

Orthodontic Practice Comparison Report

2015 Edition

HISTORY

For more than 30 years, Cain Watters & Associates (CWA) has guided thousands of dentists and dental practices in the smart, effective management of their personal and business financial matters. Through the years we have gained tremendous knowledge about the factors, attitudes and disciplines that produce the financial outcomes you desire. Much of that understanding is derived from data that we are able to compile, analyze and translate into well-informed and highly effective financial plans for our clients. We believe sharing these valuable insights elevates our entire community of dentists.

SURVEY

Our annual Orthodontic Practice Survey Report is a compilation of data associated with the areas of practice management that have the most bearing on the financial success or failure of orthodontic practices nationwide: production and collections, patient flow, fees for services and staffing. It includes key-area averages, medians and year-over-year percentages of change collected from CWA orthodontic clients segmented by annual revenues of greater than or less than $1.5 million. Additionally, we extract valuable insights found in the data for you, so that you can easily understand what the important takeaways are for your practice.

BENCHMARKING

Our clients use this report as a practice performance evaluation and comparison tool to help direct their efforts and goals from year-to-year. There are likely others in your network that will also find this information helpful for defining their own business goals, we encourage you to share it with them.

METHODOLOGY

Survey Population

Orthodontists representing 210 independently and privately owned practices throughout the United States.

Profile of Survey Respondents

CWA Orthodontic Clients

Survey Method

Web-based survey; ~11 minutes in length; 95% Confidence Level; Confidence Interval: +/- 6.7%

Data Collection

March-April 2016

Survey Platform

SurveyMonkey.com

2015 ORTHODONTIC PRACTICE COMPARISON REPORT SUMMARY

PRODUCTION	AVERAGE ($)
Production	2,143,387
Production by Provider	1,625,030
Collections	2,012,704
Contracts Receivable	1,269,752

COLLECTIONS	AVERAGE % OF COLLECTIONS
Salaries	18.51
Marketing	3.35
Ortho Supplies	7.34
Lab	4.11
Rent	5.97
Net	44.83

NEW PATIENTS	AVERAGE
Total Starts	450
Conversion Percentage	69.0%
Marketing Expense as % of Collections	3.4%
New Patient Acquisition Cost ($)	109

PAYROLL	AVERAGE ($)
Lead Assistant	22.41
Assistant	18.35
Front Desk	17.52
Office Manager	27.11
Financial/Insurance Coordinator	21.10
Marketing Coordinator	19.58
Treatment Coordinator	22.14
Lab Tech	18.49
Sterilization/Records Tech	13.55
Associate Dr. (Daily)	1,053

FEES	AVERAGE ($)
Phase I	2,975
Phase II	4,774
Full Treatment	5,791
Invisalign	6,025
Average Down Payment	834

PRODUCTION AND COLLECTIONS

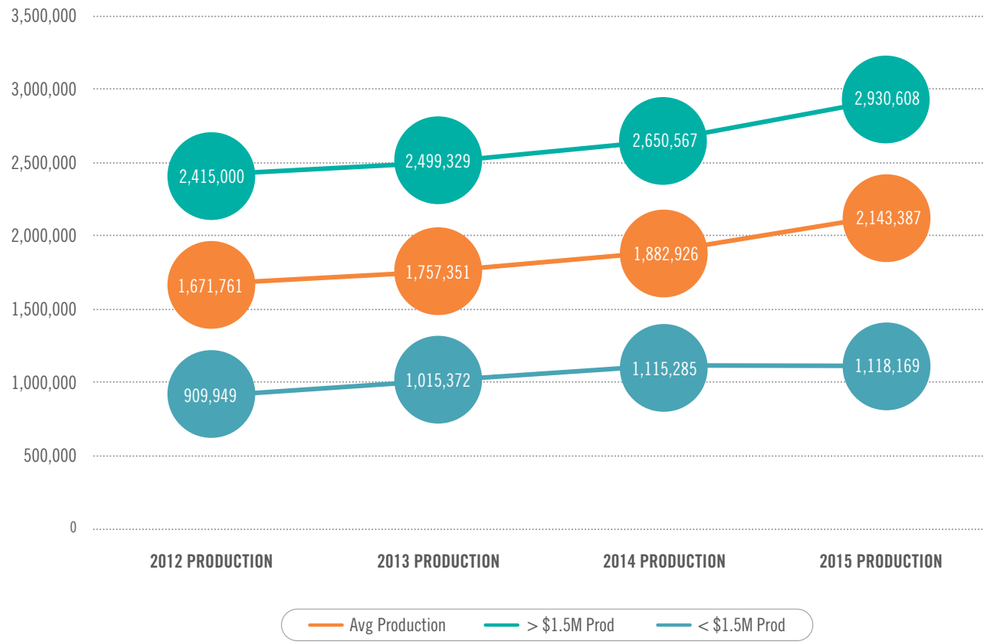
	OVERALL AVERAGE ($)	OVERALL MEDIAN ($)	PRACTICES > $1.5M ($)	PRACTICES < $1.5M ($)	OVERALL % CHANGE 2014-2015
Production	2,143,387	1,656,816	2,930,608	1,118,169	13.8%
Collections	2,012,704	1,651,852	2,756,371	1,049,317	9.9%
% Production to Collections	106.5%	100.3%	106.3%	106.6%	3.5%
Production per Provider	1,625,030	1,566,500	2,032,296	1,118,169	4.8%
Contracts Receivable	1,269,752	976,037	1,746,768	701,875	21.2%
Contracts Receivable as % of Prod.	59.2%	58.9%	59.6%	62.8%	6.5%

AVERAGE GROWTH IN PRODUCTION AND COLLECTIONS

Average Annual Production Growth 2012-2015.....**7.1%**

Average Annual Collections Growth 2012-2015.....**7.2%**

PRODUCTION GROWTH



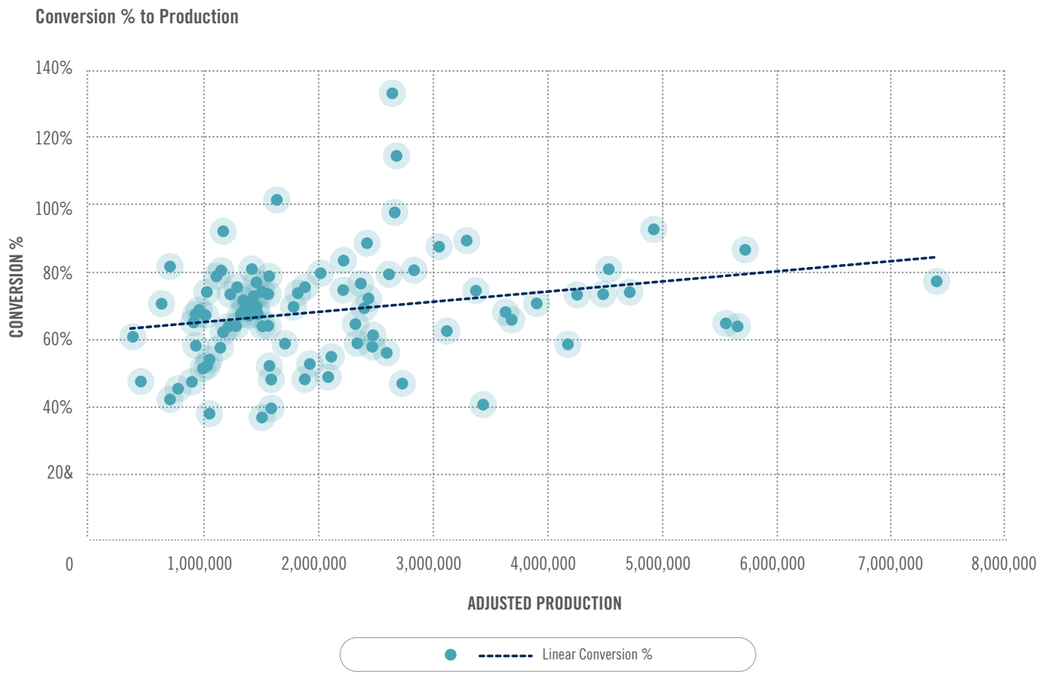
INSIGHT:

Decreased
Accounts Receivable

Contracts receivable is money due to your practice for future work. Accounts receivable is money owed to your practice for past work. The average CWA orthodontic client maintains accounts receivable of 2.4% of collections, however, those that offer patients third-party financing, on average, see accounts receivable decrease by 24%.

NEW PATIENTS

	OVERALL AVERAGE	OVERALL MEDIAN	PRACTICES > $1.5M	PRACTICES < $1.5M	OVERALL % CHANGE 2014-2015
New Patient Exams (NPE)	660	549	862	377	12.4%
Starts	450	343	619	234	9.2%
Conversion Percentage	69.0%	69.3%	72.1%	64.8%	-2.7%
INVISALIGN					
Starts	48	23	70	19	55.1%
Percentage of Overall Starts	8.4%	6.2%	9.6%	7.0%	12.3%
MARKETING					
Percentage of Collections	3.4%	3.1%	3.3%	3.4%	-6.8%
Percentage of Production	3.2%	2.9%	3.2%	3.2%	-6.7%
New Patient Acquisition Cost ($)	109	95	111	106	1.1%



INSIGHT:
High Conversions

While the average number of new patients exams and starts grew sharply in 2015, overall, the conversion percentage was down. A high conversion rate is achieved with good marketing and by a well-managed recall system that ensures observation patients are converted when ready.

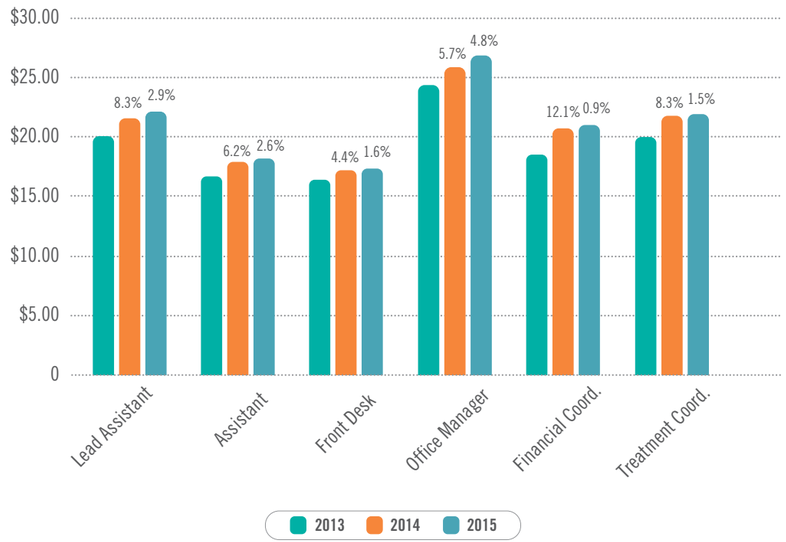
PAYROLL

POSITION/HOURLY PAY RATE	OVERALL AVERAGE ($)	OVERALL MEDIAN ($)	SUBURBAN / URBAN ($)	RURAL ($)	OVERALL % CHANGE 2014-2015
Lead Assistant	22.41	22.00	22.92	20.35	2.9%
Assistant	18.35	18.00	18.88	16.03	2.6%
Front Desk	17.52	17.00	17.77	16.18	1.6%
Office Manager	27.11	26.00	27.24	25.08	4.8%
Financial Coordinator	21.10	20.41	21.78	18.54	0.9%
Marketing Coordinator	19.58	19.75	21.21	17.07	1.3%
Treatment Coordinator	22.14	21.22	22.92	18.96	1.5%
Lab Tech	18.49	18.50	18.29	19.16	-2.6%
Records Tech	13.55	13.00	13.87	11.79	0.8%
Associate Dr. (Daily)	1,052.50	1,000.00	1,039.17	1,000.00	-7.6%

SALARIES AS % OF COLLECTIONS

Overall Average.....18.51% **Practice Size > $1.5M**.....17.83% **Practice Size < $1.5M**.....19.41%

SALARIES 2013 – 2015 WITH % INCREASE



INSIGHT:

Greater Efficiencies

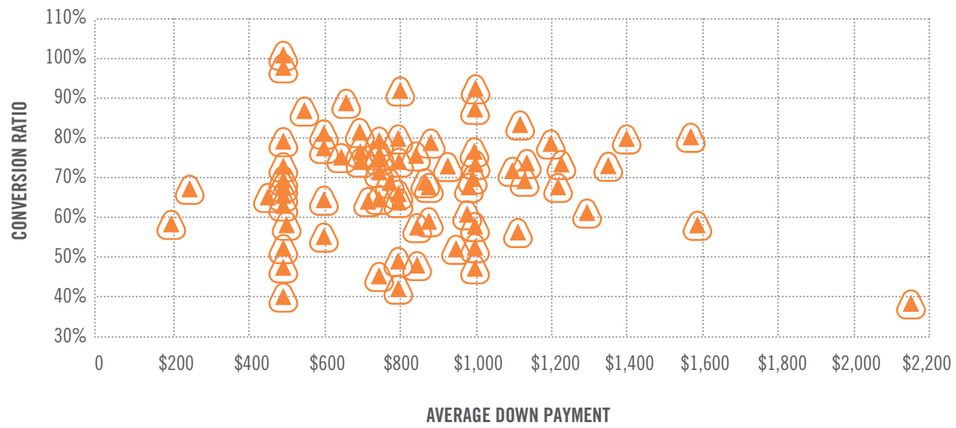
In most CWA practices there is no decrease in lab or supply costs as production increases. Larger practices, however, gain efficiencies in staff salaries with increased production, resulting in a savings of almost 2% of collections.

FEES

	OVERALL AVERAGE ($)	OVERALL MEDIAN ($)	SUBURBAN / URBAN ($)	RURAL ($)	OVERALL % CHANGE 2014-2015
Phase I	2,975	2,994	3,020	2,800	3.55%
Phase II	4,774	4,895	4,743	4,906	0.21%
Combo Phase I/II	7,749	7,889	7,763	7,706	1.47%
Full Treatment	5,791	5,680	5,773	5,857	1.86%
Invisalign	6,025	5,980	6,018	5,754	0.50%
% of Combo vs. Full Treatment	134%	139%	134%	132%	-0.39%
Average Down Payment	834	800	833	836	-9.46%

The CWA Orthodontic Comparison Report was compiled utilizing data from current orthodontic practice clients of Cain Watters & Associates P.L.L.C. (CWA) to produce the average result presented. Prospective clients should not infer their practice will have similar results solely by becoming clients of CWA. Many managerial, economic, geographic, and industry specific conditions could materially affect the results seen by any specific practice. The CWA Orthodontic Comparison Report document was prepared by CWA only for informational and comparative use by owners of a dental practice. This document should not be reproduced or distributed by anyone other than CWA. No other use or other business purpose by a third party is authorized and is expressly not permitted without the expressed written consent of CWA. CWA is an Investment Advisor registered with the Securities and Exchange Commission. No client or prospective client should assume that any information presented herein is receipt of, or a substitute for, personalized financial planning consulting advice. Financial planning consulting advice can only be rendered after the following conditions are met: 1. Delivery of our form ADV Part 2A to you; 2. Execution of an Investment Advisory and/or Financial Planning Engagement Letter between us.

CONVERSION RATIO VS. DOWN PAYMENT



INSIGHT:

Reducing Down Payment

In 2014, the average conversion percentage was 71%. In 2015, it dropped to 69%, despite a lower average down payment of $834 – down $87 from $921 – during the same period.

Founded in 1984, Cain Watters & Associates, P.L.L.C is a CPA firm providing comprehensive accounting and financial planning services to more than 1,600 clients in 49 states. Our specialized services include:

Complete personal and business financial planning

Comprehensive tax planning for dentistry

Acquisition of other offices and building a new office

Strategies for starting a new practice

Personal and business budgeting

Pension planning strategies

Accounting and Tax services

Dental practice efficiency and productivity review

Preparation and planning for new associate additions

Multiple doctor partnerships

Investment strategies and access to institutional asset management

Distribution planning and estate planning

For more information, please contact our New Client Services Team:

Charles Loretto
charles@cainwatters.com
972-233-3323

Kaitlin Mitchell
kaitlin@cainwatters.com
972-233-3323

GET CONNECTED

/cainwatters

www.cainwatters.com