

Notes From The Field: Trends In The Orthodontic Landscape

by Chris Bentson

As we travel to client offices and analyze practice data for transition purposes, some fundamental changes to the orthodontic landscape emerge. Trend data is an important element in strategic planning for business owners, and we've identified several of these changes below and hope they provide some insight into your strategic thinking as you contemplate the future potential of your practice.

Buyers and Sellers –

We graduate about 370 orthodontists in North America each year and these days it's tougher than ever for these new orthodontists to find either a practice to buy or a place to work. As a result, a high percentage of orthodontists are choosing to start a practice from scratch (15% in a recent resident survey). Still, 75% of residents say they plan to associate or purchase an interest in an existing practice. The AAO practice opportunities job bank had 198 practices opportunities listed in January 2010 compared with 1098 seekers (orthodontists looking for opportunities). If you're looking for an associate, partner or buyer – the market is more favorable than ever before.

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Pediatric Dentists and large GP practices –

Many consultants to pediatric dentists and larger GP practices are encouraging those practice owners to employ an orthodontist and internally refer their patients for orthodontic treatment as a way of increasing income. A survey of residents at the annual 2009 GORP meeting revealed that 81% of residents said they would consider working as an employee within a general dental or pediatric dentist practice providing orthodontic services after completing their program. With few opportunities available, you can't blame young orthodontists for taking the work. However, if your practice is heavily leveraged on referrals from pediatric dentists or a few large GP practices, spend some time to strengthen these relationships to the extent possible. There are a growing number of orthodontists considering partnering with such a referral source, this strategy should be carefully thought out as to the affect on your other referral sources.

Referrals from Patients –

Many practices provide an excellent patient experience as well as clinical result to the patients and families they treat. Practices that are growing are learning to leverage this experience in the form of patient referrals. The largest growth in practice referrals over the last two years has been in patient referrals, moving from an average of 30% of referrals in 2007 to 35% in 2009. During the same time frame, referrals from general dentists have moved from an average of 50% for practices to 41% in 2009. If you attend any orthodontic meeting with a practice management component these days, there is a class on internal marketing. Being excellent at this is a skill, and one that can be learned. Interestingly, it is widely observed that a patient referral will be more compliant and pay on time vs. a patient that comes to the practice by any other method.

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Practice Management Consultants –

They are at all the meetings and you’ve heard them speak. The results, in our experience, are proven – they grow practices and generally practices that use consultants have happier staff and less stressed out doctors. Over the last thirty years the number of practices that have actively engaged with a practice consultant has wavered between 16 and 20 percent. The 2009 JCO study recorded the highest percentage of practices using dental management consultants since 1981 at 22.7%, perhaps a collective cry for help. Why hire a consultant, because they bring transferrable concepts and systems that work to a practice. In the book *The E-Myth*, a comparison of why franchises succeed and small businesses fail in large numbers concludes in part that the franchise owner has systems in place that are transferrable from one employee to another; meaning the franchise is not as highly leveraged on any one individual to complete tasks in a competent manner. We’ve observed that not everything that works in practice A will work in practice B, but most of it will. Consultants will help the owner obtain her goals and we believe represent one of the best returns on investment for practice owners.

Invisalign –

Regardless of your clinical opinion Invisalign is here to stay, posting annual revenue of approximately 312 million dollars in 2009. In the fourth quarter of 2009 just over 3900 orthodontic practices received just under 20,000 cases of Invisalign aligners. This compares to just over 11,000 general dentists receiving just under 27,000 cases of Invisalign during the same time period. A survey of residents at the 2009 annual GORP meeting reported that 75% of residents planned on offering aligner therapy through Invisalign when they become a practice owner, this compares to about 40% of current active practices submitting cases. The verdict is still out on Invisalign teen, but Invisalign is heavily marketing their teen product and expect adoption to increase. Our only warning, collect your lab fee on top of your “regular” fee whenever possible.

Marketing –

Historically a taboo topic for practice owners, it’s not anymore with an average of 2.5% of annual collections being spent in this area, and up to 4% being very common. The rage is “social networking” and the buzz words are new. If you don’t understand “SEO”, know what a “widget” is, have a “WOM” program, or “blog” you are way out of the marketing loop and need to get connected. Having a website is now just an entry level achievement.

Population of orthodontic age children –

This age group has shown only nominal growth since 2003. However, the number of children under the age of 18 is expected to grow from 73.7 million today to 85.7 million over the next twenty years according to the Child Trends Database. This is the largest increase in this age group since the baby boomers came on the scene. Most of this growth will be in the Hispanic and Asian pacific islander demographic. Should your next staff member be bilingual is a question worth asking for some practices.

Understanding some of the fundamental changes in a market is important for any business owner. The trends mentioned above should give you an idea on the current wind direction in several critical areas of orthodontic practice ownership. Designing a strategy for your practice with this understanding should help you reach your practice goals.



About Chris Bentson

Chris Bentson is the managing partner with Bentson Clark and Copple, LLC. Chris is a veteran in the field of orthodontics with a 20 year career in the industry. He is a frequent speaker and has presented at the AAO Transition Conference, numerous user group meetings, study clubs and University programs. Chris also serves as Editor in Chief of the “Bentson Clark reSource” a quarterly newsletter on the business of Orthodontics. Bentson Clark and Copple, LLC serves the orthodontic community by performing valuation and transition services to either buyers or sellers of orthodontic practices. Chris can be reached via e-mail at Chris@bentsonclark.com or by phone 800-621-4664.

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