

Your Ultimate Guide!

# **SOLUTIONS FOR OVERHEAD CONTROL**

Less Insurance Dependence Podcast  
By Gary Takacs

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A glass jar filled with various coins, including gold and silver ones, is shown. A bright yellow sticky note is attached to the front of the jar with the word "EXPENSES" written in black, bold, capital letters. The jar is sitting on a wooden surface.

**EXPENSES**

# Solutions for Overhead Control

In 2018, the American Dental Association (ADA) had reported that the average overhead of a dental practice is 74%.

But here's the thing, if your practice overhead is 74% or higher, we believe that you are working way too hard for too little. You deserve more than that!

It means that you have a high volume, a high overhead practice that generates low net income. Your overhead goal should be 60% or less and ideally 50%. Even though it is challenging to have a 50% overhead in today's dentistry world, it is **ACHIEVABLE**.

## ***What makes us confident to say that a 60% or lower overhead is achievable?***

Gary has managed to bring down the practice overhead of his coaching clients to 60% and even lower than that by utilizing effective methods in Gary's coaching career.



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## ***Why shine a light on practice overhead now?***

Sadly, overhead has been rising; in the history of dental practice overhead, it continues to rise, ever eating into the practice's profitability.

It is now time to stop history from repeating itself!

With the help of this guide by Gary Takacs, take the necessary measures to control your overhead and gain what you and the team deserve!

## ***Five categories of practice expenses.***

Don't sweat the small stuff. Pay attention to the big stuff.

There are 45-50 line items of expenses in a dental practice, but only five expenses really matter.



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It's because these five make up 85% of your practice expenses.

If you understand the importance of controlling these five expense categories, nothing can stop you from achieving your goal overhead percentage!

## 1. **Staff wages / Staff compensation**

Your team works hard to help you achieve your practice goals. Out of the five expenses, the biggest expense is the team compensation; the goal is to have it at 28% or less of your practice revenue. It includes all related expenses such as employment insurance, payroll service, payroll taxes, uniform allowances, other benefits, etc.



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## 2. **Lab expenses**

There are two percentages based on whether you are using CAD/CAM dentistry or not.

If not - Your budget for your lab should be 8% or less of your revenue.

If you do - Your budget for your lab should be 4% or less of your revenue.

## 3. **Consumable Dental Supplies**

It should be 6% or less.

But we must add a certain level of pressure on this category due to the increase in PPE cost now.

However, it is not impossible to keep it at 6%.

## 4. **Facility**

Rent/Mortgage - 5% or less of your revenue.

Includes rent, lease cost, repairs



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## 5. Marketing

Today, we found that you can bring the marketing expenses down to 3% or less with the right marketing resources. And also have new quality patients!

### ***What is the 'sneaky expense' in a dental practice?***

Apart from the above five expenses, a 'Sneaky expense' is not identified or recorded in the profit/loss statement!

It's your insurance write-off!

The expense you incur to get patients into your practice by using PPO plans.

The invisible expense amount on average is 42-44%!

Dentists are not aware of this expense because you are not writing a cheque to pay it off. The insurance company keeps 42-44% of your treatment amount.



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## ***Tip to achieve your overhead goal!***

Our goal is to keep the overhead at 60% or less.

Think of the answer to this question; if you're giving away 42-44% of your revenue as insurance adjustments, is it possible to maintain an overhead of 60% or less?

The answer is - NO.

Hence, we encourage you to get rid of the sneaky expense by dropping PPO plans!

That's the only way to achieve the ideal overhead percentage!



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## ***Valuable resources for Less Insurance Dependence podcast listeners***

Let Ekwa's VIP team map your path to success with a no-cost, no-obligation Marketing Strategy Meeting designed to position your practice for optimal growth. Click below to Schedule Your FREE marketing strategy meeting!

### **Master Dental Marketing**

If you also want to grow your practice by getting personalized coaching and practice management support from Gary Takacs and his team, click and learn more about his Coaching program!

### **Practice Management Coaching**



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*Helpful podcast episodes to take action.*

**Build an effective & efficient team.**



Hiring 101: How to Attract  
The Best Possible Team  
Members!



How to Successfully  
Overcome Team  
Resistance to Dropping  
PPO's



How to Build A Team That  
is 100% Supportive of  
Your Practice Vision



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## Utilizing Digital Marketing for Practice Growth



Solving the Marketing Challenge in Order to Reduce Insurance Dependency in Your Practice



Marketing Your Practice Using The 6 Fundamental Principles of Dr. Robert Cialdini



How to Become the Dental Office with the Highest Number of Google Reviews in Your Community.



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