There was a bit of the safety purchase in there too, which is sometimes hard to separate from the values buy-in.

Grayson Perry illuminated a great example of safety purchase in his excellent documentary series on Channel 4 called *In All In The Best Possible Taste*. He was studying a neighbourhood of middle class people in Kent and noticed they all had near identical black or dark grey Range Rovers. >>



>> When he asked a resident about it she said something like “It’s easier to do what everyone else is doing, there’s no risk of getting it wrong”. It was moving, but for the wrong reasons, a poignant snapshot of what the self-imposed prison of fitting in can do to us. The working class people in Sunderland that Perry met seemed to be having a lot more fun, although they had their own self-imposed strictures to do with tats and drinking too much.

But to go back to my original point, people buy from brands they want to be associated with. **When I hear dental practice owners saying things like “I just want to sell more” it sounds wrong to me.** There’s a confusion between selling and marketing. As you are no doubt aware marketing and media consumption has changed massively

in the last 10 years. Consumers don’t trust any brands and they don’t engage with advertising and communications the way they used to. Those brands that have one strong point of differentiation are doing better. So you have to focus on being good at what you do. Communicate this well, build loyalty and customer satisfaction. Then you will sell more and increase market share.

You see, there has to be some kind of aspirational motive for customers, there’s no short cut. Take the new kid on the block in the world of jackets, Finisterre, a homegrown Cornish surf brand that’s quietly become the low key answer to the gauche global surf brands. Finisterre took care to build an authentic brand. Its HQ is on an old tin mine in St Agnes, once

known as “the Badlands” of UK surfing because non-locals would be routinely chased out of the water. Finisterre slowly developed its wetsuit line in collaboration with local surfers, waiting for feedback from them and modifying the suits again and again. They’ve bottled the low key cold water surfing culture

and put it in their clothes — where they make their margins — which aren’t flashy, just high quality. And expensive. Consumers understand all of this and buy into it. Of course, 99% of them don’t surf in cold water. People from Surrey and Kent turn up when Finisterre has warehouse clearances. >>

BUILD LOYALTY & CUSTOMER SATISFACTION



INCREASE SALES & MARKET SHARE

>> If you're looking to create an aspirational brand, maybe there isn't a dental equivalent of Finisterre. Dentistry just isn't that cool. But you can try to pitch your practice away from 'selling' and aim for integrity through decent marketing. **Instead of shouting about the products and treatments you provide, focus on making the right pitch.** Create a bit of theatre. The dentistry is secondary, just like cold water surfing, in reality, is secondary to those people from Surrey and Kent. Sadly dentists have been told to sell treatments rather than vision by dental consultants and poorly trained dental marketing specialists. It's the other way round. Here's why: selling concerns itself with getting people to exchange their money for your product. It's not concerned with the values that the exchange is based upon. Marketing however is about the whole process

of discovering, arousing and satisfying customer needs through the dissemination of values.

Ideally you want to grow your patient base. So think, what value do you attribute to your patients? Do you conceive of them as mere vessels from which to extract money in a static system of exchange, money for services, with no mention of values and aspirations? Or would you like your patients to be happy to see you and be responsive to your vision? Anyway, it's no longer possible to maintain a list in private practice with the former attitude; most older patients going for high value treatments spend time researching online and gravitate towards the practices with values that chime with them. Those practices are buying their customers with their visions. Are you?
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ARE YOU A FOOL OR A UNICORN?

Ross Martin

I've been reflecting lately about the general path that dental practice owners tend to follow. You start off working as hard as you can for modest profits, not trusting associates to do the same job as you.

Profits slowly increase but inevitably you get bored or burnt out, or both, and so then you do take on the challenge of hiring associates. It works – the practice becomes less reliant on you to tick over.

Next you start to see your practice revenue grow irrespective of the clinical hours you put in and this modest success allows you to claw back some time for yourself again. If this part goes well you will retain control of your business, overseeing functions like marketing that see profits increase further while your time input falls even more. >>



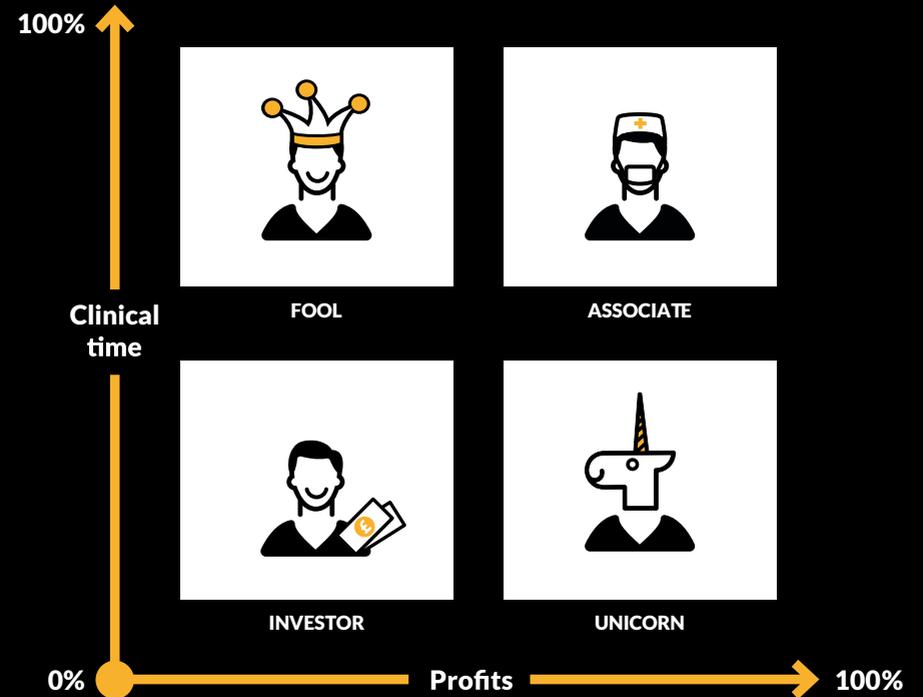
>> There are two parameters at play here: your **time spent in surgery** and your **profits**. They remind me of an approach to corporate strategy formulation by the Boston Consulting Group.

It designed a very simple matrix to map where products are in terms of the two things that really matter: how much market share your product enjoys and how much its market is growing.

There's only one place you want to be in an ideal world and it's in a dominant market position in a growth market; this is what the Boston Consulting Group calls the star. At the opposite end languishes what it calls the dog, a product or service with a poor position in a low growth industry.

What occurred to me is that it's no more complicated for dental practice owners. Just substitute the binary matrix of corporate strategy for a binary personal strategy matrix and you get something like the graph on the next page. As you can see, the fool spends all his time in surgery for little or no profit (this happens an awful lot in my experience, especially among first time owners with a debt burden), while the unicorn gets the best of both worlds; big profits for little or no clinical time.

If you identify yourself as someone in the fool zone, is this really where you want to be, not just now but more importantly in the next five or 10 years? I'm not saying that being a unicorn is easy. It's almost unattainable. But unicorns do exist. >>



>> Maybe you hadn't realised there were conscious choices to be made about your business model and you hadn't thought about setting goals based on clinical time and profit.

It's possible to place every dental practice in the UK on this matrix, and every practice will shift its position over time, probably without realising it, perhaps organically due to tiredness, success or as it opens a second practice; some consciously start deploying a new business model and move around the matrix.

When you open a second practice you can't increase the time in the day so your business model has to change. That's my key point for writing this blog; to move around on the matrix — to get out of the fool zone — you have to evolve

your business model because you have limited clinical hours.

For example, as an associate you might be able to attain a profit of £135k. If you want £300k you will need to become an investor and then reach a **£1m turnover**. You need to change your business model.

There are a lot of dentists occupying the fool box and they haven't quite realised it yet. Often I advise people to sell up and be an associate to escape it, but mostly they shrug and continue. The reality is there is no intrinsic value to being a practice owner and there are many penalties from stress and less family time, yet many dentists remain stuck on it. Why? Things like social status, internalised self worth and living in an insular environment where

competition among dentists for the best post grad garlands matters more than income.

The amount of times I hear people saying they think someone is really successful because they have three practices, all covered in glass, and the owner drives a Porsche. But what if the owner

has the car on finance and works like a dog in all three practices, is that still success?

If you'd like us to help you identify where you are on the matrix and where you'd like to be, I would love to hear from you.
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WHY ARE DENTISTS SO TIME POOR?

Ross Martin

Very often I find it hard to catch up with my clients on matters that I know they find important – big things like the numbers. Maybe there's something about being a dental practice owner that demands a little too much from people at times.

It's frustrating to witness but I get it, and I am not envious. How are you supposed to hit your practice revenue target when you have things like compliance, team building, mentoring and business strategy to think about, not to mention those clinical hours you're still doing?

Things aren't like this in other professions. At least barristers get clerks who take care of the nitty gritty invoicing, recruiting, training and supervising. >>



>> Somehow it's still normal for dental practice owners to saddle themselves with the weight of everything and, when the chips are down, still be expected to deliver as a clinician like Atticus Finch did in the courtroom.

Is it that dentists' brains, whether by nurture or nature, are just too into the detail? You're not going to get far running a business if you can't step out of the decon room. The Kolbe psychometric test, which

a few people I know working with dentists often use, profiles people in terms of their predisposition for:

- ◆ information gathering
- ◆ follow through
- ◆ taking risks
- ◆ being artisanal

I bet you know which way dentists tend to go. They love gathering information, they are ambivalent about following through, they hate risk and they love making things.

So what does risk aversion combined with a craving for more and more information do to someone at the helm of the sort of business that has an ever increasing burden of compliance? (And, by the way, compliance costs have rocketed **1,086%** in the past decade if you wanted a sense of the effect they might be having.)

It stops you doing the things that you know are important, the things you know you need to do. It might

sound like I'm coming down hard on dentists but you are not alone. The phenomenon I am trying to describe has been well documented among people who go into skilled, technical careers and find themselves in control of businesses that provide those highly technical services.

Have a look at a book called *The E-Myth: Why Most Small Businesses Don't Work And What To Do About It* by Michael Gerber. >>



TIME POOR

>> He published it in 1986 and then did editions for physicians, contractors, chiropractors and yes, in 2014, he even did one for dentists. The titles don't really matter because he always delivers the same very powerful message which is essentially:

◆ if you can't take a step back like they do in franchising then you will end up snuffing out your business through your own love for it

◆ stepping back is a particularly difficult task for technicians and artisans because they put so much of themselves into the service they provide or the widgets they produce

So, to answer my own question of why don't practice owners ever have any time to talk to me about the things that they know really matter, I'd say it's something to do with the rather tortuous role fate has allotted them. They are skilled artisans cursed with the burden of having to radically evolve to the point where they shed their intuitive passion for detail.

You have to learn to step back, however painful and counterintuitive that may seem, and it's hard. If you'd like to talk about what's holding your dental practice back, get in touch for a chat — and remember, you're not alone!

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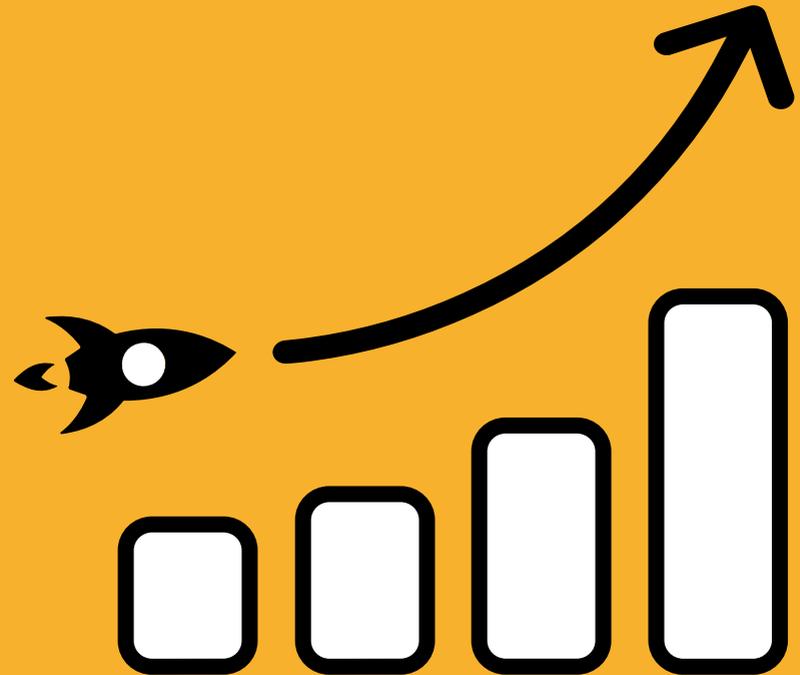
WHAT DOES 'IMPROVE FINANCIAL PERFORMANCE' ACTUALLY MEAN?

Dan Fine

Improve financial performance. Quite a boring sounding phrase, probably close to being meaningless to the average reader. I wish it had more zing given that it's the primary service we offer at Hive. So let's substitute those three words for something more comprehensible: freedom. When someone offers to help you improve your financial performance they should be helping you achieve freedom through discipline. They can do that by helping you do three things:

- ◆ See where you are
- ◆ Understand your realistic options
- ◆ Make a plan

The plan you go with might involve making more money. Or it might involve working less for the same money. Or you might want to work two days clinical and retire at 55. >>



>> It varies for everyone, but it must be what you want.

On point 2, when evaluating your options, play to your strengths. Take the parable of American Civil War hero Ulysses S. Grant, a widely respected leader, military strategist, and a fearless soldier. His story did not end there; using his national fame and status he ran for presidential office... And got in. What followed was widely understood to be the worst presidency in history, filled with corruption and scandal. Then Grant set up on Wall Street and lost all of his own and much of other people's savings. The problem was that Grant entered into two new fields, politics and investment, with no experience in either. Yes, they were available options, but his goals weren't aligned with his strengths, resulting in disaster.

When we're helping you to improve your financial performance we'll begin by understanding you and your business, and then together we'll assess your best options. Once you've chosen one we can build a strategy with you to get there. **Being a full service agency, we don't fall into the "if all you have is a hammer, every problem looks like a nail" trap.** So we can avoid making generic plans and focus on what is going to serve your business best.

People assume that Hive only works with high end dentists. Not true. We don't put much stock in where your practice is right now, but we're interested in the size of your ambition. Working two days clinical and retiring at 55 reflects a pretty radical personal philosophy, ambitious in its way, and so we'd be excited to look at specific ways to help you do that.

Everyone is in a unique place, with different options. That won't change, but what might is your attitude. It's time to embark on the mission to improve your financial performance when you sense an appetite for change. The Hive service isn't a comfort blanket, you will invest time, money and energy to build a plan with us and stick to it. In return, we will be with you all the way. The relationship we have with our clients is collaboration to effect

executive purpose. That's a long way from the alternative that we see every day; practice owners drowning in management as they try to coordinate activities through different suppliers that don't speak to each other. To improve your financial performance means gaining control over your own destiny and achieving freedom through discipline. Control begins the moment you talk to us, and from that day it will never stop. >>

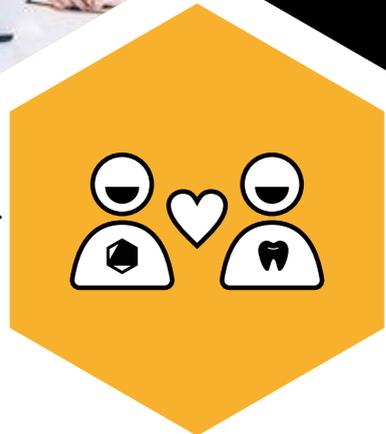


>> All of our individual services are available separately, and we are happy to team up with other suppliers when we are asked to. It's just that in our experience it never quite works out. That's why our primary service is to improve financial performance. It's the biggest goal we can imagine, everything comes under its rubric. We think it takes three things:

- ◆ a great working relationship
- ◆ a holistic approach
- ◆ all services on site

This philosophy runs through everything we do, from accounts to tax planning and marketing, but none of these services mean anything unless they serve your agenda and give you control. And freedom.

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If you would like us to help improve your financial performance contact us to discuss our Practice Diagnostic Day.

Our experts will comprehensively analyse your business and devise a plan to address areas that need improving in order to meet your strategic goals.

To find out more about the Practice Development service we offer visit our website:

www.hivebusiness.co.uk/practice-development

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