

Dental Accounting Tips To Make the Numbers Work For You

It's critical to garner a basic understanding of accounting and bookkeeping terms to avoid losses due to confusion on financial terminology.

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Keeping the expenses as low as possible is vital to the success of any enterprise.

It is imperative for dental practices and dentists to use in-depth, accurate techniques for business planning, bookkeeping, accounting and tax planning in today's complicated and challenging business environment.

Adhering to these easy accounting tips will significantly improve the possibility that your practice will thrive.

Tip #1

Introduce strategic measures for cost-cutting. Keeping the expenses as low as possible is vital to the success of any enterprise. Dental practices are constrained on this matter due to the inevitable need to buy expensive dental equipment. Although you cannot do away with buying costly medical equipment, you can significantly reduce the medical costs by employing an astute bookkeeper.

A DIY approach to bookkeeping is not recommended for dentists as it heightens the risk of financial losses due to lost chances to claim deductions and tax credits, preventable calculation mistakes, and embezzlement by employees as well. A bookkeeper is trained to identify these discrepancies, and they can alert you to any dubious activities.

Tip #2

Ensure you are knowledgeable about key financial terms such as the difference between cash flow and profits. While “profit” is the excess cash that remains after all of the practice’s expenses have been met, “cash flow” is the flowing in and out of your practice. A lack of appropriate cash flow can cause a deficit in the operating expenses which are high for a dentist, and the business may not be able to recover from this state. It is critical to garner a basic understanding of accounting and bookkeeping terms to avoid losses due to confusion on financial terminology.

Tip #3

Make use of widely available accounting software to assist you in managing your records. If you choose software accurate for the volume and size of your business, it could significantly enhance your ability to reduce the chances for error, increase efficiency and keep better track of your records. QuickBooks is the optimal software for smaller enterprises.

Tip # 4

Review the finances frequently with professional accountants. You should always stay alert for internal embezzlement. You may not be able to identify the theft singularly. Just as you consult professionals for dental advice, you must engage professionals to audit your practice’s finances regularly. Monitoring your practice’s finances with a dental CPA on a monthly basis can help detect problems immediately reducing the likelihood of future losses.

Benefits of In-house Accounting

The accounting requirements for your practice may be unusual or individualized. In this case, it will be more expensive to outsource the bookkeeping compared to employing your own accountant.

If you employ someone, you can determine the work they perform. Most outsourced services are not as customized which may be disadvantageous for your practice.

Hiring your own private accountant also offers a mostly forgotten attribute-loyalty. Outsourcing your work to an outside accountant means they will have other customers, and will not belong exclusively to your practice. Additionally, you need to consider information privacy issues when hiring an outside accountant.

External accountants may follow standard processes that may vary from yours or these may even be suitable for your enterprise. An in-house accountant can allow you to choose, at least to some extent, the way things operate in your practice.

Benefits of Outsourcing

Outsourcing assists in decreasing the chances of serious mistakes or fraud associated with your practice as the duties are segregated, and strong measures are taken to produce the financial statements for an enterprise. Many

outsourcing service providers have at least two reviews of every step and various levels of staff assigned to one account. There are procedures where one employee has to review another's work to eliminate discrepancies.

Sometimes, internal bookkeepers are entrusted with other responsibilities such as human resource management. This is detrimental as it can take time away from their primary responsibility. This situation can cause recording invoices, paying bills and data entry to take precedence over financial reporting and collections.

Through outsourcing your accounting work, you can eliminate instances of inaccurate, meaningless or late financial reporting. The decision to outsource can enable you to decide what is essential for your practice.

About the Author:

Naren Arulrajah is President and CEO of Ekwa Marketing, a complete internet marketing company that focuses on SEO, social media, marketing education, and the online reputations of dentists. With a team of 180+ full time marketers, www.ekwa.com helps dentists who know where they want to go, get there by dominating their market and growing their business significantly year after year. If you have questions about marketing your practice online, call 855-598-3320 to speak one-on-one with Naren.

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