Benchmarking for Success

If you can equate success to quality of life and income, benchmarking will help you. If you are not happy with your quality of life and income, benchmarking will help you. If you believe you are satisfied with your quality of life and income, benchmarking will make it better.

Benchmarking is defined as:

- An improvement tool whereby a company measures its performance or process against other companies’ best practices, determines how those companies achieve their performance levels, and uses the information to improve its own performance; as well as,

- A continuous process whereby an enterprise measures and compares all its functions, systems and practices against strong competitors, identifying quality gaps in the organization, and striving to achieve competitive advantage locally and globally.

The concept of benchmarking requires discovery of information. Performance levels for various parts of your practice can be obtained from sources such as the American Dental Association; state, county and local dental associations; colleagues; and dental advisors. Most often this information is financial information; however, benchmarking is valuable in other areas of your dental practice. It can be used for setting team member goals for hygienists (length of time per patient), chair-side assistants (core competencies) and other team members (patient scheduling and collections). Benchmarking can also be used to determine a doctor’s efficiency level by collecting information on the performance level for any given procedure.

After gathering benchmarking information, the information must then lead to an action. This action will involve making practice improvements, changes and a commitment to stick with a plan in order to obtain the desired results.

In our firm, we compile information from our dental clients in our

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- Spyware removal
- Spam filters
- Remote access

Data Management

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- Data recovery
- Proactive maintenance
- Online access

Support & Training

- Onsite staff training
- Local technicians
- Telephone & on-line support
- Fixed monthly costs

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annual Practice Benchmarks. This information is used to generate collection and expense benchmarks for general dentists and some specialists. During mid-year checkups and year-end tax planning and tax return preparation, this information allows us to assist dental clients in reviewing and benchmarking their dental practices. Our clients appreciate the ability to have current data for benchmarking their practices.

Benchmarking is a concept to use as a continuous improvement tool in your dental practice. If used properly, benchmarking allows you to increase the financial benefits from your practice and increase your quality of life. After all, it is just good business.

Bob Creamer is a CPA and President of Creamer & Associates, PC, an accounting firm. For the past 30 years, his firm has emphasized financial and retirement planning, dental transitions, practice enhancement, wealth creation, tax savings and related accounting and consulting services for maintaining an efficient and profitable dental practice. He is also a member in the financial advising and investment company of Salem Asset Management, LLC. He is a founding member of the Academy of Dental CPA’s (www.adcpa.org).

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The following are some areas we recommend using benchmarking to analyze and follow the critical numbers in your dental practice:

- Personnel Costs
- Variable Costs  
  (Dental Supplies & Lab Fees)
- Facility & Equipment Costs
- Discretionary Costs
- Owner’s Compensation
- Fee Balancing & Procedure Mix
- Dental Hygiene Production
- Budgeted Daily & Hourly Production
- Monthly New Patients
- Dental Supplies Overhead Percentage