

Pricing Analysis Report (PAR) Rationale

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The Economy and Your Practice: In the light of the *Economic Uncertainty*, what are you willing to do to appropriately realign your fees? Let me encourage you to reflect on your options and act on possible strategies. It is an on-going challenge to be *Pro-Active*, even in the present economic climate. Refuse to “fall asleep” as a leader of your practice, like many in dentistry have done in the economic downturns of the past; high or low inflation, artificially manipulated interest rate CPI reporting can create trouble for the small business owner. This year may follow a similar path presently and in the future.

When economic times are turbulent, I have noticed dentists, as a whole, tend to “sit” on their fees; at numerous times over the past fifty years this has happened and overhead percentages have grown as a result. In effect this impacts all the stakeholders attached to your practice; you most of all, especially when you look at the accumulated impact over your years in practice. Tend to your “economic engine.” Here is a quote from a recent participant in the **PAR Analysis and Individualized Profitability Coaching**:

“Thanks for your insightful thoughts. I appreciate your concern. I agree with you that I am worth a higher fee and I can tell you, I won't let my fees get out of their appropriate range again! I'm very excited about our practice as I look at the coming year. Appropriate fees will allow us to put money away for our retirement and also, give our team a raise (they haven't had one in a long time). Thanks again; here's to continued growth and shared development in the years to come.”

You do have a choice: You can, once again, study the uniqueness of your present situation with a strategy, which includes an assessment of the impact of your choice on future cash flow streams and overhead percentages. **Inflation** numbers in 2016 look as if they are going to come in just under 2-2.5% on *Core Inflation* and estimates of 4 - 5%, when considering *Total Overall Inflation*. I am sure the numbers will be adjusted a bit as we move into the first and second quarters of 2017. The message for you is clear; if you can control everything else in your overhead, so it went up by only the inflation percentage and did not raise your fees in 2016, depending on your present overhead percentage, the impact on your personal total compensation from the practice would represent an approximate loss in your purchasing power of at least 4 - 5% in one year. If everything remained constant in future years, due to the compounding effect, it would take less than seven years for your purchasing power to be cut in half! I hope you can see the importance of developing a process and a disciple of sequential and appropriate fee adjustments; **it is within your choice.**

Check other postings on the website concerning **PAR Offerings** available for your consideration in 2017. There are three ways for you to become informed concerning fees with your area ZIP Code's first three numbers. Talk with me, I am happy to help you with the “*fine tuning*” of your “*economic engine*” and your *financial health!* Now is the best time to think and plan your 2017 *Fee Strategy*.

Please Note: For a more in-depth conversation concerning the *Economy Circa 2017*, look under the **Services Offered** or **What's New** tabs on this website and click the article **The Economy and Your “Economic Engine”/ Practice**. For a deeper understanding of the Kodak Study, when applied to dentistry, and the impact of the 15% reduction of fees by Delta Dental in some states, I have also posted, under **What's New** on this website, an article I originally wrote in October 2012 for Lynn Carlisle's *In the Spirit of Caring: Look Deeper into the Financial Impact of a Discounted Fee Schedule*.