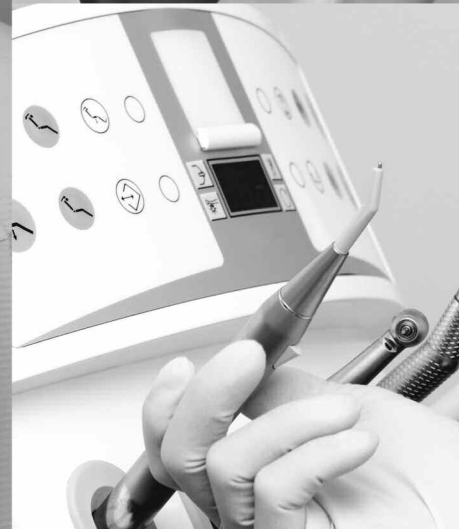


Examining the Dentistry Market



*A closer look at the current world of
Dentistry*

Market Highlight Report, Winter 2011

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Market Highlight Report

Dentists Winter 2011

General Overview

Dentists diagnose and treat problems with teeth and tissues in the mouth, along with giving advice and administering care to help prevent future problems. Most dentists are general practitioners, handling a variety of dental needs. About three out of four dentists are solo practitioners, meaning that they own their own businesses and work alone or with a small staff. Other dentists practice in any of nine specialty areas:

- Orthodontists, the largest group of specialists, straighten teeth by applying pressure to the teeth with braces or other appliances.
- Oral and maxillofacial surgeons, the next largest group, operate on the mouth, jaws, teeth, gums, neck, and head.
- The remainder may specialize as:
 - Pediatric dentists -focusing on dentistry for children and special-needs patients.
 - Periodontists - treating gums and bone supporting the teeth.
 - Prosthodontists - replacing missing teeth with permanent fixtures, such as crowns and bridges, or with removable fixtures such as dentures.
 - Endodontists - performing root-canal therapy
 - Oral pathologists - diagnosing oral diseases
 - Oral and maxillofacial radiologists - diagnosing diseases in the head and neck through the use of imaging technologies.
 - Dental public health specialists - promoting good dental health and preventing dental diseases within the community.

Source: Occupational Outlook Handbook, 2010-11 Edition. Bureau of Labor Statistics. 30 November 2010 <<http://www.bls.gov/oco/ocos072.htm>>.

Licensing/Certification

There are 59 dental schools in the United States accredited by the American Dental Association's (ADA's) Commission on Dental Accreditation. View the 59 dental schools In the United States in the following link: <http://www.ada.org/267.aspx>.

All dental schools require applicants to take the Dental Admissions Test (DAT), and competition for admission to dental school is intense. Dental school usually lasts 4 academic years with the last 2 years finding students' treating patients, under the supervision of licensed dentists. Most dental schools award the degree of Doctor of Dental Surgery (DDS). Others award an equivalent degree, Doctor of Dental Medicine (DMD).

In most States, licensure requires passing written and practical examinations in addition to having a degree from an accredited dental school. Candidates may fulfill the written part of the State licensing requirements by passing the National Board Dental Examinations. Individual States or regional testing agencies administer the written or practical examinations.

Requirements include 2 to 4 years of postgraduate education and, in some cases, the completion of a special State examination. A postgraduate residency term also may be required, usually lasting up to 2 years. Most State licenses permit dentists to engage in both general and specialized practice.

Growth

Employment of dentists is projected to grow by 16% through 2018, which is faster than the average for all occupations. The demand for dental services is expected to continue to increase due to the following reasons:

- The overall U.S. population is growing
- The elderly segment of the population is growing even faster
- Many members of the baby-boom generation will need complicated dental work.
- Elderly people are more likely to retain their teeth than were their predecessors, so they will require much more care than in the past.
- The younger generation will continue to need preventive checkups despite an overall increase in the dental health of the public over the last few decades.
- Recently, some private insurance providers have increased their dental coverage. If this trend continues, people with new or expanded dental insurance will be more likely to visit a dentist than in the past.
- Cosmetic dental services, such as providing teeth-whitening treatments, will become increasingly popular.

Demand for dental services tends to follow the business cycle, primarily because these services usually are paid for either by the patient or by private insurance companies. As a result, during slow times in the economy, demand for dental services can decrease; consequently, dentists may have difficulty finding employment, or if already in an established practice, they may work fewer hours because of reduced demand.

Sources: Occupational Outlook Handbook, 2010-11 Edition. Bureau of Labor Statistics. 30 November 2010 <<http://www.bls.gov/oco/ocos072.htm>>.

Dentists in Today's Economy

The recently released results of the *Dental Economics*® / Levin Group 2010 Annual Dental Practice Survey (an analysis of how dental practices have fared over the past 12 months) show that Dentistry remains stable during these unstable economic times. From those dentists who responded, this year's results are especially promising. While 2010 may not rank as a banner year, dentistry is showing itself to be tough and able to hold ground, especially at a time when many other industries have suffered significant revenue losses. Some recent trends include:

- 51% of doctors reported increased production in the past six months.
- Median annual gross production remained stable. In 2009, it declined by 3.5%.
- Average doctor compensation also held steady at \$226,265. In 2009, it dropped 7.8% from the year before.
- Average new patients per month rose from 27 in 2009 to 30 in 2010.
- A tighter economy may have an impact on patients paying their dental bills on time, with 62.5% of accounts receivable considered current this year compared to 65% last year.
- Average overhead for surveyed practices was 60.7% - nearly identical to 2009 average overhead of 61%.
- Hourly wages for key staff members (such as, Hygienists, Office Managers, front desk/administrative personnel closely mirrored salary numbers from the 2009 survey, with some marginal increases.

Source: "The sky is not falling!". November 2010. 2010 Dental Economics®/Levin Group Practice Survey. 31 November 2010 <<http://www.dentaleconomics.com/index/display/article-display/5601917125/articles/dental-economics/volume-100/issue-11/features/the-sky-is-not-falling.html>>.

Salaries for Dentists

According to Payscale Doctor of Dental Surgery (DDS) salary ranges from: \$99,434 - \$144,195, whereas a Doctor of Dental Medicine (DMD) has a higher salary cap of: \$91,468 - \$237,500.

Three cities in Texas are in the top five highest salary cities for dentists:

1. Phoenix, Arizona
2. San Antonio, Texas
3. Austin, Texas
4. San Jose, California
5. Houston, Texas

Specializing dentists have a salary potential of much more when compared to the salary range of a general dentist. According to the Bureau of Labor Statistics, oral and maxillofacial surgeons who worked in dental offices as of May 2009 earned an annual mean wage of \$212,680. Orthodontists, the most popular dental specialists, working in similar environments during the same period, earned \$208,910.

Sources: Payscale. November 2010. Payscale.com 30 November 2010

<<http://www.payscale.com/research/US/Job=Dentist/Salary>>.

Occupational Outlook Handbook, 2010-11 Edition. Bureau of Labor Statistics. 30 November 2010

<<http://www.bls.gov/oes/current/oes291022.htm>> and <<http://www.bls.gov/oes/current/oes291023.htm>>.

Debt incurred by Dentists

The education debt of dental students is daunting and continues to grow. More than 90% of dental students graduate with debt. The debt amount varies greatly depending on whether attending a public or private school, as you can see in the table below. To illustrate the rising cost of dental school, the first column shows debt from 2002-2003 and subsequent years show a steady increase in debt.

Over 77% of graduates have more than \$100,000 in debt while almost 50% have more than \$175,000. Although scholarships and grants are available to some, the main source of financial support is still loans.

Educational Debt for All Dental School Graduates

School Type	2002	2003	2005	2007	2008	2009
All schools	\$107,503	\$118,748	\$145,465	\$156,810	\$170,367	\$163,535
Public	\$85,840	\$93,622	\$124,700	\$136,047	\$142,671	\$140,831
Private & Private State-Related Schools	\$136,060	\$147,967	\$174,241	\$186,218	\$204,734	\$194,665

Source: ADEA Survey of Dental School Seniors 2009 Graduating Class

Additionally, since the majority of dentists are sole practitioners, on top of educational debt, they are also managing debt and expenses for their own business. One source reports that a dentist takes on an average loan of \$450,000 to buy a practice.

Source: Financial Planning Issues for Dental Students. 13 July 2010. American Dental Association. 30 November 2010 <http://www.ada.org/sections/educationAndCareers/pdfs/finplan10_final.pdf>. Franklin, Leslie. "From Debt to Success" November 2010. 30 November 2010 <<http://www.insurance.ada.org/upload/article/newdentist-from-debt-to-success-a-new-dentists-path.pdf>>

Key Issues

Although no one knows for sure whether Health Care Reform will have a more positive or negative impact on the dentistry field for the long term, everyone seems to agree it will change the landscape forever.

There promises to be a huge expansion of coverage for individuals in need of dental care. Children will get greater dental care because the health reform options seek to cover all children in the United States today. Funding will possibly be offered for professionals within the industry seeking to further their education in the field of dentistry too; this means more qualified dentists to treat more individuals who receive coverage via the healthcare reform bill.

Passage of the bill allows more children to be walking through the doors of their local dentistry offices. These covered visits will ensure adequate oral care, preventative measures early on, and less need for emergency dental treatments.

Still other organizations like the American Dental Association opposed the bill outright since it lacks wording that will deal with insurance fee capping issues and fails to address necessary limits on flexible spending accounts.

Source: "How Dental Care Will Be Changed by Healthcare Reform", Dental Health Care Magazine. Mar. 24, 2010. <http://worldental.org/dental-news/how-dental-care-will-be-changed-by-healthcare-reform/1209/>.

Market Challenge

Dentists have a lot to think about. If they're in the first 10 or 15 years of their practice, they may be highly focused on paying off their substantial college debt, as related earlier. They could also be trying to pay off substantial loans from the purchase of a private practice or maybe saving to start their own practice one day. In addition to these pressures, they may have a family to support and malpractice insurance and equipment to buy. What's more, they need to be savvy business people. Dentists need to be able to hire, train and manage staff. They must also market their practices effectively and typically that means servicing patients competently along with bringing in close to 30 new patients per month! Finally, they need to be able to keep up with the latest in dental medicine and technology.

These are a few of the reasons why it may be hard to get the time and attention of a dentist without a solid message and a strategic plan.

Networking with Dentists

When prospecting to dentists, you'll want them to know that, as an entrepreneur yourself, you uniquely understand the many pressures that they are under to build or maintain a thriving practice.

Dentists sometimes hire professional marketers to help them hone their message and get it out in their communities. Increasingly, like other business owners, they're under pressure to invest in websites, advertising and the like. If you are targeting a certain group of dentists, take the

time to find out what kind of presence they may have on the web. Set up a “google alert” that will notify you of what is happening within the dental community in your town and pay attention to where the dentists on your list went to Dental School as it’s usually a topic that they like to discuss. You may even want to check LinkedIn.com to see what alums from various dental schools could be connected to your network.

Also, try to find out, not only what they do on their precious days off, but where they may worship and what charities they support. As a result of inadequate funding for dental care--mostly for children--tens of thousands of dentists provide free care to hundreds of thousands of disadvantaged people each year through volunteer programs such as *Give Kids A Smile*, *Donated Dental Services* and *Missions of Mercy*. According to one survey, the value of this donated care amounted to \$1.6 billion in a single year. Finding out which dentists in your community support these kinds of initiatives will give you a chance to not only commend them on their work but to maybe even make a donation as an acknowledgement of their service.

For a more formal and long-term approach to prospecting to dentists in your region, consider establishing a “Dentists Financial Resource Network.” More on this can be obtained by contacting The Gallagher Group at 978-914-6609.

Source: Health Care Reform. 2010. American Dental Association. 30 November 2010
<<http://www.ada.org/2389.aspx>>.

National Associations

American Dental Association

www.ada.org

Founded in 1859, the American Dental Association is the oldest and largest national dental society in the world. Since then, the ADA has grown to become the leading source of oral health related information for dentists and their patients.

There are over 157,000 ADA members from all 50 states, the District of Columbia and Puerto Rico. The ADA is a member-run organization managed by an elected Board of Trustees and a 473-member House of Delegates. The ADA works to advance the dental profession on the national, state and local level. Membership in the national organization includes membership in their of 53 State and 545 Local dental societies.

View the following link for a listing of state and local organizations: <http://www.ada.org/stateorganizations.aspx>. Note that some states have the ability to search by city or county of all licensed dentists in an area and/or they will sell their license lists. For example, the Dental Board of CA allows search by city/county and sells their lists through their department of consumer affairs. View the following link for information: <http://www.dbc.ca.gov/verification/instructions.shtml>

American Dental Education Association

www.adea.org

The American Dental Education Association (ADEA) the sole national organization representing academic dentistry. ADEA members are more than 16,000 students, faculty, staff, and administrators from all of the U.S. and Canadian dental schools, many allied and postdoctoral education programs, and numerous corporations working in oral health education.

Corporate memberships are available:

http://www.adea.org/about_adea/Membership%20Information/Pages/CorporateMembership.aspx.

American Student Dental Association

www.asdanet.org

The American Student Dental Association is a national student-run organization that protects and advances the rights, interests, and welfare of students pursuing careers in dentistry. It introduces students to lifelong involvement in organized dentistry and provides services, information, education, representation and advocacy. ASDA now represents over 85% of dental students from all dental schools. View the following link for local chapters and links to their website. The ASDA does not allow for non-dentist membership, however, contact the local chapter to see what your firm could offer: <http://www.asdanet.org/map.aspx?district=District+1>.

American College of Dentists

www.acd.org

The American College of Dentists is an elite organization with membership in the American College of Dentists is by invitation only. There are over 7,400 Fellows, active and retired. Fellows are selected based on their contributions to organized dentistry, oral health care, dental research, dental education, the profession, and society. View the following link for leadership information and regional Regents, noting names and centers of influence to meet: <http://www.acd.org/contact.htm#Regents>.

Below are the nine Associations and their websites of the specialties of dentistry. Review the website of interest, taking care to note upcoming events, leadership and local chapters.

Academy of General Dentistry

<http://www.agd.org>

American Association of Orthodontists

<http://www.braces.org>

American Association of Oral and Maxillofacial Surgeons

<http://www.aaoms.org>

American Academy of Pediatric Dentistry

<http://www.aapd.org>

American Academy of Periodontology

<http://www.perio.org>

American Academy of Prosthodontists

<http://www.prosthodontics.org>

American Association of Endodontists

<http://www.aae.org>

American Academy of Oral and Maxillofacial Radiology

<http://www.aaomr.org>

American Association of Public Health Dentistry

<http://www.aaphd.org>

Learn more about Association marketing by reading [About Association Marketing](#) which includes tips for vetting an association, becoming a resource, and surveys for the association leadership and members.

Marketing Checklist

- Narrow niches within the market to a reasonable size and scope.
- Visit websites and flag the best ones for ongoing reference.
- “Follow” companies and associations of interest on LinkedIn.com and join market-related groups.
- Note names of at least 15 individuals that would be good Centers of Influence in the market.
- Conduct informational interviews and/or networking appointments
 - with potential strategic alliances also active in the market.
 - ask for “personal introductions” to others in the market.
- Subscribe to market-related blogs and magazines, note calendar dates, editors names and sponsorship or advertising opportunities.
- Determine which association(s) is most worthwhile and attend networking events; obtain meeting with Association Director and be sure to “ask” more rather than “tell.”
- Determine a Unique Value Statement that appeals to the market and sets you apart from the competition.
- Announce your presence in the market through social media, letters, ads, and press releases.
- Obtain membership lists for cultivation and look into targeted list buying if needed.
- Organize a mix of cultivation pieces. For ex., avoid sending all email or all snail mail. Aim for a minimum of six to twelve touch-points per year.
- Explore what types of seminar topics and/or guest speakers are of interest to this market.
- Contact local business journals and find out if they plan on dedicating a special issue to the market where you can advertise and/or get an article published.

SAMPLE One Page 90-Day Strategic Planning Template

Target Market Focus: Physicians in (Region)

Three Year Vision: 50 Dentistry clients in database; Receive X number of leads per mo.; Conduct min. of 2 Workshops per year and 3 C of I Appreciation Events

One Year Vision: 15 new Dentistry clients in database with a min. of 5 who will provide ongoing introductions

90 Day Objectives/Tactics	Challenges	Action Items	Person	Date
1. Continue Research & Build Top 15 List		<ul style="list-style-type: none"> - Obtain local research & dig deep into links in report; - define profile of best client. - Identify 5 C of I's who work w/ physicians - Drill down to find out more about individuals and create a file. - Determine which associations to join or volunteer - Become active on LinkedIn.com. - Ask for introductions 		
2. Create Unique Value Proposition and Brand Statement		<ul style="list-style-type: none"> - Find out needs/wants - Come up with unique characteristics of product line and hone approach - Create brand statement; get approved by Compliance - Test out w/ Advisors 		
3. Build Cultivation Program		<ul style="list-style-type: none"> - Vet communication materials - Select best approved pieces (2 or 3) - Create Approach letter - Get approved - Set up first mailing program 		
4. Conduct 5 Center of Influence Surveys; goal is min. of 5 per month.		<ul style="list-style-type: none"> - Modify interview as appropriate - Send hand written thank you's & follow up on any tasks/requests - Get responses from surveys into database - Schedule more appts. 		
5. Set up database/admin. needs		<ul style="list-style-type: none"> - Make sure database can manage cultivation process for follow up, etc. 		