

## Consolidation in the dental industry

Industries consolidate from time to time, generally once in a lifetime, transforming from primarily independently owned, sole practitioner-owned and operated business units to an increasing number of groups of business units. We will call these “group practices”, being groups of dental practices under common ownership and/or common business management.

There are all sorts of different types of group practices. In some cases, an individual dentist simply buys more than one dental practice, often as an investment. In other cases, dental practices “affiliate” to take advantage of bulk buying of dental supplies and other such cost savings. In yet other cases, there are Dental Management Service Organizations (DMSOs) as described by the American Dental Association (ADA) in ADA literature dating back to 1999.

This trend to consolidation began in earnest in the US in the 1980s and, as is generally the case, this trend increased in intensity in the 1990s

and into the 21st century. It continues today. Along the way, the dental industry in Canada began to consolidate, although not everyone yet recognizes this trend in Canada.

Consider the following quotation from the US from Advanstar’s *Dental Products Report* of July 29, 2009: “Group practices are growing 20% per year and we’re going to see that number continue to rise.”

And look at the description of an upcoming Panel Discussion at the 2010 Convention of the American Academy of Dental Group Practices (AADGP) entitled *What’s Next for Management Companies and Consolidators?*, as follows.

“One component of group dentistry that garners considerable interest as well as its share of controversy is consolidation or corporate dentistry—various business models which merge or combine practices into corporate or partnership networks. The goal of these organizations is to drive growth by providing the benefits of large scale economies in marketing and management without sacrificing the personal nature of doctor/patient relationships or the pride of ownership that motivates many dental professionals.”

Finally, read the following less current quotation from the American Journal of Public Health of the American Public Health Association.

“We believe that the monopoly currently enjoyed by traditional practice is going to change dramatically in the next 10 to 20 years. Competition in the dental marketplace will increase with many new forms of dental delivery taking a portion of the action. Those forms of dental practice which can control costs and increase accessibility and quality will undoubtedly gain the competitive edge and, at the same time, make the most significant contribution to the overall oral health of the American public.”

Like it or not, the dental industry, including the dental industry in Canada (albeit somewhat later than in the US), is in a once-in-a-lifetime consolidation process.

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### Announcements

Fine Touch Dental is pleased to announce that its second Annual Convention will be held in Ottawa on Friday, December 11, 2009.

Fine Touch Dental announces that the new, revised version of its Web site: [www.finetouchdental.com](http://www.finetouchdental.com) is now up and running.



**Group practices are growing 20% per year and we’re going to see that number continue to rise.**

## Consolidation (continued from page 1)

At Fine Touch Dental we were aware of this trend since before we began our formal business management planning a decade ago. We realized, for example, that most of the group practices were “corporately owned”, either by a single dentist, a few dentists acting together, a DMSO, or other types of corporations. While that may be fine, at Fine Touch Dental we took a different, indeed a unique approach (we refer to it as a “Rolls Royce” approach). Consider the Fine Touch Dental Mission Statement in the box below:

### Mission statement

To acquire, through a dental colleague, the best possible dental practices from Retiring Dentists and to Transition the patients of each dental practice to one or more Associate Dentists and, after the Transition is completed, to sell the dental practice in whole or in part to one or more Associate Dentists under a comprehensive, ongoing dental practice management arrangement.

This Mission Statement and the thoughts that underlie it are key aspects of the Fine Touch Dental approach, as follows:


1. Fine Touch Dental is a dental practice “business” management firm. We do not become involved in the management of dentistry. Only dentists should do that and, indeed, in most jurisdictions only dentists are authorized to do that... and this is as it should be.
2. Successful Associate Dentists are destined to become the Practice Owners after the Retiring Dentists transition their patients. At that

point, Fine Touch Dental continues as the dental practice business manager, bringing to the practice the ongoing and significant benefits of being part of a group. And when the Associate Dentists become Practice Owners, they do so with a good appreciation of what Fine Touch Dental business management really is because they have been part of it from the day they were first engaged by our dental colleague to the day they become a Practice Owner (the “test drive” period as we call it).

Compare that to DMSOs and other corporate arrangements. They tend to be “corporate” from beginning to end. Associates generally remain Associates for life and, to that extent, are never motivated by the pride and responsibility of ownership.

Compare that corporate approach to the approach of dental practice management consulting firms.

Generally, management consulting firms (or, more precisely, their dental colleagues) never own a dental practice, not even for a transition period. Therefore, they tend not to have sufficient control, even for a while, to put the best management practices into effect. Many examples and stories abound, for example, as to the difficulties dental staff tends to have running back and forth between their employer (the dentist), and the management consulting firm, (the hired help).

Enter Fine Touch Dental, with a unique hybrid of the two approaches described above and, we submit, the very best of both... indeed the Rolls Royce approach to the dental industry consolidation presently underway. 

## Fine Touch Dental® 2009 annual convention

Fine Touch Dental is looking forward to its second Annual Convention, held in Ottawa on Friday, December 11, 2009.

Particulars of this year’s Convention are being delivered to all invitees which, this year, includes at the working sessions not only Fine Touch Dental personnel, Master Licensees of the Fine Touch Dental system from other parts of Canada, Retiring Dentists, Associate Dentists and dental hygienists, but also all dental practice staff.

One reason for including dental practice staff at the working sessions this year is the subject matter of the main Presentation, commencing at 1:00 pm.

This year’s Presentation will be made by a most prominent firm in Canada on most matters relating to dental practices, namely the Hill Kindy Group, more particularly Derek Hill and Mary Ann Kindy. We are most fortunate to have such prominent Presenters coming from Southern Ontario. In the box is a brief bio of the Hill Kindy Group.

The topic for the Hill Kindy Presentation is Referral Marketing, often referred to as Internal Marketing.

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## Annual convention (continued from page 2)

As you read the leading textbooks and articles in the dental field and speak with leading dental industry thinkers, it becomes readily apparent that, in the marketing of dental practices as they expand their patient base, the most effective and important method by far is Referral Marketing.

Having existing patients refer other patients to a dental practice is both an art and a science and, if effected well by the entire dental practice

team, can have more impact on the growth and success of a dental practice than most or all of the other available marketing activities, techniques and approaches combined.

The key phrase in the preceding paragraph is “effected well by the entire dental practice team”. That is why the entire dental practice team of each dental practice managed by Fine Touch Dental is invited to this Hill Kindy Presentation.

Referral Marketing is something that must be thought through by the entire dental practice team and effected in a planned and concerted manner. Surprisingly, Referral Marketing usually isn’t done in anything like a thoughtful, planned or concerted manner. More commonly, it just sort of happens... or simply doesn’t happen at all.

Indeed, as with many other aspects of dental practice management, it’s simply ignored. Why? Everyone is busy, the dentist is working with patients on a tight schedule (and probably dislikes management anyway, even if there were time for it or time were “made” for it). Besides, there’s lots of work today so there will probably be lots of work tomorrow.

No, the rationales (excuses really, not reasons) are many for ignoring the most important feature of dental practice marketing, namely Referral Marketing.

That is not the case, however, at Fine Touch Dental. Hence the seminal Presentation on this critical topic at this year’s Annual Convention. **ft**

### The Hill Kindy Group - Derek Hill & Mary Ann Kindy

Derek Hill, through The Hill Kindy Group Inc. and Hill Kindy Practice Sales & Realty Inc., specializes in dental practice consulting, appraisals, and sales, including the personalization and execution of Transition or Stepped-Sale Strategies.

Derek is a chartered accountant and a business broker. Since leaving public practice over 25 years ago, Derek has been providing services exclusively to the dental community.

Derek’s partner, Mary Ann Kindy, C.M.C., is a co-founder of The Hill Kindy Group and specializes in providing associate placement and integration services to dental professionals. She has developed a reputation as one of North America’s most effective practice management consultants and personal coaches.



## The Mentor’s Corner Dr. Clarke Webster

Just one short year ago, in the Fall 2008 - Winter 2009 Edition of the *Fine Touch News* published in advance of the First Annual Fine Touch Dental Convention, I wrote the following:

*A key component of the Fine Touch Dental Transition Program is mentorship for all Associate dentists. The aim of the program is to facilitate the patient transition process to enable*

*the Associate dentist to assume increasing day-to-day responsibilities of patient care.*

I want to echo those words in this Fall 2009—Winter 2010 Edition published in advance of the Second Annual Fine Touch Dental Convention this December in Ottawa.

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# The Mentor's Corner (continued from page 3)

During the past year, mentorship has remained a key component of the Fine Touch Dental Transition Program under the Fine Touch Dental Mission “to acquire carefully selected dental practices of retiring dentists and transition them to the next generation of Associate dentists”.

At this time I am pleased to announce, just after the release of Version 5.0 of the significantly revised and improved Fine Touch Dental Operations Manual and the attendant Office Manual, substantial improvements to the Fine Touch Dental Transition Program and, more particularly, the Mentorship Program that constitutes a central part of each Fine Touch Dental Transition.

The dental practice in which I have been actively practising dentistry over the past years, the practice we refer to as P5, now has a fine Associate Dentist actively in transition on a full-time basis. As a result, much of my time has thereby been set free... a wonderful time, actually, in my own extensive career as a primary dental practitioner.


Therefore, over the next little while, P5 will no longer be occupying much of my time and I will be in a position to spend more time in mentorship with Associate Dentists in the growing number of other dental practices under Fine Touch Dental management.

While it will be with some mixed feelings that I will no longer deal as directly with individual patients at P5, many of whom I have come to count as friends, I look forward to the challenge of working more closely with enthusiastic individual members of the next generation of dental practitioners as we work together to transition the patients of their dental practices and as they too take primary responsibility for the care of their patients over time.

In addition, and because I do not wish to relinquish the active practice of dentistry completely at this time, I will be working from time to time and in varying degrees in a supporting role in various dental practices managed by Fine Touch Dental, practices still in transition, including new dental practices as

they come under Fine Touch Dental business management.

I look forward to that new challenge because it will bring me closer to that next generation of fine Dental Associates on a more regular and more intensive basis.

And so, as we must in life, we move onwards... 

**Dr. Webster** is a graduate of the University of Toronto, faculty of Dentistry. He has made post graduate continuing education a priority in order to be current with all the newest and most advanced concepts in dentistry. Dr. Webster has received advanced training in sedation dentistry, TMD/TMJ bite disorders and all aspects of restorative dentistry, such as whitening, bonding, veneers, ceramic crowns, inlays, and mercury free dentistry.

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## Events

- Fine Touch Dental® Second Annual Convention  
Friday, December 11, 2009



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