

## KNOW YOUR NUMBERS OR BE LEFT BEHIND



### Two Data Points That You Must Know

Sorry – this article may bother some of my readers.

I'm just going to say it: You may not be aware of the latest financial metrics that matter.

Metrics that matter to financial institutions, accountants, and appraisal nerds like me.

Revenue per hour and by provider has always been important, but that is just the start.

What about revenue per square foot?

How about revenue per equivalent full-time employee?

These are data points that the well-orchestrated corporations use to track performance.

If you want to be in the top 10%, you need to know how your practice measures up against others in similar markets with similar indicators.

I have that data. But I do not share it.

Why?

I consider it the intellectual, private, and confidential property of my clients.

I do not own your data when you ask for my appraisal - I simply possess it.

### So how can you know where you stand when compared to your peers?

You may be tempted to buy it.

Consultants brag about it and try to sell it - for a handsome fee, of course!

Ok, I know what you will say next:

*"Tim, I tried the consultants and found them lacking in substance."*

### Why is that such a common complaint?

Because they don't have it. A sample of 5 to 10 practices is not useful when comparing the wide range of practice modalities found in Canada.

From my view, the self-anointed gurus profess contrived stats like doctrine.

Most of their talking points are nonsense and based on a smattering of data.



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You need hundreds (if not thousands) of data points to make comparisons that fall in the highest percentile of accuracy.

### Who has that data?

The Canada Revenue Agency (CRA) has it. But they don't share.

Your dental dealers most certainly don't have it – who in their right mind gives their dental rep their financials and performance data? No one!

Your accountant, perhaps?

But how many of them have the time to drill down into their client's minutiae?

Few. Accountants are tax-motivated, not dental-stats motivated.

### Where to go next?

The experts are the logical choice.

Yes, I am one such expert. 😊

But you can perform this exercise yourself – it's easy.

Let's start with:

1. Revenue per square foot
2. Revenue per equivalent full-time employee

Examples	A	B	C	D	E	AVERAGE
Gross Income (\$)	836,835	1,836,577	1,265,390	1,532,711	779,640	1,250,231
Office Size (square feet)	1,674	1,824	2,208	1,800	1,351	1,771
Income/Square Foot (\$)	500	1,007	573	852	577	702
# Employees	3.75	7.0	6.0	6.25	3.5	5.25
Gross Income per EFT (\$)	223,156	262,368	210,898	245,234	222,754	232,882

EFT = Equivalent Full-Time Employee

10 hours/week = ¼ time

11 to 20 hours = ½ time

21 to 30 hours = ¾ time

30 + hours = full time

Once you know these numbers, then we can decide what to do next.

Options may include:

1. Upsizing existing space through adjoining expansion
2. Downsizing and rightsizing for profitability
3. Moving to new space or buying a property
4. Or simply stay right where you are because you are doing great 😊

This simple exercise will better inform your banker, your accountant, and your chosen appraiser (when the time comes) to place an accurate value on your practice.

Tangible assets such as technology, equipment, and leaseholds that are in profitable use, as proven by the income per square foot metric (IPSF), will reveal dental facilities that may be worth far more than others of the same size and configuration with lower IPSF.

In finance, this is simply a measure of return on capital.

In other words, the return that is generated from what you invested to build it.

You can choose to know.

Or you can choose to ignore your ROI.

It's your choice.

Knowing is the start.

One last shameless promotion – [Click Here: Know your data](#)

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