



S Y N S T R A T

## **Sporting with Dentistry: What Keeps Practices Successful**

We can learn a lot from sporting teams. Mark Thompson has a phenomenal record, both as an AFL player and a coach, and has taken Geelong to three successive Grand Finals with two premierships. Geelong also has strong leadership in its administration and club president. Melbourne Storm coach Craig Bellamy was not regarded as a great player, even though he played about 150 games for the Canberra Raiders, but he has coached Melbourne Storm to the finals for seven years in succession, including four successive Grand Finals. He has brought the club three minor premierships and two premierships. Bellamy has the best win percentage of any established NRL coach. Because of Bellamy's reputation, he has been able to build a strong football department around him, particularly his assistant coaches Stephen Kearney and Michael Maguire.

Guus Hiddink coached the previously unsuccessful Socceroos to outperform well into a World Cup finals campaign. He briefly but dramatically lifted the profile of soccer in Australia, but unfortunately his influence was too short.

In the 1990s and early 2000s Rugby Union's Wallabies were well coached and were led to a couple of World Cup triumphs, but more recently the Rugby Union world has degenerated into one of serial intrigue off the field and team failure on the field. As a result, the current Australian Super 14 and Wallaby teams are regarded as being 'no names' teams compared to the days when the Wallabies were captained by Nick Farr-Jones and John Eales. TV ratings have plummeted vis a vis the ratings for NRL and AFL. It demonstrates that it takes a lot more than the twenty or so best players in Australia to make a successful team.

Only one member of Melbourne Storm's 2009 Grand Final team, Brett Finch, was an established first grade player on joining Storm. Overlooked among the hype is the fact that Bellamy has built up a team of superstars from among those who were youngsters in his first couple of years, and has augmented these with players who have been discarded elsewhere but have regenerated their playing careers with Storm. Some of the former rejects have gone on to play representative football. It supports the theory that having the right team culture brings out the best in recruits.

### **The Enduring Culture of Good Dental Practices**

Having benchmarked countless client practices and having had many meetings to review financial results with dentists, it is noticeable that those dentists who comprise the dental 'A-list' tend to perform consistently at that level year after year; while dentists who struggle to get to the average standard have had difficulty doing so in the past. Whilst not impossible, it does seem that it is hard to change performance where the under-performance is based on human behavioural traits.

### **The ARB Corporation Ltd Example**

Culture is critical in business. ARB Corporation Ltd manufactures and distributes quality accessories for four wheel drive vehicles. It has produced double figure sales growth and double figure profit growth for many years in succession, including for financial years 2008 and 2009, when it seemed that the business world was melting down into the global financial crisis.

It has maintained and periodically increased its fully franked dividends and recently announced a payment of an additional fully franked special dividend. This makes ARB unique in a time when other companies have been forced by the global financial crisis to raise additional capital.

ARB's senior management are low-profile individuals who demonstrate an understanding of their business. ARB has endured through high fuel prices, which threatened to limit its market, high steel prices, which threatened to make its products too expensive, the global financial crisis and shortages of skilled tradesmen, which forced it to take part of its manufacturing operation offshore to Thailand, whilst maintaining the high technology manufacturing components at Kilsyth in Victoria. ARB has coped with each challenge in succession. It produces the most easily understood annual report of any stock market listed Australian company that I follow. There are no photos of the CEO or the directors, but it provides a salutary lesson in tight management of its brand. It distributes products through company-owned fit-out sites and tightly controlled franchises. You don't see ARB branded products being sold alongside cheap trash in chain stores.

Many Australian businesses and dental practices can learn a lot from ARB's consistency.

### **The History of a Strong Culture in Military Units**

Some military units have an embedded culture which is superior to other units of similar type. Despite the military posting system regularly transferring officers and NCOs for career development, it is widely recognised that the better performed units stay better over long periods of time. Their embedded culture is strong enough to lift the performance of each newcomer to the unit, including those newcomers posted into leadership positions. A good culture has that effect.

### **The Best Advice for Dental Graduates**

Those dental graduates who are lucky enough to join a practice with a superior culture develop both their clinical skills and practice managerial ability to a higher degree. Well credentialed dental undergraduates would do well to spend time finding out which are the best conducted practices and try to obtain employment in one on graduation.

There's an old lesson from the shearing sheds which is that in a team which is led by a 'gun shearer', an average shearer increases his output.

### **Common Characteristics of Successful Organisations**

The best companies, such as ARB, the best military units and the best dental practices have an air of quiet efficiency. Everybody is busy and problems are overcome in a calm, ordered manner. Such organisations have minimum personnel issues. In the case of 'business for profit' organisations they are more consistently profitable than the average of their peers. In the case of military units they are regularly tested by either operations or through significant exercises, some involving allies which are designed to put units through their operational paces. Those units with strong embedded culture perform consistently well.

In neither case are the organisations concerned permitted to deteriorate. Rather there is constant renewal activity occurring.

In the ARB case, renewal activity occurs through constantly developing updated products for new model vehicles or, alternatively, through widening its range of products (i.e. sell more products per vehicle) whilst simultaneously improving its distribution system and strengthening its brand on a year by year basis.

Good military units go through a regular annual cycle of activity directed towards maintaining and improving their operational effectiveness.

Good dental practices have their performance regularly benchmarked, and go through a cycle of equipment replacement and periodically renovating premises. Invariably the proprietor dentists within good practices have special areas of interest in dentistry whilst maintaining consistency of performance in relation to all dentistry performed. Employee dentists joining a well-performed practice will generate higher fees and commissions than would be the case were they employed in an inferior practice.

### **Dentists as Practice Managers**

A feature of the best dental practices is that the dentists who own them manage them. Whilst a receptionist or a part-time bookkeeper might have the courtesy title of practice manager, it is the dentist(s) who own the practice that keep effective control over all key decisions. The most successful dentists are control freaks, but control in a quiet, effective manner. Decisions seem to happen rather than be shouted from the rooftops.

The best military units also have a quiet efficiency about them. The low-key manner in which ARB Corporation runs its affairs is similar. A feature of ARB's annual report is that it has no pictures of directors or senior management, just well-presented facts and a few pictures of company products on its cover.

The need of prominent sporting teams to raise money is often at odds with the wishes of the best performed coaches. Keeping a national AFL or NRL team on the field is an expensive proposition, particularly in the AFL. Whilst the best coaches would prefer to work away from the media spotlight, the need to satisfy sponsors drags them into the spotlight. However some of the most successful coaches are very reluctant to place themselves in the spotlight. Rugby League's Wayne Bennett, who has coached six premierships sides, is a case in point. Geelong's Mark Thompson gives the impression that he would similarly like to keep out of the public eye.

### **Knowing Your Clients**

For a dental practice it's usually fairly easy. For most general practitioners their existing patient base forms the nucleus into which they market their services. By successfully working their patient base they generate personal referrals of family and neighbours. The more specialised a dental practice activity is the more likely it is that they'll need to use other marketing means. In the case of most dental specialists, their marketing base is a network of general practitioners, particularly those located within a reasonable distance and, better still, the ones with whom they have grown up in their profession.

With most military units their customer base consists of the headquarters and other units in their formation, for which they provide mutual support. Their secondary markets are units of the same corps from which they might expect to attract personnel on posting (for example, a signals unit will draw its replacement officers and senior NCOs from elsewhere within the signals corps).

In the case of ARB Corporation its key audience is the extended four wheel drive fraternity. The majority of ARB's market is within Australia, but it also has a significant overseas market. Its brand management and quality of product and service forms the basis of its marketing within the four wheel drive fraternity.

### **Employees**

Nobody elects to work for an inferior organisation by choice, hence maintaining a reputation as a high quality organisation is vital. Unlike the AFL draft system, the NRL system, which is based on a salary cap but which scouts for players on a club basis, places a premium on the quality of a club's culture, particularly the quality of its football department staff led by its head coach. It's well known that some players in the most successful teams could have got significantly more money to play elsewhere, but sacrificed some of their value to remain in a well-coached and successful environment.

Young soldiers who volunteer for special forces selection go through extraordinarily rigorous selection processes, and relatively few achieve full status as a special forces soldier. It's unlikely that the pay differential was a motivating factor. Once in a special forces unit it's very hard to persuade a soldier to leave, even on promotion. They'll accept slower promotion to remain in such an uplifting environment. The culture of such units is strong based on small teams of highly trained and motivated persons with much of the leadership coming from within. Frequently expertise is concentrated among the lower ranks. They cannot imagine being as happy in a different environment.

Research has long indicated that whilst salary injustice might accelerate staff departure, wages are not the ultimate determinant which keep staff loyal to their jobs. If the work is interesting; there is significant challenge; and there are minimum causes of staff dissatisfaction, staff will tend to have a much lower rate of turnover in a practice. Work satisfaction and work dissatisfaction are not opposites. They have long been proven to have quite different causes. If a staff member suffers a pay injustice, rectifying that injustice removes a source of dissatisfaction but does not necessarily make the person happy in their

work. The causes of satisfaction are different, and if they are absent the individual may still be unhappy, although the apparent cause of dissatisfaction has been removed. Certain military units have much lower personnel turnover than other virtually identical units. Soldiers want to stay longer in a unit which is regarded as being good or special. A feature of ARB Corporation Ltd is that its senior executives have been with the business for a long time.

### **Adapt or Perish**

Businesses are driven by the need to make profits both to pay dividends as well as to reinvest in business growth. The need to maintain predictable profit growth to satisfy shareholders, plus dealing with the issues of fuel prices, steel prices, change in currency value, impact on exports and changing vehicle tastes, has caused ARB to continuously refine its business. In business it is widely recognised that those who stand still perish. A hundred years ago most repairs to farm equipment, and indeed vehicles of all kinds, were carried out in blacksmith shops. That technology has been surpassed by several generations of changes.

The Australian Army has adapted its training and equipment from jungle warfare in Vietnam to the deserts of Iraq and special forces operations in the harsh terrain of Afghanistan. It is necessary to adapt or face defeat.

When we look at dental practices day to day we don't observe much change, but over the past twenty years dentists have adapted to changing technology and changing consumer needs. These needs are now commonplace. Whilst fluoridation reduced tooth decay, the consumer demand for cosmetic dentistry has continued to increase. Those dentists who have adapted to the changing environment are the more successful. Greater consumer awareness has meant that dentists have practiced defensively and greater regulation has led to more expensive and rigid infection control standards. Dentists have adapted their marketing following an era when the ADA was able to impose restrictive advertising rules on practices, thereby creating barriers to entry for new practices. The ACCC has banned this kind of restrictive activity by professional associations of all kinds. However the way in which those practices are organised in small work teams has remained substantially the same.

### **Criteria for Success**

The above means that one of the criteria for success in organisations of all kinds is a willingness to adapt to change. Not only have older practices with patient card systems given way to computerised practice management systems, but those dentists who fight such change risk being swept away like the blacksmiths shops of one hundred years ago.

Change is not new. The Roman Empire existed for many centuries because of the quality of its organisation and the ability of the Roman Army to adapt its technology and tactics to consistently defeat its enemies in battle. The rate at which ARB Corporation continues to adapt to its environment suggests that it will be a substantially different business in twenty years' time.

### **Organisational Limits**

It's surprising how some organisational concepts remain the same. The smallest unit in the Roman Army was an eight-man section with ten such sections to a century (a centurion commanded eighty men, not one hundred as is commonly supposed). In today's Australian Army the infantry section is eight men! While the technology of its weapons and equipment is vastly different to that of the Roman Legions it does suggest that there is a sensible limit on the most basic supervisory unit in a workplace. In the case of dentistry, since the owner of a dental practice is invariably also a busy practising dentist within it, the span of control of that owner may effectively be limited to the chairside assistant, the receptionist, a part-time bookkeeper and one or two employed dentists or hygienists. Many years of perusing data from practices and discussing practice performance with dentists suggests that when a proprietor dentist's span of control gets larger than this, the work output in their own surgery declines. At a certain point they risk their own output being consumed by management and administration. This occurs whether or not they have a staff member enjoying the title of practice manager.

### **Can Dentistry Adapt to Corporatisation?**

That's a bit like posing the question of what would happen to the modestly sized ARB Corporation's brands if a top 20 sized company took it over. There are many examples of smaller businesses having their product quality substantially diminished on takeover. One example is in the confectionery industry.

Many of the confectionery brands which became household names in Australia were once higher quality products manufactured by small family-owned and operated businesses. These include products like McRobertson's Cherry Ripe, Small's Club Chocolate, Hoadley's Violet Crumble bar, Sweet Acres Minties etc. The businesses which produced them and a host of related products were progressively acquired by the multi-nationals Cadbury's and Nestle, who were more interested in aggregating the brands than in maintaining the integrity of the original products. The size, shape, tastes and presentation of some products have been sacrificed in order to fit into the product lines, standardised packaging, distribution, price points and cost of production criteria of multi-national owners. The Club Chocolate we buy today is different to the Small's Club Chocolate of fifty years ago. Almost nothing is sacred in brand management land.

In the case of dentistry, the unique culture and personality of dentist owned and operated practices, which instinctively reaches out to the practice's patient base, will be slowly and inevitably subsumed into a corporate set of rules. This streamlining will inevitably depersonalise practices.

Fast food chains are universally recognised as being inferior to established niche restaurants. Most of us patronise one or two favourite Greek, Italian, Turkish, Vietnamese, Chinese, Indian or Thai restaurants. Inevitably they are family owned and operated, and they recognise and value their regular customers.

The lesson here is that traditionally owned and operated dental practices will endure over corporate practices, with the corporates inevitably trending towards a standardised fast food marketing style, while private practices will continue to form enduring relationships with their patients. Just as nobody has succeeded in corporatizing the better end of the restaurant business in Australia, corporatisation will prove equally ineffectual with respect to providing quality dentistry long-term.

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