

LET'S TALK ABOUT ANOTHER METRIC - INCOME PER OPERATORY



After I wrote about revenue per square foot and revenue per equivalent full-time employee, I received several messages suggesting that we should all be tracking revenue per operatory.

I am almost embarrassed to admit this, but I assumed you were already doing that.

It is so simple; I don't know why you would not.

But let's add some complexity to this simple idea to ensure we are measuring something meaningful.

Many dental practices are initially built with four, five, or six operatories that are fully plumbed and wired.

However, many practitioners start by equipping only two or three, knowing they have room to expand.

So, when calculating your revenue, do not include operatories that cannot be utilized.

And if you have an operatory that is equipped, we then need to measure its utilization.

The typical dental practice is open between 35 and 45 hours a week, with fully functional operatories ready to receive patients.

But when the week is over, most of my clients admit that operatory utilization falls somewhere between 60 and 80%.

And there is always that one operatory that is used only 10 to 20% of the time.



So now we need to determine revenue per available operator.

Sorry – yet another acronym was just invented: R/AO

This may sound unnecessarily complicated, but it's important you use the hours available for each operator, not the scheduled hours when a producer is in the op.

Once we finish all the mathematical gymnastics of determining the number of available operators and the hours per week they are scheduled to be in office and then overlay the actual schedule on the operatory availability, we can calculate operatory efficiencies.

Where: Utilization rate (UR) = available producer hours (APH), divided into available operatory hours (AOH), divided by number of ops then divided into gross income (GR) = R/AO.

I am getting a headache just trying to figure this out!

Why not hire a consultant to do it for you?

Oh wait – did I just say that?

Bugger the consultants.

Let's make it simple.

How many ops do you have?

What is your gross?

Now you have revenue per op.

If you want to get fancy, you can then adjust for scheduled hours, available producers, etc.

But please don't get lost in the pursuit of too many metrics.

Chasing data is an endless game and will give you sleepless nights.

Trust me – I do this for a living!

Revenue per op is not perfect science, as is always the case with these metrics, but it is useful to understand.

You do not need me, and you do not need any expensive consultants.

TEXT me @ [\(416\) 520-7420](tel:4165207420) for a FREE estimate of the fair market value of your practice.

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