Career Planning

CHAPTER 1

Don't confuse having a career with having a life.

Hillary Clinton

GOAL

This chapter aims to describe specific career planning decision points and processes.

LEARNING OBJECTIVES

After the completion of this chapter, the student will be able to:

- Describe the characteristics of dental practice as a career.
- Define professional options available to the new dental graduate.
- Describe career choice points that affect the career path.
- Describe personal and professional factors that affect the location decision.

KEY TERMS

career decision points career path

Dentists have many professional options to use their skills and training. Some involve ownership, while others are employee situations. In this book, we only discuss practice-related options. The opportunities include:

- Employment
  - Private sector
    - Private associateship (non-owner)
    - Corporate employee (non-owner)
    - Industrial research
    - Corporate support
  - Public sector
    - Military/Veterans Affairs
    - Public health patient care settings
    - Dental education
- Ownership
  - Private solo practice (owner)
  - Private group practice (owner)

Business Basics for Dentists, Second Edition. James L. Harrison, David O. Willis, and Charles K. Thieman.

CHARACTERISTICS OF DENTAL PRACTICES

Dental practices are unlike many other service businesses. Most dentists are still in individual practices, with few colleagues with whom to confer. They must personally deliver the service, which involves hard physical work. They cannot delegate most procedures and must be personally present for the procedures that they do delegate. This means there is little managerial leverage, so the dentist cannot play golf while the office operates. There is no managerial progress. Someone cannot work their way up the management line to become a regional manager or vice president. Most new graduates come to the workplace with high educational debt and must include that in their practice debt finance plan. Dentists' earnings typically peak at 45–50 years of age. After that, the physical nature of the work causes them to decrease the number of patient visits. Often dentists then look to add associates or plan to sell their practices. The question is whether to sell at the peak of the income-generating potential (and therefore at the highest price) or to "milk the cow" and take income from the practice as they continue to slow down.

COMMON MYTHS ABOUT DENTISTRY

There are several misconceptions about dentistry that will influence career choices.

DENTISTRY IS EASY MONEY

Many people outside the profession view dentistry as an easy way to make a lot of money. Although dentistry is still one of the more lucrative professions, those in the profession know it is not easy to make money. Dentistry is physically demanding work. Dentists often work long hours in contorted positions to make patients comfortable. Back and neck problems, repetitive motion injuries, and eye strain are common problems of seasoned dental practitioners. Dentistry is also emotionally demanding work. Many patients fear dental procedures or have unrealistic expectations about their desired outcomes. Staff members may have personal problems or interpersonal disagreements that affect the work environment.

A DENTIST MAKES MORE MONEY OWNING A PRACTICE

Dentists *might* make more money if they own their practice. Practice ownership requires knowledge, skills, and abilities that not all dentists have. Additionally, owner–dentists need to spend time and emotional energy to operate the business side of effective practice. Not all dentists want to do this. Some are excellent clinicians but do not want the extra problems of ownership. They want to treat patients, not worry if the hygienist and assistant have interpersonal problems or fret about the changes in a local employer's dental insurance plan. These dentists are best off working for someone else, letting the owners worry about the management of the practice. They can make more money treating patients if they work with someone good at managing a practice or a network of practices. Someone who is excellent clinically, behaviorally, and managerially and loves all aspects of running a practice can make more money owning it.

BIGGER IS BETTER

Many dentists believe that a bigger practice is better. Personal wants, needs, and desires might lead someone to a smaller, more personal practice better suited to their temperament. A larger practice is not necessarily a more lucrative practice. Profits come from using the practice's resources to the maximum amount possible, regardless of size. A small practice can be as profitable as a large one. However, an extensive, well-run practice does have some advantages if the owner has the managerial expertise to make this larger and more complex business entity use all its resources effectively. A larger practice might show a higher profit if well run. A bigger practice may weather economic downturns more easily. When sold, larger, more profitable practices bring a higher price, although sometimes finding a buyer for these large practices is difficult.

STUDENT DEBT MAKES IT IMPOSSIBLE FOR A DENTIST TO BORROW MONEY TO BUY A PRACTICE

Dental graduates are carrying higher levels of student debt than before. Changes in the student loan programs have made it more difficult to consolidate these loans at low interest rates. Tax law changes have limited the amount of student loan interest graduates can deduct. Nevertheless, dentistry is still one of the higher-income professions. Banks and other lenders who make start-up and buy-out loans to dentists understand these problems. They will work with dentists to develop loan packages if the practice can support the cash flow needed to pay all expenses, including student loans. Not all practices will be profitable enough at a price that can support the cash flow required to make all the payments, however. This can result from the practice price being set too high, high overhead in practice, or the financial

characteristics of the potential buyer. A graduate who does not have a high loan burden or who has a spouse who earns a significant income may show cash-flow needs that are much lower. This dentist may qualify to borrow for a practice purchase when someone else would not.

PUBLIC HEALTH IS FOR DENTISTS WHO CANNOT MAKE IT IN PRIVATE PRACTICE

It has become part of the professional culture that "good" dentistry is exquisitely done (expensive) reconstructive dentistry. True, dentists in the public care sector may not do much complex reconstructive dentistry because the organization's purpose is to provide more basic services to a larger clientele. This does not make dentistry or the dentist's application of their hard-earned skills of less quality or less critical. The public sector provides valuable services to a large segment of the population. Many dentists find satisfying and rewarding careers by devoting their skills to this style of practice.

A DENTIST DOES NOT HAVE TO TAKE INSURANCE PLANS IN PRACTICE

If a dentist is in a private ownership position, they make all the management decisions. Long-term, insurance-free practice is the goal of many practitioners. However, most do not get there. It takes a combination of location, clientele, management, clinical expertise, and time to develop a practice that does not participate in dental insurance plans. Someone may take plans in the short term with the aim to wean off them as they build a private clientele. As the economic environment and insurance industry change, more practices find the need to participate in insurance plans.

A DENTIST WILL BE IN THE SAME OFFICE THEIR ENTIRE CAREER

This used to be more accurate than it is today. In the past, the graduate would open or buy a practice and then build it over the years, and they would be in an ownership position immediately after graduation. New graduates today may work in several professional situations before arriving at their final practice setting. With the increasing number of employment opportunities, many dentists never reach an ownership situation, choosing to do clinical work in non-ownership positions for their entire careers. The old notion that private practice is the only good form of dentistry is dying out.

CAREER PATHS

Dentists now talk about career paths in which they have an ultimate, long-term goal but may take several steps to reach it. Short-term goals then support long-term goals. Each step in the short term should support the long-term intention. For example, the traditional path would be to finish dental school, go directly into a pediatric dentistry residency, and then open a practice. A new graduate who has high student debt may take a different career path. In this path, someone may graduate and join a public health practice that offers loan forgiveness. They can build speed and confidence while working with young patients in the clinical setting. They then attend residency and join a group pedodontic practice. Career paths are different for everyone depending on their circumstance. Graduates with an immediate family member who has a career in dentistry or other healthcare profession are at an advantage. They generally have a deeper understanding of a healthcare career and often have a built-in entry into a practice situation. Graduates with a history of working in private industry or government use that knowledge to their advantage.

Each person makes career path decisions based on their situation at the time of the decision. Specific decision points direct and influence decisions. These include the following.

THE DESIRE FOR INCOME

If someone desires a high income (as opposed to an adequate income), then a long-term plan should include a private practice ownership option. Specialist dentists' incomes are higher than generalists'. Short-term options might include associateships or military practice to build skills and knowledge while someone pays down debt and accumulates assets. If a high income does not drive a person's professional needs, other desires can be driving forces.

DEBT LOAD

If a dentist has a small or no student debt at graduation, then they are in the fortunate position of being able to take on debt for a practice purchase or personal needs. Heavy student debt may limit practice options to those showing excellent cash flow. Short term, a graduate might need to practice in an associateship or corporate practice for several years to pay down debt, or find a public health practice that includes loan payment or forgiveness.

THE DESIRE TO BE THE BOSS

Most dental students claim to want to "be their own boss," but when they face the reality of the debt load, managing the business, and the extra time necessary, many decide that the trade-offs are not worth it. Part of the old culture of the profession was that the ultimate form of professional effort was a private individual practice, and that notion has

changed. Currently, many corporate and public practices use the entirety of someone's professional skill, care, and expertise without practice ownership. If someone is fiercely independent and wants to make or break it on their skills, then private practice is the place.

THE DESIRE TO LIVE IN DIFFERENT LOCATIONS

Some people enjoy the idea of moving and living in different places. Others know where they want to settle and live the rest of their lives. If someone fits into the first group, then practice ownership is a problem. Practice ownership is a long-term commitment, and it takes many years to fully recover the investment (time and financial) that someone makes when establishing a practice. They may not find a willing buyer for a practice when they want to sell it or have licensing problems in a new location. Network practices, the military, and public health practices are all more conducive to moving to different areas and experiencing different cultures.

THE DESIRE FOR PERSONAL OR FAMILY TIME

Some people love dentistry and would do it 24 hours a day if they could. Others enjoy time away from the office for personal or family activities. Some like to take time every week, while others prefer to take periodic time off for travel or other similar activities. Where a person falls on this continuum is also essential in helping to decide career points. It is not easy to take much time off in an individual ownership position and maintain a high income. Patients want work done, staff members want to get paid, and income stops when the dentist is not there. They can set their hours and take time during the week, but taking many extended blocks is more of a problem. It is easier to take time in a group practice where others can cover for a dentist and share costs. The easiest way to take blocks of time is to work in an employment situation with guaranteed time off (such as military or public health). Often, people in this situation will work more hours during the week but will have the flexibility of blocks of vacation time.

OTHER DECISION POINTS

There are many other career decision points. If someone enjoys doing research, they obviously will be in a situation in industry or academia where they can do this activity, and where someone wants to live influences the path as well. If a dentist wants to live in a specific rural area, the only option may be private ownership. Some people prefer working in an organization with many other people; some prefer working alone.

LOCATION DECISIONS

Regardless of the specific career option, the dentist's first decision is where they want to live. Several factors contribute to this decision.

PROFESSIONAL FACTORS

The single most important professional factor is the dentist--to-population ratio. This ratio describes the number of dentists to treat a given population in the area. It is an indicator of the potential viability of a dental practice. It is usually expressed as a ratio such as "1 : 2300," which says that there is one dentist for every 2300 people in the service area. There may be a need to modify the ratio because it is a general number. The dentist should check that the ratio represents the area in which they are interested. (The numbers may be for the entire county or part of an urban area.) Moreover, the ratio includes both specialists and generalists. If the dentist is a generalist, they probably want to take the specialists in the area out of the equation. The ratio also includes a simple count of all licensed dentists. This includes retired, part-time, and non-practicing dentists. If the dentist can, they should play with the numbers to arrive at the number of full-time equivalent (FTE) generalists per population. (Someone who practices half-time represents 0.5 FTE dentists.)

Healthy ratios are generally between 1 : 1800 and 1 : 2500. The military has traditionally believed that one dentist can treat 800 soldiers (but the military has 100% utilization). Higher-income areas tolerate lower ratios as people buy more dental services. Rural areas traditionally have a lower utilization rate than urban areas. A ratio of 1 : 2500 or 1 : 3000 may be required in these areas to suggest enough patients. The dentist can get these ratios from the American Dental Association (ADA), which has several publications that summarize economic factors for dentists across the country. In smaller communities, the graduate can get a phone book and talk to people in the area. The dentist can probably develop an accurate ratio with information from the local chamber of commerce.

The number and type of other dentists in the area are deciding factors. The potential practitioner should feel comfortable with the professional community they will work within, the local dental society, and civic organizations. They should also be sure there are adequate specialists for referral

and consider staff availability. A new practitioner may need to train staff, or there may be training programs nearby.

PERSONAL FACTORS

Personal desires are probably the most important practice location decision. The dentist should decide where they want to live and move there. If they are not personally satisfied, then even excellent professional opportunities will not compensate for their lack of personal fulfillment. The dental practitioner should also consider their aspirations, career, and life plans. They should decide their preferred lifestyle. Each person has preferences for climate, culture, and recreational opportunities. Some want a rural lifestyle where hunting, fishing, and hiking opportunities abound. Others would not live anywhere that does not have an entire arts community and excellent country clubs. Everyone must reconcile their preferred practice pattern with their preferred personal style. They may want a crown and bridge–style practice but prefer a remote rural location. The two might not be compatible. Therefore, everyone must be realistic in their assessments.

The next most significant factor in dentists' general location decisions is spouse and family desires. Where someone wants to go is only part of the lifestyle decision, and if they are married the spouse is generally involved in the decision process. A professional or working spouse needs personal growth opportunities as much as the dentist does.

ECONOMIC FACTORS

Once someone has decided on one or several general areas to live in, they should then look at the area's economy. As a service provider, a dentist depends on other businesses to provide employment so that people have money and insurance to afford dental care.

The dentist should examine the economic base of the area. They should find out the sources of income for people in the area. Primary industries, such as mining, farming, and manufacturing, bring money into the local economy. (Each primary industrial dollar circulates eight times in a local economy before dissipating.) From there, the money flows to the secondary industries that support the primary industries, such as construction and retail stores. Tertiary industries, such as dentistry, provide services to the employees of other industries. The dentist should look for broad-based primary industries in the selected location. Several industries in a town provide a strong economy. The dentist should be prepared for a boom-and-bust economy if the area has a single primary industry (such as one large manufacturing plant or a mining-based economy). Everyone has money when the mines (or other primary industries) are busy. If the mines shut down, miners do not buy shoes or build houses, and construction workers and sales people do not go to the dentist. In contrast, a well-diversified primary industrial base can absorb an individual sector shutdown without leading to a general economic collapse.

Several indicators help to gauge the economic health of a community. Most patients consider dental care a deferrable expense rather than a medical necessity. As such, it is highly dependent on disposable income. (Disposable, or discretionary, income is what is left over after people have paid for necessities, such as food, housing, and clothing.) Higher disposable incomes generally mean a better dental economic location. Economic growth in an area means that people's incomes are growing and more people are moving into the area. These people will need a dentist. High-growth areas are also good locations. Some areas have a high turnover rate (people move frequently), while others are more stable. It is easier to establish a practice in an area with a high turnover than to break into a stable area where most people already have a dental provider. However, in the high turnover area, the practitioner will need to continually grow the practice as patients they previously attracted leave through the revolving door.

There are many places to find this information. A call to the local chamber of commerce is an excellent place to start. The chamber's job is to encourage commerce in the area. They already have much information about the potential town. Census data is helpful for comparisons. The problem with census data is that it is usually old by the time a person can get to it. Many states have state data banks that the dentist can call to find the information needed. Additionally, much of this information is readily available on the Internet.

PROFESSIONAL HISTORY

The dentist's professional history may limit their options or allow a particular option to be realistic.

DEBT LOAD

A person's debt load (especially student debt) influences whether an option is acceptable. Bankers have regulators and overseeing committees they must satisfy. If the dentist has so much debt that they are at risk of not being able to make the regular payments on some of their loans, the bank may not loan additional money for a practice.

PRODUCTION HISTORY

The practitioner must show that they can handle the volume of a practice that leads to adequate profit and cash flow. If someone is looking at a practice that needs to generate $900 000 annually to meet projections, the practitioner must show that they can do that much dentistry. Suppose they had previously been an associate generating $800 000 annually or in an Advanced Education in General Dentistry (AEGD) or military practice where they generated significant production. In that case, a lender could infer that they could reasonably handle the practice, but not so with a new graduate who was busy treating two patients daily.

PRACTICE CHARACTERISTICS

The characteristics of the practice the dentist is considering establishing or purchasing influence the viability of the option. If a practice has a large contingent of discounted insurance plan patients, the dentist will have to produce even higher amounts of dentistry to see adequate cash flow through the practice. Lower levels of discounted insurance participation lead to higher margins, but less dentistry is being done. In these practice opportunities, the dentist must have a marketing plan to generate the private-pay patients required for profitability.

CASH-FLOW PROJECTIONS

These factors all come together in the cash-flow projection. Suppose the practitioner can show through a realistic cash-flow projection that they can service the practice debt, generate an income to live on (including personal debt payments), and pay taxes. In that case, the practice option is viable, and if not, then it is not a viable option at this point.

CAREER PLANNING PATHWAYS

Given these decision factors, we provide the career pathway flowchart in Figure 1.1 as a helpful way to think about career paths. We discuss each option in more detail in later chapters of this section.

The first and most crucial task for any dental student is to finish dental school. Until a person does this, no other career decision has any meaning. That is not to say that they should wait until graduation to begin making these plans. Some dental students cannot see that there is a life after dental school with no fixed curriculum, where everyone makes the same choices. For these reasons, we discuss making decisions after graduation, but not waiting until after graduation to make the decisions.

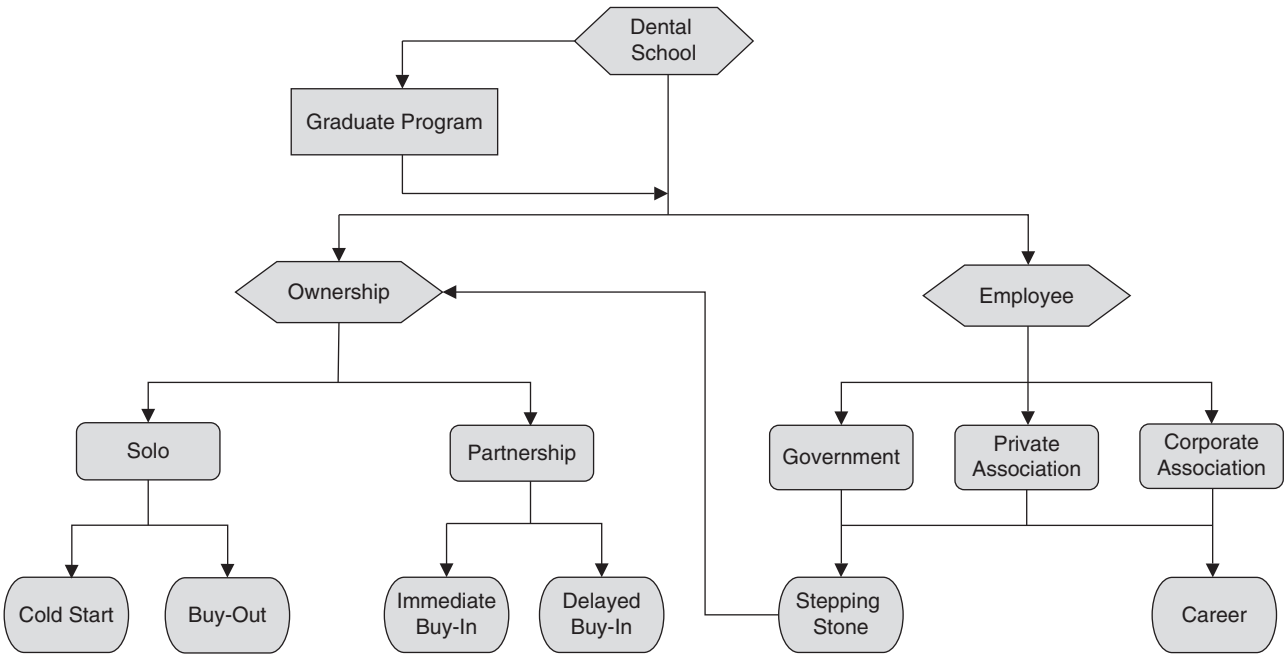

FIGURE 1.1 Career pathway flowchart for dental graduates.

GRADUATE TRAINING

The initial decision point after graduation is whether to pursue graduate training or move directly to a practice option. Graduate training may take the form of additional general training or specialty training. Regardless, this only delays the career decision for several years.

Advanced Training in General Dentistry

There are two options for general dentistry training after dental school: AEGD and general practice residencies (GPRs). AEGD programs focus primarily on dental treatment. They generally occur in a dental school environment and are the halfway point between dental students and practicing dentists. If someone feels they need time to become a more competent technical dentist before going into practice, an AEGD may benefit them. AEGDs usually do not require participants to be on call, and the dentist will not get the same level of medical/hospital experience as they might in a GPR. GPR programs are frequently held in medical facilities. These programs concentrate on dentistry as it relates to whole-body medicine. As such, participating dentists are included in medical rotations, sometimes functioning almost as overflow physicians at some time in the program. Like being a physician, most require participants to have on-call shifts. Because GPRs do not focus exclusively on dentistry, participants gain a wide variety of exposure and experiences. These experiences are beneficial for those considering oral surgery and emergency care specialties.

Specialty Training

A dental specialty is an area of dentistry that the ADA has formally recognized through its National Commission on Recognition of Dental Specialties. Currently, there are 12 dental specialties recognized by the National Commission. This commission sets standards for recognition and policy guidelines for its Boards and Organizations. They all require the completion of an advanced education program. These are:

- Dental Public Health
- Endodontics
- Oral and Maxillofacial Pathology
- Oral and Maxillofacial Radiology
- Oral and Maxillofacial Surgery
- Orthodontics and Dentofacial Orthopedics
- Pediatric Dentistry
- Periodontics
- Prosthodontics
- Dental Anesthesiology
- Oral Medicine
- Orofacial Pain

The graduate needs to research the specialty they are considering. Dental specialties have associations where professionals can meet, network, and discuss their work. If someone is interested in a dental specialty, there are few better places to look than the corresponding professional association. They should spend time shadowing and talking to mentors about the specialty to ensure it fits their desires and interests. This can also give insight into the daily life of a specialist. Internships/externships are usually done in an academic or hospital setting. This offers insight into a typical day in residency and often goes more in depth into the different treatments and procedures.

Graduates should consider the economic effect the delay will have on starting their careers. Most specialty programs do not pay residents, and most practitioners must pay tuition to attend. (Hospital-based residencies, such as a GPR or oral and maxillofacial surgery, generally pay a modest stipend.) So, income will be lost for two to four years while the graduate completes the program. However, this may be offset by the higher income levels many specialty practitioners earn.

EMPLOYEE OR OWNER POSITION

The next central decision point is whether to become an immediate owner of a practice or to work as an employee, long or short term. This may be a decision that is made for the graduate. As already described, there may not be a purchase opportunity, or the graduate may not be in a financial or experience position to own a practice. Many graduates use employment (government, private, or corporate) as a stepping stone, building clinical and managerial skills while paying down debt and building financial assets. After several years, they may be in a better financial position and purchase a whole or part interest in a practice. Others may use the employment situation as a career option. When someone is in an ownership position, they may loop back to an employee situation by selling their practice, often to a corporate entity, and working for that corporation.