

BUSINESS INSIGHTS



onsidering all of the major and minor financial decisions involved in running your practice and keeping your personal finances in order, it's understandable if you sometimes feel overwhelmed and uncertainin fact, you are not alone. In a recent survey of some 1,600 dentists by the American Dental Association, 42.9 percent reported negative feelings about their overall economic conditions in their dental office, compared with 23.8 percent who felt positive.1

Some straightforward steps, including these, might help you gain a bit more personal financial confidence:

Just as you gather facts about a patient's history and current condition when preparing to treat him or her, so should you review the past and present state of your finances. Begin by making

a list of your income and other assets (investments, cash savings, property, etc.) and a list of your liabilities (mortgage or rent, car payments and other expenses), which may give you a clearer picture of where your concerns are and how to address them. Review the past year and identify any financial issues that created trouble. What can you do to avoid those situations in the future?

SAVING REGULARLY (AND DILIGENTLY) FOR RETIREMENT

When it comes to retirement preparation, just 13 percent of U.S. workers feel very confident they have enough savings for a comfortable retirement, compared with 38 percent who are somewhat confident and 28 percent who are not at all confident, according to a 2013 study by the Employee Benefits Research Institute.2 In light of those figures, consider

contributing regularly to your 401(k) or individual retirement plan and boosting your contributions whenever you can.

PREPARING FOR THE UNEXPECTED

Although the future is by definition full of unknowns, having a backstop in place for contingencies may remove those nagging concerns and boost your confidence. The nonprofit organization American Consumer Credit Counseling recommends having at least three to six months of your salary in reserve for emergencies. You can calculate an appropriate emergency fund for your own situation at consumercredit.com.3

Your patients visit you for your expertise in the human body. Consider taking a similar approach and seeking out

guidance from a trained financial advisor for help developing a sound financial strategy and a greater sense of confidence in your ability to meet whatever the future brings. ■

- AADA News, Oct. 1, 2012. ada.org/ news/7643.aspx
- EBRI 2013 Retirement Confidence Survey. ebri.org/publications/ib/index.cfm?fa=ibDisp&content_id=5175
- American Consumer Credit Counseling. consumercredit.com/ financial-education/financialcalculators/emergency-fund.aspx

Don't miss PNC's free educational 2013 Dental Webinar Series. Register today at virtualvenues.com/ pnc/dental

[2] Staffing a Start-Up

Train your employees to be at the top of their game.

[3] Professional Valuations

Essential for estate planning and making business decisions.











Staffing Strategies for Start-Ups

Train your employees to be at the top of their game.

o matter how carefully you plan out every last detail of a successful practice, at some level that plan is only as good as the people you hire to help you implement it. Staffers will often serve as your ambassadors. They'll be among the first faces patients see when they arrive and quite possibly the last they see before leaving. They'll help keep your records in good shape and operate expensive equipment. You need people on whom you can rely.

And the competition for quality dental staff is only expected to grow, according to the U.S. Bureau of Labor Statistics. As one example, hiring for dental hygienists is expected to rise 38 percent from 2010

through 2020, significantly outpacing expected growth for most occupations in the United States.¹

As you consider ways to go about hiring the best possible employees, you may want to start by listing all of the important functions that you expect from a position you're trying to fill. When the time comes to interview prospects, you'll be that much more prepared to determine whether the candidate's qualifications and experience are right for the job. And be sure to communicate all of those responsibilities with the prospects. If the ones you wind up hiring have a better idea what they're signing up for, it may help avoid misunderstandings later on.

TAKE TIME TO TRAIN

Even when you're hiring specialists, make sure they understand the idiosyncrasies of your practice. No two practices are exactly alike. Give new employees time to get well versed in your operations, how your staffers interact and how you handle the flow of patients.

SET CLEAR STANDARDS

Everyone wants to work in a friendly environment, but take care that the tone you set doesn't confuse employer and friend. Staff will take their cues from you. One of the best steps to maintaining a high-performance staff is to set clear standards of professionalism, courtesy, punctuality and respect, and

see to it that employees aim to meet them.

FIND A LEADER

No matter how many hours you pull, you can't be everyplace at once. And while you make the big decisions, you can't make all of them or preside over every minor staff inquiry. A strong manager is vital for helping things run smoothly. Make sure the staffers understand that the manager has your full support, and make that person part of hiring decisions. They, in turn, will likely support your mission to provide superior care to your patients.

¹ Bureau of Labor Statistics Occupational Outlook Handbook. bls.gov/ooh/ healthcare/dental-hygienists.htm









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The Benefits of a Professional Practice Valuation

An essential resource for estate planning and making business decisions.

ow much is your practice really worth? If you can't answer that question with specific, detailed figures, it might be time to consider undergoing a formal business valuation process—whether or not you're planning on selling your practice anytime soon.

In fact, selling is just one of the good reasons for having a professional, regularly updated business valuation, according to the Service Corps of Retired Executives. Knowing what your practice is worth is an essential resource for estate planning and making business decisions. And when you do start to think about selling, having regular valuations that you've updated over the years will give a prospective buyer that much more confidence that you're asking a fair price.¹

The Internal Revenue Service describes the three generally accepted valuation methods as the asset-based approach, the market approach and the income approach. While each has advantages and drawbacks depending on your situation, the help of a professional is vital in deciding which method to use and how to use it, the IRS notes.2 A professional appraiser who has experience with practices such as your own will likely be trained to evaluate the tangible and intangible assets that determine what yours is worth.

ASSET-BASED APPROACH

As the name implies, this method tabulates the value of your practice by comparing your assets (equipment, building, etc.) against your liabilities. This gets quite complex as you gauge the current value of things you've owned for years. The asset method might be considered by practices that rely on expensive equipment for operations.³

MARKET APPROACH

This method values your practice based on the competition. Because each practice is unique, knowing how much yours is worth involves much more than finding out what a similar-sized practice in your city or town sold for. Much of a practice's worth is determined by goodwill—elusive and sometimes difficult-to-gauge factors such as the attractiveness of your location, the loyalty of your staff

and your reputation. A detailed appraisal of goodwill, backed up by facts, may lend credibility to a market valuation.⁴

INCOME APPROACH

Logically speaking, the value of your practice (from a financial perspective, that is) comes down your ability to generate income. Though it may sound simplistic, evaluating a practice based on its income is anything but easy, since it involves placing a current value on income that will be earned in the future. What if a productive partner suddenly retires, or the demographics of your area change? An appraiser can factor in these and other risks to arrive at a proper valuation.5

Whichever method suits your practice best, a comprehensive valuation may be a vital addition to your practice, whether you expect to keep going for the next five years or the next 35.

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SSCORE, "Business Valuation 101." score.org/resources/businessvaluation-101

² Internal Revenue Service, "Business Valuation Guidelines." irs.gov/irm/part4/ irm_04-048-004.html

³ Terry Masters, "Types of Business Valuations," Houston Chronicle. smallbusiness.chron.com/typesbusiness-valuations-18360.html

⁴ ibid.

⁵ ibid.



LIFE IN BALANCE: Five New Wonders

Explore the most recent additions to UNESCO's amazing list of world heritage sites.

While the Seven Wonders of the Ancient World have mostly vanished, you can still visit the wonders of the present world. United Nations Educational, Scientific and Cultural Organization (UNESCO) has been designating cultural and natural sites worth preserving since 1972—places, in its own words, "of outstanding universal value to humanity," a high bar for sure. This year five sites have been added to this impressive list. Consider exploring these truly astonishing destinations.

1. Mt. Fuji, Japan

Mt. Fuji (at right) is not just one of Japan's most stunning mountains, but it's also an active stratovolcano—also called a composite cone—made up of layers of ash, lava and rock. Pilgrims have visited Mt. Fuji for centuries, with Buddhist and Shinto worshippers climbing to the top to peer into the volcano's crater, which is surely one of nature's most awesome sights.

2. El Pinacate and Gran Desierto de Altar Biosphere Reserve, Sonora, Mexico

If dormant volcanoes are more your style, consider a visit to this park, which is really two parks. The east centers on a dormant volcano surrounded by cinders and massive craters; the west is a field of shifting, active sand dunes. Explore the dune system, among the most active in North America, which includes large star-shaped dunes and gargantuan sweeping hills 600 feet high.

3. Bergpark Wilhelmshöhe, Kassel, Germany

Perched on a steep hillside, this mountain park is the site of extensive gardens, Baroque architecture and impressive water displays. The water course, built in the 17th century, starts at a massive bronze statue of Hercules. Water rushes down a series of geysers, waterfalls, cascades and rapids, all powered by natural water pressure, culminating in a stunning fountain that shoots 150 feet into the air.

4. Medici Villas and Gardens, Tuscany, Italy

The Medicis' cultural influence extended to their country homes as



well. These 12 villas and two "pleasure gardens" showcase architecture that integrates a rural environment. The gardens are perfect representations of the Italianate garden tradition, lush expanses of plantings and fountains.

5. Levuka Port Town, Ovalau, Fiji

The former colonial capital of Fiji, this port town blends the aesthetic of its indigenous population with the Western tradition of the Americans and Europeans who built there. Set among mango and coconut trees, the town reflects its rich history.

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