

## **Is Zero Accounts Receivable™ Good Practice Management?**

Last week while attending the National Speakers Association annual meeting, I approached a friend of mine who is also a Dental Practice Management consultant to see if he would be interested in offering my new training system to his clients. His response was, “Well, first, I’d have to be convinced that is good practice management.” Wow! Was I shocked! That was the first time I had heard anything like that attitude. Everyone else has either said, “You know, I am really doing okay in that area; I’m proud of my accounts receivable and feel good about it.” Or, they’ve said, “Wow, I could really use your help – I need that system.”

But his comment got me to wondering: Have others had that thought and were just too polite to say it? So I decided to reflect on the issue, and here is what I’ve concluded.

### **What Does ZERO Mean?**

First of all, the term Zero, while completely achievable, is probably a little misleading to someone who has no clue what my system is all about. In my husband’s practice, we actually have a *negative* total accounts receivable, but if you take out the credit balances, we hover around \$11,000 monthly in actual funds that are owed to us. We still accept assignment of benefits and most of that balance is due from insurance companies. That amount is around one-fifth to one-sixth of his monthly production. (We are located in a rural area of Kentucky.) So do we actually have *zero* accounts receivable? Yes and no – and I explain that in my training system. What we have, is a situation that most practitioners would kill for (or at least envy.)

### **The Patient Always Comes First**

Secondly, I believe that our first and foremost obligation is to the patient. My clients know that their job is to provide the best dentistry possible. I do not promote “selling” dentistry that people don’t need just because we can. I don’t believe in charging double or more than what our time, effort, and education are worth just because we can. I do, however, believe in the principle of supply and demand, but that’s another article.

### **You Have An Obligation To Stay in Business**

Continuing on, our next obligation is to stay in business; you can’t do anyone any good if you’re business is closed due to poor management – this includes handling the money. You may have read the article on [“Why My Passion for Accounts Receivable.”](#) that relates the story of how my father lost his business because his patrons made promises to pay but never did. If you haven’t, you may want to do so considering that it shows how prevalent this issue is in small business and has been for quite some time.

### **Some A/R Is Okay**

Is it okay to have some accounts on the books? Definitely! My husband has some patients who have been with him since the day he opened his doors 25 years ago. They have proven to be trustworthy and they always get special financial arrangements. But I want to make this point clear as well: These people never ask to pay \$10 a month or anything else ridiculous – they are good patients and they typically pay over 90 days or less. I can carry 90 days. Also, even though we’ve had a couple of insurance companies’ checks bounce, it happens so rarely we still

accept assignment as a courtesy to our patients. In many situations, accepting assignment has made the difference between the patient's accepting the treatment plan in full, versus having to make a change in treatment due to the amount of financing the patient received.

### **Eliminates Cash Flow Problems**

Collecting what you produce is not only just the right thing to do, but it allows you to have more money now. Collecting what is owed to your practice allows you to invest in your practice more readily. It also allows you to save money or spend more money - enjoying a higher standard of living, or just enjoying the peace of mind of having money in the bank to use later however you decide. After changing our financial polices, we've never had to worry again about covering payroll.

### **Increases Efficiency of the Dental Team**

I know this is difficult for many to believe, but having a system in place that basically says, "We no longer loan money to patients or provide free dentistry" actually increases the practice's productivity. How? Eliminating collections allows your team to focus on other skills sets such as technical ability, or customer service. You save time, workload, and even more money by not sending statements or collection notices, and not paying someone to do those tasks. Wouldn't it be better to pay someone to be your new patient coordinator instead?

### **Eliminates Complaints and Problem Patients**

Most dentists know this already: Dentures that aren't paid for don't fit. Are you tired of having complaints about your dentistry that you know are not legitimate? You know that the only reason the patient is complaining is because he/she has not yet paid their bill. Practicing the philosophy of zero accounts receivable removes that excuse from the patient's thought processes. If they have already paid for everything, they show up for their appointments on time, and they want everything to work. Of course, you have the occasional straggler or someone who gets buyer's remorse, but it is a lot easier to deal with those few people when everyone else has already paid you. It just removes the stress by removing most of the problem patients. Believe me, the patient who is actually trying to swindle you, will not pay you up front. Remember that when you have someone balking at your financial policy. Ask yourself, "Is this one of those people who is trying to get something for nothing?" The answer will be in your gut. Listen!

### **Conclusion**

After reflecting on all of this and writing it out, I've concluded that Zero Accounts Receivable™ is the best @\$% practice management ever! I'm not just talking about my system, but also about the hundreds of dental practices out there who have accomplished zero accounts in one way or another all while thriving and growing their businesses.

The fact that my friend thinks that 80% of the population has good credit tells me that he is a little out of touch with today's marketplace and that perhaps I should just stay away from him. I approached a few others who thought the concept was genius.

**But I would like to hear from you. Do you think having zero A/R is good practice management?**