



## CASE STUDY: DENTAL PRACTICE BOOKKEEPING

Like many businesses in the medical industry, **dentistry poses a unique set of bookkeeping challenges.**

Recently, EzyAccounts was approached by a dental practice that needed assistance getting their books in order.

Six months earlier, after years of continual business growth, the dental practice made the strategic decision to internalise their bookkeeping, rather than outsourcing it offsite. Bookkeeping duties were assigned to the HR manager. However, due to time constraints and a lack of formal training, the accounts soon became neglected. Shortly afterwards, the growth the business had enjoyed for 4 years straight stalled, as accurate reports were no longer being produced, and increased expenses put cash flow pressures on the business.

When the dental practice engaged EzyAccounts, our first task was to bring the accounts up-to-date. This initial catch-up work was completed onsite. **The priority was clearing up the backlog of bank reconciliations and expense allocations between directors,** so that timely and accurate reporting could once again be produced. This enabled us to show the dental practice the exact financial position of their business.

Once the books were up-to-date, EzyAccounts was able to provide other value-adding bookkeeping services. The majority of these services were provided offsite – however, our bookkeeper also had regular on-site management meeting with the directors.

The margins for running a specialist dental practice are usually very low. As such, staff and product costs must be kept as low as possible in order for the business to maintain acceptable profit ratios.

**After consulting with our dental client to better understand their business,** we worked with the directors and practice manager to implement controls for end of day reconciliations, and petty cash management. A cost allocation system – with the direct and indirect running costs of the business allocated to the practitioners – was also implemented. These procedural changes were small, but the benefits were big. In addition to the improvements they immediately introduced, they also allowed us to **implement measurable KPIs.** These included production per hour, expense per hour, and new patient treatment conversion rates – **KPIs designed to empower the business to improve their processes, and increase their profits.**

As our bookkeeper looked for other opportunities to **improve the business's profitability and efficiency**, product waste was identified as an area for improvement. With continual monitoring and process improvement, the dental practice soon decreased their product waste percentage by over 50%.

EzyAccounts also **introduced monthly financial reporting** at the dental practice. At the beginning of each month, cost allocation for the previous month is completed. Revenue is compared against expenses allocated, and the days worked by the dental practitioners. New patient data and profit margin reports are presented to the directors. These accurate and timely reports allow the dental practice to refine their KPIs and develop and implement strategic management plans.

The dental practice's long-term financial objective was to maintain their rate of patient acquisition, and increase their profit ratios. To help achieve this, forecasting, on a monthly basis, was introduced, and is compared against previous months to identify trends.

More recently, EzyAccounts completed a [benchmark report for the dental practice](#), comparing their business to similarly-sized practices within the industry. This in-depth analysis has provided additional insights to the business, and allowed the dental practice to **identify further areas for development** that will ensure their business continues to progress financially.

Thanks to all these professional bookkeeping services, the dental practice has seen a marked improvement in their profits, and is well-positioned for the future.

## YOUR DENTAL PRACTICE BOOKKEEPING

Do you run a dental practice or other small business? What state are your books and accounts in?

At EzyAccounts, we have years of experience helping businesses such as dental practices increase their profitability and efficiency with accurate bookkeeping and reporting. We can do the same thing for your dental practice.

To learn more, call us today on **1300 139 793**.

