

Upgrading and Expanding

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Invest Wisely to Maximize the Value of Your Practice

You are ready to expand your medical or dental practice and take it to the next level. Funding is available and you are ready to expand. The question is, “Where should you put your money?” The potential answers to that question are virtually limitless, and the right one is different for every practice.

Every procedure or service that you offer represents a new revenue stream. However, your new offering will only be successful if you have an adequate market for it. Maximize your ROI (return on investment) by adopting a strategy when investing in your practice.

Choosing services

A few of the most important factors to consider include:

- **Analyze your referrals.** What procedures and diagnostics do you refer out most frequently? If it is feasible to provide them in-house, you can keep the profits in-house.
- **Analyze your patient demographics.** Do you see a lot of aging, relatively healthy adults? Cosmetic services may be a good choice. Are most of your patients busy young professionals? Look for convenience services, which will save them time.
- **Consider your location.** If your office is next door to a renowned diet clinic, you probably wouldn't attract a lot of people with weight loss counseling. However, if there are no nutritionists in the area, counseling services for diabetics could be popular.
- **Look at the big picture.** Think about your specialty, brand identity, mission statement, and business plan. Ask yourself if a new procedure would fit well. If you have a dental practice specializing in smile makeovers, Botox might be a natural choice. For a dental office that focuses on reconstructive and pediatric dentistry, Orthodontics might be a better choice.
- **Think about your marketing strategy.** Is there already a need or demand? If not, how will you sell your service? Whether you are offering an elective treatment to consumers, or you are seeking referrals from colleagues, make a plan to get the word out.

Purchasing equipment

Often, expanding your practice includes buying devices. Today's savvy patients are well aware of the benefits of high-tech treatments, from laser surgery to cosmetic skin tightening. Many of these procedures are in high demand, because the companies that make these devices market them heavily.

Many practices are expanding without adding entirely new services. The addition of in-office diagnostics or laboratory equipment can add revenue streams while improving the patients' experience. For example, several years ago, the idea of a dentist creating a crown in his or her office would have been laughable. Today, it is a profitable service that busy patients appreciate, and often expect.



WHAT IS YOUR PRACTICE WORTH?

THERE ARE MANY FACTORS THAT AFFECT THE MARKET VALUE OF A MEDICAL OR DENTAL PRACTICE. THEY INCLUDE:

► TANGIBLE ASSETS

Land, buildings, furniture, equipment, etc.



► ACCOUNTS RECEIVABLE

The amount of money that is owed to the practice



► INTANGIBLE ASSETS

Also called goodwill, this includes the patient base, profit potential, and reputation of the practice



INCREASING VALUE FROM THE INSIDE OUT



Maximizing the potential of your practice is a two-step process. Upgrading your practice can add new revenue streams and improve patient retention.

However, your potential is limited by your patient base. Reaching out to new markets and increasing brand awareness in the current market can help you enjoy the full benefits of your investments.

UPGRADING YOUR PRACTICE

THREE QUESTIONS TO ASK YOURSELF BEFORE ADDING A NEW MACHINE OR PROCEDURE:

- 1 **WHAT DO YOU REFER OUT MOST FREQUENTLY?**
Adding those services in-house will keep the revenue in-house
- 2 **WHAT FITS WELL WITH YOUR BRAND IDENTITY AND SPECIALTY?**
A cosmetic dentist might choose to add Botox, while an orthopedic surgeon might add physical therapy.
- 3 **HOW MUCH WILL IT COST?**
The price tag of adding a procedure involves more than equipment and supplies. Additional costs may include training for yourself or your team, expanding your facility to accommodate the equipment, or hiring additional staff.



REACHING OUT

Three keys to expanding your patient base:

- Expand your professional network, especially if you are a specialist who takes referrals.



- Look for underserved demographics in your area. For example, if there are families in the neighborhood, but no pediatricians nearby, consider adding children's services.



- Create a strategic plan. There is no one-dimensional solution to effective marketing. Brand identity, reputation management, social media engagement, local marketing, and a strong internet presence are just a few of the key ingredients in the recipe for success.



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If you've decided to invest in equipment, your next decision is whether to buy new or used. **Three reasons to**

buy new:

- If you plan to sell your practice, a modern and up to date office will be more appealing to a potential buyer.
- Prospective patients are often looking for the "latest and greatest." In fact, having a high-tech office is an excellent selling point when marketing your practice.
- The latest technology tends to be the most effective and efficient. Buying the newest versions of devices can improve your results, reduce treatment times, or both.

Three reasons to buy used:

- Much like automobiles, the value of new medical devices depreciates rapidly. Even if you use it for a short time, the resale value will be significantly lower than the purchase price. A used device will depreciate more slowly.
- Due to the price difference, you may be able to do more with less investment by choosing used equipment.
- If the company has not recently made dramatic improvements to the device you are purchasing, then an older model may have nearly the same functionality at a lower price.

Other areas to upgrade

As a doctor, it can be easy to forget to look beyond what you do and how you do it. However, your patient's experience, and your profit potential, encompass more than just your services and procedures. If you are investing the time and money to expand your practice, consider upgrading these areas as well:

- **Existing equipment** – Replacing your current devices with the latest technology will keep your practice on the cutting edge, and avoid the problems that come with aging devices.
- **Business office** – When you think of new technology, you probably think of the devices that you work with. However, the efficiency of your front office can make the difference between surviving and thriving for your practice. Upgrading slow computers, poor sound quality on telephones, or inadequate practice management software is usually much less expensive than medical equipment, but it can still have an impact on the value of your practice.
- **Amenities and patient area** – No matter what your specialty, patients love to be pampered. You can upgrade their experience, often with minimal investment. Wi-fi, comfortable furnishings, refreshments, and convenient parking are popular with virtually every demographic. Additionally, targeted additions such as wheelchair lifts or child play areas can help you increase patients from a specific demographic.
- **Outreach** – Make sure people are talking about your practice, and that they are saying good things. Improving your social media presence, upgrading your website, affiliating with local organizations, promoting your charitable activities, and marketing to new demographics are just a few of the ways to increase your patient base.

Conclusion

To a doctor and medical practice owner, very little is more exciting than deciding to perform a new procedure, buy a new laser, or hire a new specialist. However, careful forethought and strategic planning can make the difference between a profitable investment and a waste of money.

About the Author:

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