



## DENTAL NEWSLETTER

July 2016

### Michael Ryan – Australian Dental

Many years ago, Michael Ryan sought a meeting with me prior to the formation of Synstrat. It would have been about 1992. He told me he had a great business supporting vets and dentists. During the meeting he was only able to identify one veterinary practice which he claimed to be a client. That was a small practice on the outskirts of Melbourne. He was married to a dentist so maybe he had two clients. What he had to present didn't grab my attention.

Fast forward about three years and he telephoned me at Synstrat, wishing to tell me about his 'veterinary network'. I asked him how many veterinary practices he had in his network and he said he had 25. I agreed to meet with him and his partner, but under close questioning the 25 dwindled to 'about to launch'. He also bragged about a successful trial he had had with one of Melbourne's best-known vets. After the meeting I rang the vet, who was personally known to me. He told me he'd tried their display stands in his waiting room, and didn't see value in them.

Synstrat advised veterinary practices to be cautious in dealing with Michael Ryan's business, which was known as Petsfirst. I watched its development from a distance. At its height it dealt with about 13 practices. However, once it set out to buy those practices rather than charge them for a marketing service, the practices deserted.

It pitched to a wealthy group of investors, telling them it knew how to acquire practices and run them profitably. The investors became disenchanted with performance and severed the relationship. A liquidating accountant told me he was liquidating the Petsfirst group. That didn't surprise me.

A while later I was guest speaker at a dental study group dinner in Melbourne. A dentist asked me about Michael Ryan, who had approached him. I commented briefly on his involvement with vets. Despite periodic whispers, I've never seen significant evidence of either Michael Ryan or an organisation associated with him making a significant impact in the dental world.

Many years later I note that Michael Ryan is writing to dentists as CEO of Australian Dental, telling them what he/Australian Dental can do for them. His communication is made up of fluffy words, but it is uncertain as to what is actually intended.

At the bottom of Mr Ryan's correspondence to dentists appears the name of a company, Australian Dental Holdings Pty Ltd. A search of that company indicates it is

owned by another company, Strategic Equity Alliance Pty Ltd of 59/1 Arbour Avenue, Robina Qld 4226, and a search of that company reveals it is owned by another company, Whitehorse Investments Ltd of First Floor, B&P House, Lini Highway, Port Vila, Vanuatu.

My instinct is that dentists should take extreme care in evaluating any opportunity presented from this source.

**Graham Middleton**

### Independent Financial Planning and Life Insurance for Dentists

Synstrat is experienced at providing financial plans for dentists. These take into account dental practice profitability and benchmarks, as well as ownership of premises and other family assets and other financial issues. Telephone Graham Middleton, Cameron Darnley or Roger Armitage, each of whom are experienced financial planners, on 03 9843 7777. Cameron can also assist with life insurance. Synstrat Management Pty Ltd holds its own licence. It is not obliged to recommend the products of a particular bank or insurance company.

### Good News Story

A long-established Perth dentist refused to sign a preferred provider agreement, and also advised his younger associated practice owner to avoid doing so. His receptionist has diligently explained why other, smaller health funds are superior and over a number of years the practice has weaned itself of patients belonging to the dominant preferred provider threatening Perth dentists. That provider has forced down rebates to dentists and, at the same time, removed some treatments from the approved list. It is possible for dentists to shake off the shackles of health funds which misuse their dominance in the region to the disadvantage of both patients and dentists.

It is not hard to demonstrate to patients that extras cover provided by dominant health funds rarely provides value for premiums paid.

There are of course many practices elsewhere in Australia which have effectively avoided becoming entangled with health funds, including a cross-section of Australia's most successful and profitable dentists. A common denominator is that the practices are conducted by dentists with excellent interpersonal skills.

Dentists who are threatened should seriously consider joining **Independent Dental Network (IDN)**. IDN will provide dentists with the tools they need to fight predatory health funds.

Contact [merv@independentdentist.com.au](mailto:merv@independentdentist.com.au)

Synstrat has no financial interest in IDN other than the fact that many of our dental clients are threatened by the tactics of health fund insurers, and we wish to see them insulate their practices.

### Pass it on

If you have friends in a dental chat line or a dental study group who are not receiving our newsletter, please email it to them. If they wish to be added to our distribution list, they may contact [annie@synstrat.com.au](mailto:annie@synstrat.com.au)

### Ex-ACCC Boss Blasts Health Insurance Sector

Graeme Samuel, former Chairman of the ACCC, is quoted in the Australian, 9 June 2016, as saying 'Health insurance policies make mobile phone plans look like a walk in the park. There are about 20,000 variations in policies, and everywhere you turn in the health industry there are rent seekers whose livelihood depends on the asymmetry of information, which means that providers know everything and the consumers nothing.'

Samuel is also quoted in the Australian Financial Review as saying the health insurance industry must reform itself or die, as consumers cancel or downgrade policies. He notes that comparator websites are covers for commission-based sales of replacement policies.

There are regular articles in the financial press all pointing to huge problems with private health insurance. Dentists know that health insurers pay out only 78 cents in the dollar of their extras premiums, which covers about 54% of actual costs. The insurers have become expert in short-changing members whilst abusing their relationship with dentists.

The ADA officials who, in past years, lobbied the government to create more dental schools and dental immigration, led to a huge surplus of dentists and the inevitability of some dentists signing on as preferred providers in order to get work. This weakened dentists vis-à-vis health funds. We wish the current ADA President success in turning back the tide.

### Land is the Key

There is mounting evidence of weakness in the market, with apartments reselling at significantly below off the plan purchase price. The key to property values is land. With a good-sized block, there is the option of extending or knocking down and rebuilding. These options don't exist with apartments. Long-term capital appreciation is poor to negative.

### Everybody's Going Electronic!

Help us to save the planet by electing to receive the Dental Newsletter by email. In addition to the newsletter, information not provided in the newsletter is periodically emailed to dentists on our distribution list. Please email [annie@synstrat.com.au](mailto:annie@synstrat.com.au) to register your email address, and advise the postal address we currently send your newsletter to.

### Crash Craddock vs Eddie Cool: The financial ups and downs of two talented dentists

Read *Synstrat Dental Stories* (page 122). To obtain a copy of this publication written by Graham Middleton, make a tax deductible donation to the **Delany Foundation**, a charity which brings hope and opportunity into the lives of young people deprived of education in Australia, Papua New Guinea, Kenya and

Ghana, including medical aid and meals to enable kids to participate in learning.

The charity is administered by volunteers, and hence every dollar collected is spent on those in need. Once you have made your donation, please email confirmation of your donation along with your postal address to [annie@synstrat.com.au](mailto:annie@synstrat.com.au) and a copy will be sent to you. Donations can be made by mail to:

Delany Foundation  
PO Box 429  
Casula Mall NSW 2170

Or via direct debit to the Delany Foundation Ancillary Trust, BSB 062 784 CBA account number 4050 5402. Should you have any difficulties, contact Matthew Mahoney on 0419 202 787 or 02 9600 8184.

*Also available free on request: **Buying and Selling General & Specialist Dental Practices** (booklet size) and **50 Rules for Success as a Dentist** (booklet size).*

### Synstrat Dental Practice Valuations

Synstrat is the only accounting group in Australia which maintains an active, continuously updating database of dental practice benchmarking performance. This is essential in assessing features of a practice. As accountants to many dentists we also witness the finalised purchase and sale agreements, and this is a critical tool in assessing the market. Telephone David Collins or Graham Middleton on 03 9843 7777.

### Destruction of Dental Goodwill by Health Funds

With some powerful health funds reducing dental payments by 10% and freezing them, dentists who are preferred providers to those funds will see their goodwill being systematically destroyed as costs rise and fees are frozen. If you don't act quickly to save your practice, both the goodwill and your autonomy will be destroyed.

### Tips

Copy articles from Choice's website re health insurance and make them available in your waiting room. Patients who ring health funds get told to switch to a preferred provider of the fund's choice who may well be an inferior dentist. Given them authoritative third party opinion to plant the idea that they should ask your receptionist what they should do.

Visit [www.synstrat.com.au](http://www.synstrat.com.au) for more information on these topics.

THE SYNSTRAT GROUP ARE AUSTRALIA'S MOST  
EXPERIENCED DENTAL PRACTICE BUSINESS  
ADVISERS, FINANCIAL ADVISERS, ACCOUNTANTS  
AND VALUERS

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