



Dental office marketing budget review

by Allen Schiff, CPA, CFE

In the current economic climate, we as dental CPAs are advising our clients to “ramp up” their marketing budgets as opposed to looking for ways to save and/or reduce overhead dollars through a reduction in their marketing efforts. Yes, you read that correctly — now is the time to *increase* your marketing budget for greater practice success. But before you call your Yellow Pages representative to double the size of your ad or sign up for the Welcome Wagon, let’s take a moment to review what marketing really works in a dental practice.

Dental marketing comes in all sizes. There is external marketing (advertising), internal marketing (public relations), branding and imaging, and finally, case presentation and acceptance. This article will explore each of these four areas and make recommendations about your marketing budget from a dental CPAs perspective.

For purposes of this article, I will assume you have a mature dental practice as opposed to a start-up. For a start-up, the percentages and dollar figures I am recommend-

ing should in fact be higher than that of a mature dental practice.

External marketing

To budget for external marketing, you need to take into consideration what items should be a part of your external marketing plan. External marketing, in my opinion, is the place where many owners make the most mistakes and end up wasting the most money. Many dentists continue to engage in external marketing efforts without understanding their true return on investment (ROI). Just because you have always done a certain type of advertising doesn’t mean you should keep doing it every year.

External marketing can include, but is not limited to:

- ◆ *Radio*
- ◆ *TV*
- ◆ *Yellow Pages*
- ◆ *Magazines*
- ◆ *Billboards*

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- ◆ *Newspaper*
- ◆ *Direct Mail*

Many dentists allocate their marketing dollars in this area incorrectly because they fail to understand the key principle of *frequency versus reach*. For example: You are trying to decide if you want to advertise in the local city health magazine. Frequency versus reach says that you should evaluate how many people will see your ad and how many times will they see it. Additionally, the reach question should address how many of the people who see the ad actually live close enough to your practice to respond and make an appointment? For most general practitioners in suburban/metro settings, this area is rarely larger than a three-to-five mile radius around your practice. You must evaluate any external marketing tactics you engage in using this principle. Many of the things I have seen dentists do in my many years as a dental CPA violate this rule. They simply do not have the budget to establish enough frequency, and as a result, their advertising doesn't work.

For external marketing, I would recommend a marketing budget of no more than 2% to 3% of your fee income.

Internal marketing

Of the four components of dental marketing, internal marketing is the most effective in my opinion and has become my favorite in counseling dentists throughout the nation. The American Dental Association reports that 70 percent to 80 percent of new patients in a typical dental practice are referred by current patients. The budgeting process for internal marketing includes a variety of items. Listed below are those items that should be included within your internal dental marketing budget:

- *Reception area*
- *Referral brochure*
- *Wall art*
- *Patient satisfaction surveys*
- *Patient "thank you"*
- *Rewards program for loyal patients*
- *On-hold marketing*

Although the length of this article does not allow for an in-depth discussion of the above components, the most effective of these in my opinion is the patient thank you. You need to ask yourself, "When was the last time I thanked patients for the trust and confidence they placed in me and my team?" Also ask yourself when you thanked an existing patient for a referral? What about when a referred patient finally comes in to meet with you and your team — what procedures have you put in place to recognize the referring patient's trust and confidence in you? What is the medium you utilize within your dental practice to thank the referring patient? While Starbucks cards and movie tickets are a good place to start, a personalized gift and thank you will go a lot further.

For internal marketing, I would recommend a marketing budget of 1% to 2% of your fee income.

Branding and imaging

What is branding? What is imaging? What creates identity and recognition for your dental practice? You may have thought of these questions over the years, but have not identified what they are and what items are included with them. A list of these items includes:

- ✓ *Your logo*
- ✓ *Your Web site*
- ✓ *Building and keeping "brand equity"*
- ✓ *Establishing brand/identity standards*
- ✓ *Creating a "name" for your practice*
- ✓ *Creating a "tag line" for your practice*

Branding comes in all sizes. For example, as soon as you see the "swoosh," you immediately think of Nike. During the Super Bowl, you watched the commercials and noticed the Clydesdales and thought of Budweiser. When you see the green chameleon, you think of GEICO. These are all examples of the visual identity components of brand names. If you have an effective image, it will help you establish a stronger brand in your community. So, stop and think — what is your dental practice's image/identity? Does your image show who you are?

For the branding and image creation portion of your dental marketing budget, I would recommend an initial amount of \$5,000 to \$6,000, with an annual maintenance increase each year. Please keep in mind that some of the components of branding and imaging for your practice may already be in place. If so — and if they are effective — than there will be a corresponding decrease in the amount I have recommend for your branding and imaging budget.

Case presentation and acceptance

Your team's case presentation — and ultimately, the practice's success or failure with case acceptance — is a very strong component of your overall dental marketing strategy. In order for your patients to accept dental treatment, they need to understand it. You should ask yourself what technology you currently have within your practice that will help augment the case acceptance process? Should you be asking those who serve the dental profession about what new technologies are out there, and what technologies are the most effective within the case presentation process? Here is a list of items that you should consider:

- *Digital technology*
- *Digital images*
- *Patient education software*
- *Third-party financing*
- *ROI in technology*

We are living in the digital age. You may want to objectively ask yourself what items and/or components in your current practice create the perception to the patient that

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you have current technology in place through the use of a digital format.

For case presentation and acceptance, I would recommend an annual marketing budget ranging from \$3,000 to \$4,000. This budget also assumes you have already converted from an automatic processor to a digital format.

Put increasing your dental marketing budget at the top of the list during the current economic climate. Check with your professional advisors and/or colleagues about who they would recommend in assisting you in this area, and what amount they would recommend for your marketing budget. Remember, your dental school curriculum didn't include a class or probably even a session on: "How To Market My Dental Services Once I Graduate." Follow the principles in this article to achieve greater success in 2009! **DE**

Allen M. Schiff, CPA, CFE, is a founding member of the Academy of Dental CPAs (ADCPA), which was established in 2001. The ADCPA is the original, national organization of dental CPAs, consisting of 25 firms that represent in excess of 7,000 dentists nationwide. To learn more about the ADCPA, please visit the organization's Web site at www.adcpa.org, e-mail Schiff at ASchiff@Schiffcpa.com, or visit his Web site at www.schiffcpa.com.

