



Practice Sales Guide

Ramping Up the Revenue & EBITDA Ahead of Sale

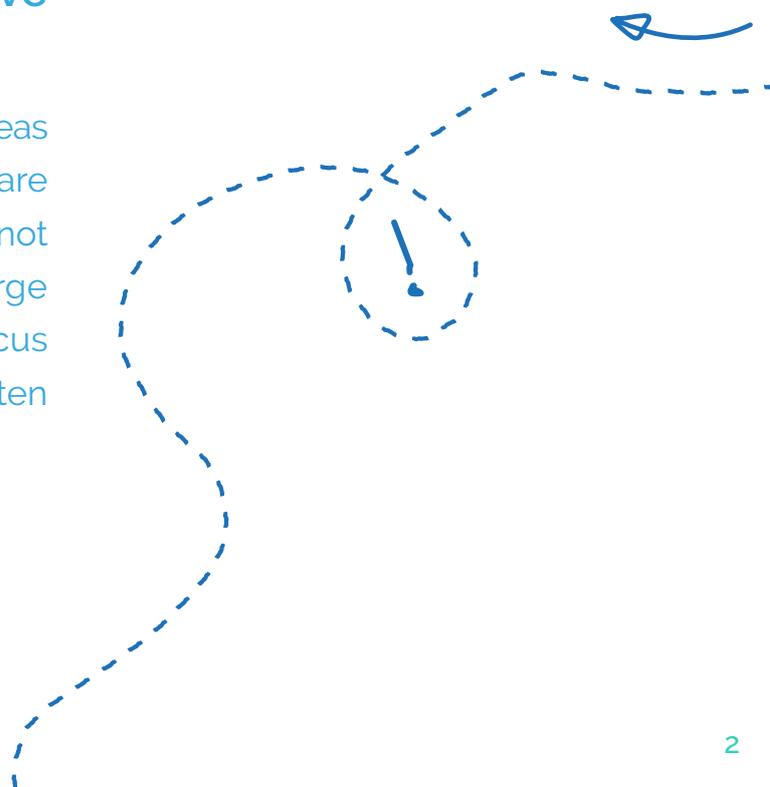


PPC Digital Advertising

You might not be looking to sell just yet but looking to build on the valuation prior to going to market.

The Practice Healthcheck we provide free of charge covers similar scenarios to this article. We offer advice on how you can build on valuation prior to sale and potential routes to achieve this.

The market is swamped with supercharging ideas to boost income. Most as you would expect are fairly obvious, but in our experience they are not that obvious to every business owner. A large number of business owners will rightfully focus on the clinical side of the business and will often leave the business growth to manage itself.



It's very common to come across;

- ▶ I spend £20,000 a year on advertising and I have no idea of the Return of Investment
- ▶ I don't need a website I have a well-established patient list
- ▶ Do patients really find a dentist online?
- ▶ I have an hourly rate but no idea if it truly works out as I expect it does
- ▶ I don't review my price lists in fear of scaring patients, last time was 3 years ago
- ▶ I have no idea what the local practices are charging I still spend £5,000 per year on Yellow Pages and I haven't reviewed it for 5 years



How to get a return from your digital advertising

Every business is run differently and every practice owner will have different aspirations and ambitions than the next. I hear a lot of "I could grow my practice, but I am happy as I am." The purpose of this article is to offer you a low labour intensive marketing strategy which could be integrated into your working week with minimal impact on your clinical focus.

There are things to consider if you're genuinely looking to build on your revenue and manage your existing marketing budget to improve your return on investment. Every practice is different. First rule, have a budget, second rule make your marketing spend return as measurable as possible. It is very easy when marketing your practice to keep throwing money at things but unless you monitor return – you will never know what actually works.

“ Clicks are expensive, so you want to make sure when you get one you make the most of it with content marketing, encouraging people to give you their details in exchange for information. ”

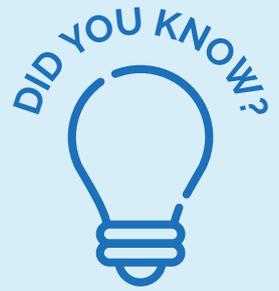
In this respect sometimes it is easy to focus on digital advertising because you pay £1 – you get 1 click off someone coming onto your website and if you know your way around Google Analytics or work with a very good digital agency then they should be able to tell you how many clicks it takes to get one enquiry and accordingly you can work out your cost per conversion. From there you could work out what your conversion ratio to new patient is for every person that submits a form on your website and then typically what that person then spends in your practice. The next question is – is this profitable? If it isn't then don't do it. If it is – is it worth increasing your spend to buy up all the available traffic or increase the target audience to get more enquiries and then more new patients but keep monitoring the ratios because it could be that if you widen your audience that your conversion ratio from enquiry to new patient reduces.

To explain numerically;

You spend £1,000 per month on a specific Google Adwords Campaign; this generates 500 clicks, you get 50 enquiries through your website directly attributed to this campaign so the cost per conversion is £20 because you have to spend £20 on Google to get one enquiry.

Of the 50 enquiries through the website, you have further contact with 25 of them either by phone or by email. Of the 25, 12 go on to book a New Patient Appointment. So the cost per new patient appointment is £83.33. This being you have to spend £83.33 on Google to get a singular patient in the chair. You charge this appointment at say £90 so it is undoubtedly a loss leader all things considered even at £125 it will be a loss leader if it costs £83.33 to procure the patient.

However this particular campaign is for patients interested in Adult Orthodontics where your average treatment plan costs £2,500. Of the 12 patients who come to sit in the chair, 8 of them will take this up. Therefore the cost per conversion to a treatment plan is £125. Is this worth it? At this point it might be.



**For larger practices
for every £1 added
in revenue you
could be adding
£4 in value.**

Using some simple maths; lets say of the £2,500 you spend 20% on materials and lab fees and you pay your associate 45% of treatment plan with them paying half the material / lab fee. This leaves £1,125 less the £125 procurement cost and you are left with £1,000. Clearly there will be some nurse time and other overhead to come off of this but if you have covered your fixed cost base then most of this will be EBITDA and if you can get this formula to work year on year, if you are selling for 7x EBITDA then the crude calculation would add £7,000 in value ignoring the other overhead cost.

However this piece is written to ask more questions than answer them. Marketeers would refer to this illustration as a marketing funnel but in order not to make expensive mistakes you should answer the questions from the bottom of the funnel upwards. If one ratio isn't quite right then you could be losing profit rather than gaining it.

- ▶ What is the Average Gross Profit that is generated from a typical Adult Ortho / Implant / Whitening / Routine Dentistry treatment plan?
 - Is the treatment price right?

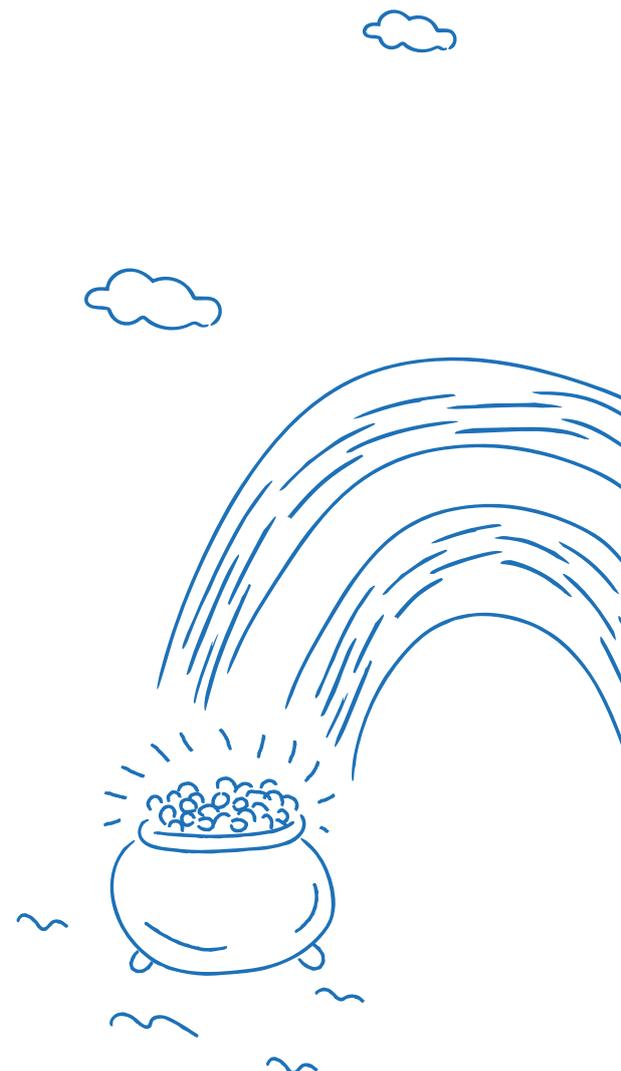
- ▶ What is the likely uptake rate from New Patients for each of these treatment plans?
 - Does that uptake rate differ from dentist to dentist, from nurse to nurse?
 - Would a TCO increase that uptake rate – how much extra would it cost to provide that service?
 - What is the main barrier to uptake – how can that be overcome?

- ▶ What is my enquiry to book rate for New Patient Enquiries?
 - How could this be improved?
 - What method of contact works best?
 - How many times do we attempt contact?
 - Are more successful at different times of the day?
 - How quickly do we follow-up?
 - Do we retain the details and re-market to those who don't book at different intervals?
 - Who is making the contact? What do they say?
 - Do we prioritise those appointment slots in the diary to make them attractive to new patients?

Top
Tip



Check your
marketing spend is
adding profit and
not just revenue.

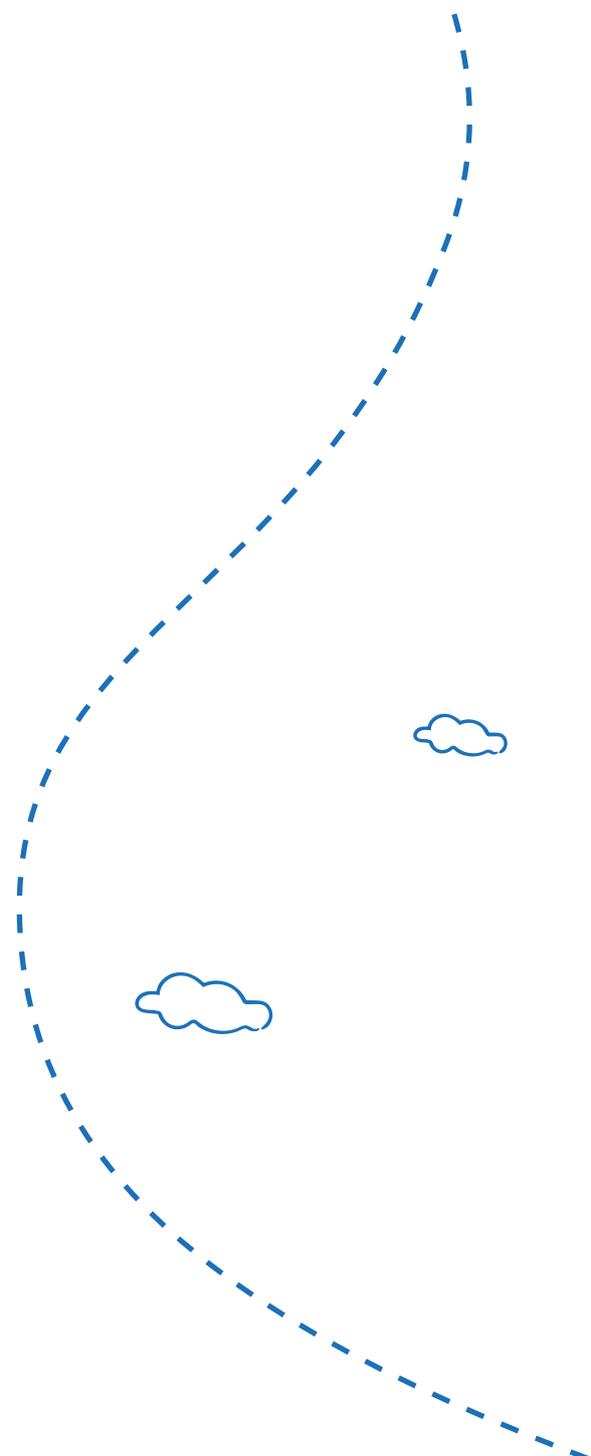


- ▶ How could I get more Form Submissions?
 - Is the form too long / too detailed? Not detailed enough?
 - Is the Call to Action visible enough?
 - What is the landing page?

- ▶ What is the bounce rate for that page? How does it compare to industry averages?
 - How long is the average session? How does it compare?
 - How does my website compare to others?

- ▶ Where is the best place to get the best ratios Google / Bing / Facebook / Instagram?
 - Think about your target market.
 - Are you buying up all the traffic? Do you want to?
 - If you are limiting budget – is your spend being used at the right time of the day? Is there a difference between a 1am click and a 10am click?
 - What is your Ad's Quality Score? The higher the quality score the less you will often pay for the click and the better your clicks will hopefully be.

As you can see there are lots of things to think about but it is imperative to make sure you get the most out of your pay-per-click digital advertising otherwise they can be fantastic slot machines and if you treat them as such then as the adage goes it will be the slot machine that will win when all is said and done.



How do I get the best deal for my practice?



- ▶ A free Practice Healthcheck provides a full report on value, likely deal terms and potential areas of improvement
- ▶ You might not need an agent to sell your practice but you will to get the best price

We'll help you unlock the true value of your practice

Luke Moore
Specialist Practice Valuer



Content Marketing

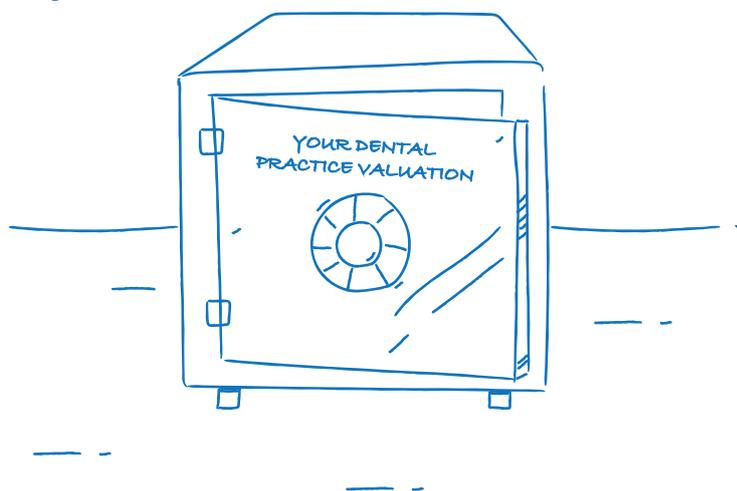
As mentioned above – clicks are expensive so you want to make sure that when you get one you make the most of it. One way of doing this is to provide content marketing where people will give you their details in exchange for information. This information can then be added to your Mailing List or TCO Call List if you are particularly aggressive for future campaigns which may be the point at which they come back to you as some people may be at the early stage of looking for Implants or a new dentist and not actually ready to make a commitment yet.

Content marketing is a really fine art because you want to give enough away so that your web page is relevant in the eyes of Google which will increase both your organic ranking and quality score as mentioned above and enough to get the confidence from your potential patient that they are prepared to part with their details to get the balance of the information.

One example could be a 'Guide to Implants' which talks the patient through the process of getting an Implant on a step by step basis using a mix of laymen's and clinical terminology. You could include highlights from the guide on your landing page to peak interest.

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