

**FOR DENTISTS SEEKING TO MAXIMISE THEIR  
PATIENT RETENTION AND RE-APPOINTMENT  
RATES**

# **Love Thy Patients**



**A plain English guide to your patient  
retention, and reappointment recall**

**JAN GRAY**

**Australia's Most Trusted Authority on  
Dental Practice Preparation, Sales, &  
Patient Management**



Love Thy Patients

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## Preface

### Love Thy Patients

*Why do we need to have reappointment and recall effectiveness?*

First things first. I am so glad you have taken the time to consider *Love Thy Patients*. Hopefully it will help you to understand why reappointment and recall effectiveness rates in a dental practice are so important.

I have tried to write this guide in such a way as if we were sitting down and discussing the subject. Over the past 40 years I have found that people generally like complicated issues to be explained in plain English. As a client said to me one day: “Don’t fluff it, up just tell me how it is.”

The issue of reappointment and recall effectiveness is one of daily concern to me, and that’s because in this job I perform two related functions.

The first is to ensure dental practices are both “best in their class” as it were, and also exit ready for sale at any time.

At some stage in your career, you will find yourself in the position where you will want or need to sell your practice. The sale process takes time, including an average of three months just to get everything to enable us to make a final decision about actually putting the practice on the market. So what happens if you don’t have that time?

Over the years, I have been involved in many cases in which an urgent sale was needed but we had insufficient time to really do the practice justice. Naturally this was reflected in the sale price. As the saying goes, *“Every time a coconut”* and you can count on that.

The second function is advising dental practices in reappointment and recall effectiveness. “We need new patients” is a plea I’ve heard from virtually every practice principal I have met during my years in this industry. When I reply by asking about their existing patients the answer has usually been the same: “No worries, they’re under control”. Then I suggest we look in their appointment book and lo and behold, there are gaps everywhere.

As you will appreciate, these two functions overlap quite a bit. So, with that in mind, and understanding that both issues are widespread, I am going to help you to understand how they may be dealt with.

Understand too that you’re not alone. Any business that relies on return or repeat custom – legal, accounting, retail, and 1000 others – all grapple with these same difficulties.

So, let’s journey through the next fourteen chapters to see if we can make sense of it all, and maybe come up with a workable plan at the end.

## **Introduction**

In my life before the dental industry from the early 80s through to the 90s, I managed 75 sales managers who in turn managed 1,400 life assurance sales people throughout Australia. Because the average life assurance consultant with five years' experience has about 500 clients, we are talking about 700,000 clients in total, and I can assure you these guys did everything possible to maintain close contact with their clients.

Why? Because they knew from experience that if they met each client just once a year, and increased the value of their life assurance policies by 15 per cent, their budgets would stay on track all through the year. It was a "soft sale" because they knew each other, and best of all they often received referral business.

Let me tell you, the companies spent absolute millions on educating these guys as to the importance of recall effectiveness (although it wasn't called that then). These people did whatever it took to keep their clients: cards, flowers chocolates and anything else that came to mind, all in the name of staying in touch. They were the best in the world at it.

My own client base of 2000 was nurtured over 20 years to over 700 million dollars in life assurance death cover, key man, partnership, buyout, estate duty, and so on. They were gold to me, and earned a nice income, year in, year out.

The interesting point here was that clients were categorised into three types: A, B, and C. It was about moving them all up to A, and as you moved one you filled that hole with a B, and when the



C moved up you found a new one and started over. Simple but most effective and it's still the same today.

When my wife and I created “The Drill Guys” in 2000 we had no clients, but we did have an idea of what the dentists wanted. That was a better handpiece repair experience. So we started to deliver a unique service whereby handpieces could be repaired in the surgery car park using a world-first mobile repair service vehicle that enable a 40-minute turnaround and revolutionised business for our 3,000 dentists.

Over the next 10 years – and we were not the cheapest out there either – we also introduced another world first: our free handpiece maintenance programme. The interesting thing was we maintained that growing data base until we sold the company in 2013 because we offered a full service with no questions asked, and if there were any problems they got fixed. To achieve total transparency, we created newsletters and emails and contacted the whole data base every six months by telephone or in person. We had a custom-built customer-relationships management (CRM) that had a recall management system built in, but it was only as good as the users, we still had to drive it to get the job done.

So, not much has changed over the years. We face the same problem of how to effectively stay in contact with our patients or clients. The funny thing is, we still must address the same issues. If only we could automate, all would be well.

## **Chapter 1**

### **Patient Retention and Databases**

Before we get going, let's first have a quick look at patient retentions and databases, and then move on to reappointment and recall effectiveness rates.

One recurring issue I have found in every dental practice is the size of the data base *vis a vis* the appointment book. All astute buyers – including corporates – ask to see the appointment book first, and I can tell you many deals have been lost at that point. But why should that be?

Because once you open the appointment book and see empty spaces everywhere, the buyer will inevitably ask why that is so, especially when you have such a large data base on your patients. There are two possible answers this, and neither are very good. First, the practice doesn't invest much time on patient return rates. Second, the standard of dentistry here doesn't give patients any incentive to return.

These are major issues that don't not get the attention they deserve. Too often the practice is overly concerned with getting new patients, while paying no attention to hanging on to those it already has. Lack of follow-up means lost revenue.

You will find there are plenty of consultants out there offering to fix these issues, but in my experience prevention is more cost-effective than cure.

There is no universal fix because each practice is unique. There are, however a basic set of rules that can, when implemented, produce an increase of 30 to 65 per cent in activity and revenue.

### ***A true story***

One of my clients owned a four-chair practice that was over 40 years old. The staff included the principal, one full time dentist, a hygienist, and support staff. The practice had over 25,000 patients on Dental 4 Windows, yet they were about to embark on an advertising program informing the local community of their new opening hours and enhanced services, even though the surgery was running at only 25 per cent of daily capacity. This begs the question: *Why would you tell the world when you haven't informed those on your own data base first.*

Another incentive to act on these is that most email or SMS providers will penalise you if your database is not clean and kept up to date. But by completing the comprehensive practice review and analysing the data in front of us, we could easily decide where to make relatively inexpensive changes that would still produce greater revenue and activity for underemployed dentists.

By employing some contract telemarketers, we fixed the problems in record time without taking any staff away from their day to day functions in the practice.

This was a top priority that would make a difference of \$500,000 to \$700,000 in increased revenue. We had the capacity to absorb the extra work, and fill the empty holes in the appointment book, thus eliminating a potential major negative for possible purchasers. The extra revenue was well received and added \$400,000 to the practice value.

The telemarketers were given a script which told the patient we wanted to update our files and stay in closer touch in future. Virtually all were agreeable, and there was no resistance to providing the information needed. A noticeable knock-on effect was that many patients contacted made appointments. All it took was that little contact to start filling in the gaps in the appointment book.

Over the next few weeks we updated every patient's file with changes of email and residential address, created an email newsletter that was accepted by 85 per cent of patients, and purged the system of "dead files". We also set in train future campaigns to engage more actively with the patient base.

The entire process cost less than \$20,000 and was implemented and completed in two months. The next six months produced increased revenue of \$475,000, with day-to-day income continuing to grow. The principal and his

staff have been really energised by the improved numbers, and the likely sale price for the practice is much higher than it was six months ago.

So, the take home messages from this tale are:

1. Complacency can cost you a fortune; and
2. Having the right team both in-house and outsourced means everyone can pitch in, see the bigger picture, and work towards achieving great outcomes.

## **Chapter 2**

### **What is the reappointment and recall effectiveness rate?**

Essentially, reappointment and recall effectiveness relates to how well you manage your customer base. Nearly every dental practice has some sort of recall management system that allows it to keep in touch by post, text, email and phone. The system is intended to give the practice an effective “call to action”, thus facilitating an increase in recall effectiveness, which some accounts suggest runs as high as 80 to 85 per cent.

Whether those figures are true or not, someone still has to do something to make it all happen. Just because you send an email or SMS doesn't mean that's the end of it! People don't just turn up on the day and say: “Hi I'm here”.

Most Australian and overseas practices tend to be understaffed. Consequently, most staff don't have time to do the necessary follow-up. Larger practices may have this covered, but the majority – the one-to-three chair surgeries – don't. So, what are the answers? First, we need to consider what we are really looking at in order to better understand the entire matrix. We're going to create a hypothetical surgery.

It's privately owned in affluent Sydney suburb 40 kilometres to the city and has been operating for 26 years. There are five chairs and the fit-out was remodelled three years ago. All rooms have both digital X ray and digital OPG plus vista scan for phosphor plates.

The Management program is Dental 4 Widows, and the staff comprises one principal dentist, one full time dentist, one part-time dentist, two full time dental assistants, and two full time administrative staff.

Available services include general dentistry, preventive care, cosmetic dentistry, crowns bridges, and ceric, invisalign. The patient base is 23,000.

Staff	Annual revenue	Patients seen	Averaged fee
1 principal dentist	\$787,500.00	2,250.00	\$350.00
1 full time dentist	\$475,000.00	1,461.00	\$325.00
1-part time dentist 30hours P/T	\$235,000.00	723.00	\$325.00
Total	\$1,477,986.00	4,434.00	\$333.33

The principal tells me he wants to spend about \$7,500 on advertising for new patients, which is typical for the average practice. There are 50 hours in the working week (including five on Saturdays). This could mean an average of 45 minutes plus 15minutes administrative time to make one hour per hour per appointment per doctor.

If the principal dentist increased his load by just five patients per week, and had 50 appointments for the week, revenue from the extra five patients would equal \$1750 or \$87,500 per 50 weeks or 250 patients per year. The other two dentists would also increase their load and take home extra fees.

	Annual revenue	Patients seen	Averaged fee
New total	\$2,166,645.00	6,500.00	\$333.33

The extra 47 patients seen add \$677,500 to the practice annually, or \$13,550 per week, and we still have two chairs free. We have an idea to fix that issue further on.

Consider this for a moment: we have 23,000 patients supposedly in the data base, and we have seen 4,434 patients during the year so there are 18,566 we haven't seen during the year. Assuming an attrition rate of 10 per cent, that leaves 16,266. Why then would you want to spend \$7,500 on advertising for new patients?

### ***The empty chairs***

Now that we have things moving a bit let's get this practice rocking big time! Spend the \$7,500 on finding some new staff. Let's say two hygienists and another support staffer whose job will be to get the patients in the door. We will add another 35 patients to each of the hygienists, which in turn will generate more procedures for the dentists.

Assuming a visit to the hygienist costs \$145.00 and it takes 60 minutes per patient, if each hygienist works 35 hours per week that means \$5,075 in increased revenue.



	Annual revenue	Patients seen	Averaged fee
New total	\$2,862,500.00	10,000.00	\$286.25

That extra support person was the best investment to assist behind the hygienists because we can now have them manage the data base.

So, there is now a fully operating surgery turning over higher revenue, and still with a deficit of patients – now only 4,200 – we can’t handle. Moreover, we have yet to discuss the referral program. *The extra bonus here is the practice has just trebled in value!!!*

## **Chapter 3**

### **Do I have your attention?**

We need to step back a bit and consider what's going on in the average practice. From all the research that is available, reappointment and recall effectiveness is worse than is generally portrayed. The 85 per cent figure does not bear close scrutiny in most cases, and usually applies to practices that are less than three years old in my understanding.

I know from first-hand experience that some practices have less than a 30 per cent recall rate, and it doesn't take Einstein to work out where that is going to lead to. The real question is: why is it left to fester like that? I don't for one minute believe that it's because these practices are not doing a good job.

Let's focus on an established two-to-three chair practice that's been around for a long time. Perhaps they have new owners, or maybe the present owner is getting close to retirement and is slowing down. Be assured, I see this all the time.

The sad point in those cases is that the principal has been looking after their patients forever, and a lot of times there's upwards of three generations going there. But as time goes by people move away, some die, others find dentists offering better prices or more complex dental care.

## **Chapter 4**

### **Who's running the show here?**

One of my clients recently bought an old 2-chair practice, totally gutted, and rebuilt it from the ground up, spending over \$650,000. When I met them, they had 6000 patients migrated over to D4W and had an advertising program in place that produced 350 new patients in the last year at a cost of \$8,000. When I showed him the cost per new patient was \$22.85, he fell off the chair.

Now bear in mind this was a second practice owned by my client, and he didn't work in this practice personally but he did visit it regularly. He wanted to sell because it was too much effort for too small a return. We discussed the whole patient issue. Because there were 4-part time dentists working an average of one day per week each, and combined they had seen 2000 patients for the year, this two-chair practice had a vacant chair every single day of the year. The doctors didn't want to work anymore than that, at least not there. But what floored me during the conversation was when the principal informed me there were another 8,000 to 10,000 cards in boxes that hadn't been migrated over because support staff said it was too hard and too time-consuming, I looked in the appointment book and found holes everywhere.

Those cards had been sitting in boxes for over two and half years, and the chances were that most had gone elsewhere.

This was unfortunate because the practice was over 20 years old, so patients had been loyal to the previous owner for years. Incidentally, the previous owner was now one of the part time doctors.

The practice was bleeding, making just enough to cover overheads and give the owner a small profit. This was an example of the wrong staff dictating business practice. So before we could even begin to think about selling, or improving the patient recall effectiveness process, we needed to sort out the staff issues.

I suggested we meet with all staff to ascertain who was prepared to get behind the owner and his practice. In other words, to roll up their sleeves, start doing some proper dentistry, and build relationships with existing patients, rather than just considering the amount of their pay cheque. Let me tell you, it didn't go down well.

Three staff left, the old owner who was still there retired, and one stayed on, but under our new terms. We replaced the dental assistant and the receptionist, and found another dentist willing to work full time. We also employed three casual contract people to fix that data base and contact all those old patients. Within one month, the practice was buzzing with new attitude and activity.

Twelve months on, the practice has gone from a revenue base of \$475,000 to over \$1,000,000., there is a full-time

Client Liaison Manager, and 4,500 old patients have been saved along the way.

Now they are looking to add another chair, and to employ a hygienist. It is predicted that within another twelve months the practice will have a revenue base of more than \$1,500,000 and will hopefully see at least 75 to 80 per cent of their existing patients every year without spending any money recruiting new patients.

From a sales perspective, this practice now has a healthy net profit of \$600,000 to \$700,000 per annum, all because of robust internal structures and a marketing program that is totally focused on maintaining what they have now. And ultimately, it's all about focus.

## **Chapter 5**

### **Do hygienists bring patients back automatically?**

While researching information relating to hygienists in a practice, I came across interesting figures I thought worth examining. The information is from the USA, but is still relevant

When looking at the numbers of dental patients who are reappointed during their hygiene visit, the numbers are not so good. The data were collected from 12,500 practices by a major dental software company in USA.

#### **Number of dental patients reappointed to hygienist on average per month:**

- 2010 – 40.17
- 2011 – 40.08
- 2012 – 39.5
- 2013 – 39.17
- 2014 – 38.67
- 2015 – 41.92
- 2016 – 47.17

**Number of dental patients visiting / seen by the hygienist on average per month:**

- 2010 – 77
- 2011 – 76.67
- 2012 – 76.25
- 2013 – 76.25
- 2014 – 76.25
- 2015 – 77.83
- 2016 – 78.92

**Percentage reappointed of overall visiting dental patients:**

- 2010 – 52.17%
- 2011 – 52.28%
- 2012 – 51.8%
- 2013 – 51.37%
- 2014 – 50.71%
- 2015 – 53.86%
- 2016 – 59.77%

So what does all this mean for you and your practice?

Most practices that were asked responded that their reappointment effectiveness rate was 90 percent or higher, Obviously, these data don't support that, and it's probably

safe to say that most practices overestimate their reappointment effectiveness rates. If you look at the numbers, the trend is improving, and that's good news. I would say it's probably a function of dentistry's need to be more proactive with their patient base, which is essentially what we are talking about in this book.

I think the other concern these numbers demonstrate is that many new dental patients who come into the practice simply never come back. It would be interesting to look back over the previous three years to gauge what percentage of new patients eventually become returning patients, or what percentage of your new patients come in because of a special deal but never come back?

These are numbers that dental practices must know, and they point directly to the reappointment effectiveness statistics. This type of information should be tracked using D4W and the like.



## **Chapter 6**

### **Patient retention is the number one priority**

Over the last few years working with practice owners. I have become interested in the role hygienists play. Why do some hygienists produce more than others? Do they see more patients and/or do more procedures? Is the size of the practice relevant? Do the hygienists work longer hours? Is the team more dedicated and efficient? This is my take on the subject:

The hygienist's role and potential is huge, and it doesn't take much to create a hygiene department that is both clinically excellent and highly profitable.

Proven systems are available for maximizing hygiene. The first step is getting down to basic requirements and knowing the numbers. New patients are essential for practice growth and profitability, but a strong reappointment effectiveness rate and system determines the long-term stability of the dental practice.

Those practices with no system and no staff member responsible for patient retention consistently struggle to keep their hygienist and doctor schedules filled. The crazy part is that many of the "overdue" patients are the ones with the thickest charts of all. These patients know and trust the practice, and accept treatment recommendations.

My personal consulting experience demonstrates that most practices operate at a 40 to 50 percent rate of reappointment effectiveness rate and they don't even know it!

As I stated earlier, it often takes six months to a year before anyone even notices that the doctor and hygienists schedules have slowed or are, at best, very erratic

I had a doctor friend call me recently saying: "My hygiene department and patient reappointment rate recall are in dire trouble how do I fix it?" It seems to me, that what gets measured gets done. Here are some questions that may be used to monitor the health of patient retention (recall), to establish some benchmarks for your practice, or perhaps even build a hygiene department.

1. What is my core active patient base? An active patient typically is defined as one who has received at least two appointments in the past 18 to 24 months.
2. How many patients should we see annually to maintain this patient base?
3. How many hygiene days/hours do I need to meet core patient-base requirements?

A basic model would be: 1,500 patient's x 2 (twice per year recall) = 3,000 plus 250 new patients annually = 3,250 patients. Then multiply by 85 percent effectiveness to get a real number. Factor in an attrition rate because patients do leave the practice. The annual patients needed to stay healthy in reappointment effectiveness equals 2,762. Then factor in 20 percent to account for periodic and other specialist appointments.

Take the 2,762 patients and divide by annual hygiene days in the practice. For example, if there are 200 hygiene days per year, then 13.8 patients per day need to be seen just to maintain the reappointment effectiveness rate. You then can

begin to determine how many hygienists or hygiene hours you need to accommodate this patient volume. Run an initial recall-reliability formula and establish the baseline. Review every month to determine if you are on target. Do not wait until the end of the year to find out that half of your patients have not been seen.

Designate or employ a team member as patient retention (recall) coordinator. This person should be accountable daily for the full practice schedule, not just one department. Give them a nice title like Patient Liaison Manager. Report the recall effectiveness at your monthly staff meeting to ensure that you stay on target. It also helps morale when everyone knows they are winning.

Hopefully this concept will help you determine where things are or should be. You will notice the difference in practice activity and staff morale immediately, I promise you that much.

## **Chapter 7**

### **Retention and attrition: marketing to your patient data base**

It's all about caring. so, one more time lets go over this important chapter. The established patient base for any dental practice or group is never permanent and may not be as firmly established as you think. The process of improving reappointment and recall effectiveness rate is reliant on the internal communications skills of everyone who works there. Surprisingly, the essentials are all about caring.

In any dental practice, retention and attrition are always part of the marketing mix, and with both, the true question is: how much? It's obvious that you want a high retention and low attrition. Perhaps less obvious is that these factors can be measured so you know the actual score.

If you haven't done this lately, put pen to paper and calculate how many patients you are losing each year and compare that number to your active patient base to come up with your attrition rate. Of course, reasonable percentages vary by practice, profession and specialty. Also, keep in mind too that some attrition is inevitable, after all, patients die or move on all the time.

Once you have uncovered your attrition percentage, calculate or guess what that represents in lost revenue. It is one thing to say you have an annual 18 per cent attrition rate.

It is quite another to translate that into lost revenue and discover you are losing hundreds of thousands of dollars each year, when this could be reduced significantly.

Worse, remember that all your efforts to bring in new patients will be wasted if you end up with more patient attrition than you achieved in new patient volume.

If you achieve 15 per cent growth in new patient volume, but simultaneously experience a 20 per cent loss in your existing patient base, the net result is not in your favour.

Good businesses know that they cannot afford to take for granted the well-established relationships with existing patients in their quest for new. So how do you organize your processes in a way that ensures higher levels of patient retention?

## **Chapter 8**

### **Patient Retention Essentials**

In all businesses, upwards of 70 per cent of people who take their custom elsewhere do so because they sense an attitude of indifference. Their perception may not have been due to a deliberate slight or discourtesy, but the result is still the same.

In nearly all dental practices, the essential elements of interaction, improving retention, and reducing attrition are proactive steps to avoid creating the impression of indifference among your patients.

Below are several key elements I have identified that are vital to creating office procedures or processes that ensure higher levels of retention.

1. Every meeting is important. It's not just the first impression, and it's not just you or your staff. This includes when patients, are referred to other specialists you deal with, other practices that are referral sources, laboratories, and even insurance company representatives. Basically, it's everyone in your circle and everyone you have a relationship with.
2. Treat patients with respect. Successful practices sustain a culture of respect at all times, leaving no room for anyone to feel that they the

patient, visitor, or family member is an inconvenience or irritant.

3. Pay attention to their needs and concerns. You and your staff must pay attention to patient needs, and to really listen when they share their concerns with you. Taking the time to hear about the weather or how long it took to walk from the car shows empathy. Regardless of whether the issue seems trivial or irrelevant ... listen.

4. Anticipate problems and obstacles. Beyond reacting, it's also about getting ahead of the curve. If, for example, you have many patients who are members of a health fund that is about to change, a proactive strategy can have a big impact on patient retention. It may be out of your control, but it shows you have their backs.

5. Stay on schedule. Yes, it's hard, but reality trespasses. Staying on schedule or close to it is a major factor in retention, perhaps one of the biggest. There is a clear message of "indifference" that flows when people frequently experience long wait times.

6. Confirm appointments in advance. Reminding people, the day before an appointment is good office practice and calendar administration. Equally important, it lets people know that you respect

their schedule as well. A last-minute change is vastly better than a disappearing patient.

7. Reach-out when visits are overdue. Take the extra step of connecting with patients who have missed an appointment or were expected to return. A brief and simple reminder may be all that's needed, and usually appreciated even if you are inconvenienced.

8. Survey your patient base. If you have a high attrition rate, there are probably one or more reasons for it. You must find out what the problems are before you can fix them.

9. Establish and use a recall system in which you schedule the next appointment in advance, usually at the end of the current appointment. Regularly review your recall routine to be sure the process is proactive, and includes multiple contacts.

Your attrition might be a very expensive problem. It is not uncommon to uncover attrition rates that translate into lost revenue of thousands if not hundreds of thousands of dollars annually. In that event, it makes economic sense to engage expert help.

**Remember this is only part of the big picture, you still need to customize this to your own surgery.**



## Chapter 9

### The value of keeping the right customers

***Amy Gallo Harvard Business Review.***

*This chapter is a paraphrase of an article from Amy Gallo in the Harvard Business Review explaining the value of keeping the right customers.*

Depending on which study you believe, and what industry you're in, acquiring a new customer is anywhere from five to 25 times more expensive than retaining an existing one. It makes sense: you don't have to spend time and resources going out and finding new clients if you keep the ones you have happy. If you're not convinced that retaining customers is so valuable, consider research done by Frederick Reichheld of Bain & Company (the inventor of the net promoter score) that shows increasing customer retention rates by five per cent increases profits by 25 per cent to 95 per cent.

The bottom line: keeping the right customers is valuable. One of the key metrics in understanding whether your company is retaining customers is "the customer churn rate". But what exactly is that? And how to do companies use it?

To better understand this key marketing concept, I spoke with Jill Avery, a senior lecturer at Harvard Business School

and an author of *The Harvard Business Review's* (HBR's) *Go to Market Tools*:

Customer churn rate is a metric that measures the percentage of customers who end their relationship with a company in a particular period,” says Avery. Typically, the churn rate is measured by month, quarter, or year, depending on the industry and the product you’re selling. An annual rate is the default for most companies, but any company that prices products monthly (mobile phone service providers, gyms, and software as a service companies) looks at customer churn rate by month. Some other firms, those who have a faster churn rate or for whom losing customers is a big issue, will also look at it monthly.

Avery says that many executives prefer to monitor and report the churn rate’s opposite: the retention rate, or how many customers stay with the business. Whether you prefer to look on the bright side or mourn your losses doesn’t matter because both figures look at the same thing, although Avery says churn is used more often these days.

It’s not just marketers who look at churn, however. Many investors will use the metric to evaluate the underlying health of a firm. The higher the churn rate, the more they question the company’s viability.

So how do companies typically use it? “If I’m interested in keeping customers, I’m interested in understanding how many leave and the underlying reasons why they are ending

their relationship with me,” says Avery. Changes in a company’s churn rate could be a signal that something is working well (if the number goes down) or needs addressing (if the number goes up). The idea is that when you know that more customers or subscribers are cutting ties with your firm, you can work to adjust your marketing strategy or customer service approach. “Looking at churn rates by customer segment illuminates which types of customers are at risk and which may require an intervention. It’s a nice simple metric that tells us a lot about when and how to interact with customers,” says Avery.

Marketing managers will typically look at churn rate at a segment level: how many of our 18-25-year-old customers left this month, for example. But sophisticated, data-rich firms are also starting to look at the number on an individual customer level. In fact, the rise of big data is making it possible for firms to act more expediently and precisely on churn rates. “I’ve seen a lot of firms use churn rate to not only understand what happened in the last period, but also to predict what’s going to happen in the next.”

Avery points to HubSpot, a Boston-based firm that provides “inbound marketing” software tools to small and medium-sized businesses to attract prospective customers to their websites, as one of the more “sophisticated churn managers”. The company’s software is available to customers through the cloud so it can track real-time customer usage of its tools and features. “Churn is really

important to their profitability as a software-as-a-service business so the firm takes it seriously. When the economy crashed in 2008 and the company's churn rate shot up, HubSpot delved deep into its churn data to see what it could find out about which customers were more likely to leave and when. Using that analysis, the firm targeted customers they suspected might cancel and offered services, like extra training on features, to convince them to stay. They worked to eliminate road blocks to usage so that customers could unlock the value of the product," says Avery.

So how do you calculate it? Since churn rate is the percent of customers who end their relationship with your company in each period, calculating it is straightforward. You take the total number of customers who left your company during that period divided by total customers at the beginning of the period. As you can see, this is a lagging indicator, meaning you can only look back at what's happened, which is one of the metric's downsides.

We need to ask also what common mistakes do managers make when using it? Avery says that there are four principal mistakes companies make when looking at their customer churn rate. The first is "taking churn rate as a given rather than as an opportunity,". Jonah Lopin, HubSpot's vice president of services, summed up this problem well in Avery's HBS case on the company's development of a Customer Happiness Index: "By the time you see an increase in your churn rate it is six or eight months after the

point in time when you actually failed the customer. If churn is your only measure of customer happiness, then you're always six months too late to influence your future." HubSpot and many other firms have developed analytics and accompanying metrics to predict who is going to leave. "The most innovative firms are using churn rate analysis as an opportunity to get ahead of losing customers rather than just accept it," says Avery.

The second mistake that companies make is to look at churn as simply a number or metric rather than as an indicator of behaviour. The questions managers should be asking themselves are: What are we as a company doing to cause customer turnover? What are our customers doing that's contributing to their leaving? How can we better manage our customer relationships to make sure it doesn't happen? Dissecting what's behind the number will help you determine what to do to change it.

Third, many marketers believe there is a magic number. "The truth is that what's acceptable varies widely by business model and is largely dependent on how quickly and efficiently a company can acquire customers and how profitable customers are in the short and long term. Some business models thrive despite high churn rates and others rely on low," says Avery. Instead of fixating on a certain number, the best managers look at what their churn was last year and ask themselves how they can do better. "It's really a metric that shows how well you're managing your

customer relationships, and you can usually always improve your performance in that area.”

The final mistake is not seeing that often a high churn rate is the result of poor customer acquisition efforts. “Many firms are attracting the wrong kinds of customers. We see this in industries that promote price heavily up front. They attract deal seekers who then leave quickly when they find a better deal with another company,” she says. This was the problem many pointed out with Groupon’s business model. Those deals may have helped companies bring on new customers, but they were typically high-churning customers who didn’t stick around to make another purchase when a heavy discount wasn’t offered.

Before you assume you have a retention problem, consider whether you have an acquisition problem instead. “Think about the customers you want to serve up front and focus on acquiring the right customers. The goal is to bring in and keep customers who you can provide value to and who are valuable to you,” says Avery.

## Chapter 10

### **How much is a new patient worth to a dental practice? Here's what the data say**

With the last chapter in mind here are the statistics that relate to our world. A new dental patient is a valuable acquisition to a practice—more than \$4,000—according a study by from Sikka Software USA which has equal application to the Australian industry. The study provides an estimate of gross production per dental patient, based on seven years of data from more than 12,500 practices

#### **Figure 1: Average gross production per new dental patient receiving a comprehensive exam**

2010—\$4,190.34

2011—\$4,100.45

2012—\$4,118.59

2013—\$4,091.02

2014—\$4,016.19

2015—\$4,051.23

2016—\$4,220.25

**NB:** Gross production numbers were calculated from the ratio of average gross production to unique patients receiving comprehensive exams in the six months prior to most current month.

## *Analysis*

So how do we ensure that new patients come back and stay happy with your practice? I believe it comes down to five separate steps, starting with a new patient's first phone call to the dental practice.

When someone calls your practice, have your best communicator answer the phone. This person's position should be titled something like "Patient Liaison Manager". The first impression in a new patient is made over the phone, and as we know first impressions count. You must ensure that the practice has a script that is available to all staff so your message is consistent and everyone is singing from the same songbook.

It should prepare the patient for what to expect during the appointment, as well as well as the likely cost. Following the call, patient should receive a "Welcome to Our Practice" booklet by email or post gives an overview of the available services.

Now let's look at the appointment itself. There are "must dos" when it comes to new patients.

The Patient Liaison Manager should greet the patient with a handshake followed by a tour of the office and a brief interview. This last is to ascertain what brought the client to the practice, and who, if anyone, to thank for the referral.



Next is a quick introduction to the doctor and answering any questions the patient may have.

During the diagnosis and treatment plan, three things need to happen. Explain chairside what will take place during the exam. Inform them of “the left-hand rule” which allows the patient to raise their left hand if they have a comment or question during the appointment.

Decide as to whether the patient will need an additional consultation, such as six-month recall, hygiene, or minimal dentistry appointment.

Finally, there is the hand-off between the back and the front. A team member should escort the patient to the scheduling coordinator at the front desk to finalise the visit (including paying the bill) and scheduling the next visit.

The practice has several opportunities to build the relationship and create a loyal client. I would recommend that at one staff meeting each month the whole team perform a “dry-run” of a new patient visit from “go to whoa”, and perhaps have a team member video it. This can also assist the Patient Liaison Manager to continuously fine tune and improve client liaison systems over time.

**Once again, these steps need to be customized to fit your practice and culture**

## **Chapter 11**

### **How loyal are your patients?**

While every dental practice is unique, experience suggests there are three categories of patient's common to each. The first and best types of patients are the "raving fans". Based on the Ken Blanchard parable book, a raving fan is "a customer [or patient] who is so devoted to your products and services that they wouldn't dream of taking their business elsewhere, and they will sing from the rooftops about just how good you are."

The second group is "the attendees". They have been patients for years, but they tend to allow treatments to lapse longer than you recommend. They've never sent you a referral. When someone posts on Facebook that they are looking for a dentist or they overhear someone in the grocery line say they need a dentist, they probably won't speak up.

The third group are "vulnerable" patients. They range from unpredictable to indifferent. They see you when they have a problem, but don't keep to their treatment schedules. They are the least loyal of your clients, and can be wooed away by the latest gimmicks or lowest fees.

To answer the question posed in this chapter's title, let's look at a survey that dental educational and management

consultant Sally McKenzie, took of dentists who have an average of 22 years in practice.

Sally determined that most have far fewer loyal patients than they believe. She uncovered an average patient retention ratio of 31 per cent. This means that for every 10 new patients who visit a practice, seven never come back.

The solution to this problem is to create more “raving fans”. These ultra-loyal patients have a far better-than-average lifetime value. They continue to come back to your practice, and they accept your treatment recommendations. Just as importantly, they enthusiastically tell others how good you are whether that be in person, on social media, or on dental review sites. These clients play an important role in growing your practice.

### ***Reduce the lapses***

Let’s look at treatment acceptance. Examine how often your patients follow your recommendations and complete treatment. This is an important and often overlooked factor in patient loyalty. Lapsed patients are not loyal patients. They jeopardise their dental health, and are more vulnerable to attrition than patients who accept your treatment recommendations.

### ***Dental referral ratio***

A useful rule of thumb for most practices is that 75 to 80 per cent of new patients should come from patient referrals. Do

you know what percentage of your patient base comes from patient referrals? It can be calculated.

Look at your number of active patients. If you have 3,000 active patients and you get an average of 21 referrals a month, that's 249 referrals a year, and a ratio of 8.3 per cent. Of course, not all of those will become "raving fans". When you consider the number of new patients and referrals, you need, also to consider your attrition rate. For example, growth-minded dental practices of 3,000 active patients could set a referral ratio goal of 15 to 20 per cent, or 450 to 600 referrals per annum.

### ***Conversion ratio***

Patients who are referred should have a higher conversion ratio and accept treatment with greater success than those who are attracted to your practice by a direct mail campaign, internet marketing, or other method. These referred patients are already on the inside track.

Your data will reveal whether you have a stable of "raving fans". If you have a high volume of referrals, low attrition, and high patient treatment submission, it's almost certainly because you have the proper systems to create these results. If not, you can create more "raving fans" and boost loyalty by becoming more proactive, and creating systems that measure your activity.

## **Chapter 12**

### **Let's take another look**

Looking again at the practice we built in Chapter 2, a couple of major changes were made. First, we introduced added hours and work flow for all concerned which added significant revenue. Second, increased patient attendance from 4,434 to 10,000 in one-year reduced attrition rates and increased reappointment and recall effectiveness by near 100 per cent.

The additional two hygienists took on some of the lower paid, time-consuming work and freed up the dentists to concentrate on those activities that maximised revenue.

The hygienists could contribute to overall increased revenue by identifying issues and discussing them with patients. This helped them to sell follow-up appointments, and in most cases, advise the patient of the procedures they would likely need to undergo well in advance.

Employing a new staff member specifically to manage the patient reappointment and recall system with new title of "Patient Liaison Manager" helped to regain the trust of the patient base. It was then possible to introduce important reforms aimed at reducing attrition rates, increasing reappointment and recall effectiveness, increasing referrals. Other opportunities and economies were also created such

as reducing advertising costs and re-allocating those funds to patient referrals. Now, what's all that worth to you?

## **Chapter 13**

### **Six reasons why a newsletter can help boost patient retention rates**

Sometimes “raving fans” occur organically, but you can’t grow your practice based on what might be rather than what is. The onus is on you to create systems and processes to foster loyalty. A regular patient newsletter sent to your entire active and lapsed patient base is one way to accomplish five key objectives.

First, remind patients that you value their referrals. Promote patient incentive programs in your newsletters to remind them that referrals are important to you, and that you reward referrals appropriately.

Second, boost treatment acceptance. We all know how easily patients can get off track in following through with treatment plans. They may change jobs, go through family transitions, face budget crunches, or just get too busy to make their oral health a priority.

Third, a monthly e-newsletter in their inboxes. This is a regular reminder of the importance of following through with your treatment recommendations. Newsletters discuss conditions and treatments that impact them. It should also be personalised to make mention of significant moments for practice staff and patients, such as birthdays, engagements or weddings, and anniversaries, perhaps something like “on

22 July Grace will have been a patient at the practice for 30 years”.

Fourth, give them incentives to look at dental site reviews: Your newsletter can provide a quick and easy way for patients to leave reviews on social media sites. This can help boost the chances that they will leave a review, and reviews are important to new patient acquisition.

Fifth, you need to consider your whole database, not just the regular patients, to stay competitive. You will always have a certain percentage of “low key patients” who still matter. Keep them coming back to your practice by reminding them they are not forgotten and why you are a top dental choice.

Sixth, showcase your practice and your credibility. As you know, the world of dentistry is highly competitive. Your patients probably receive regular mailers and other promotions to try a new dentist. But by regularly educating your patients with an interesting newsletter, you’ll stay in the forefront of their minds and remind them that you’re a credible and trusted professional.

For successful practice marketing, you must remember consumer marketing fundamentals. Communicate often, with relevant and personal content, keep end user benefits in mind, and use proven marketing techniques like coupons and referrals.



A successful campaign is not a one-time thing. A single campaign may include any number of the elements discussed here. Integrated marketing strategies help mutually reinforcing messages reach the right patients at the right times.

Acquiring new patients is important for practice growth, and marketing is key to engaging prospective patients. Retaining existing patients is even more important for revenue. The proper marketing techniques will support goals for both acquisition and retention.

As patient consumerism grows, marketing is likely to become even more important. Mastering automated tools that make marketing a practice simple and cost-effective to implement can get you ahead of the game.

But like the saying by Robert Burns “*The best laid schemes of Mice and Men often go awry*” the overall marketing program must be unique and custom-built to you and your patient base alike. And it doesn’t have to take up valuable staff time. That time can instead be spent delivering quality care and service to your growing patient base. Remember they are not just your patients. They become your extended family in many ways and should be treated as such, because in that way you will LOVE THY PATIENTS!

**Now, what's all that worth to you?**

**If you would like to discuss this subject or any issues relating to practice preparation, practice sales or patient retention, and reappointment recall effectiveness personally, I would be happy to talk with you. Please contact my office [jan@jtgrayassociates.com.au](mailto:jan@jtgrayassociates.com.au)**



## **Back page**

Maintaining and increasing your client base is of critical importance to the business of you, the dental practitioner. Yet far too many of your peers in this highly competitive industry neglect or ignore this fundamental business requirement.

In ***LOVE THY PATIENTS*** Jan Gray provides an easy-to-follow, commonsense plain English guide based on his decades of experience in the dental industry.

Think you know it all? Have a read. I guarantee you will be surprised.

### **About the author**

Jan Gray was born in New Zealand and has over 40 years' experience in various businesses including 25 years in corporate life assurance, import/export, IT, founded "The Drill Guys" dental handpiece repair equipment, and – is Australia's Most Trusted Authority on Dental Practice Preparation, Sales, & Patient Management.

