

# Financial review meetings

Jane Lelean presents an easy-to-follow review system that will help you stay on top of your finances

As a novice sailor I know that to stay on course it is necessary to check the winds continually, adjust the sails, refer to the chart, and take early and decisive action when a change of direction is needed.

This metaphor applies to your finances, too. Many of my clients invariably share with me that they are financially off course. As our conversation continues, I often discover that there are no systems in place to check progress and it is only when the owner comes across an obstacle, such as a payment is refused or the bank manager is on the phone, that he or she realises the finances are wildly off course.

## Financial review meetings are like rubber dam

Financial review meetings are to your practice finances what rubber dam is to endodontics.

There are some of you who will think they are cumbersome and take up too much time, and so won't bother with them. Then will come the time that the metaphorical file is dropped and you will discover the full extent of your exposure and vulnerability.

As with the routine use of rubber dam, review meetings will rapidly become easier and you will get to see how it can be made use of in other areas.

## Plan it and it will happen

The secret to running successful financial review meetings is to schedule them into the diary. Choose a date around the 14th of the month, which will allow your book keeper or manager time to collate the figures, while your receptionist can block out the time for the meeting in the diary.

For example, you may choose the first Thursday after the 14th of each month at noon. Initially you may wish to book out a couple of hours, but as you get accustomed to reading the reports, considering action to be taken and making the

decisions you may only need an hour.

Your book keeper and/or manager should attend these meetings, because they will be responsible for implementing the decisions made. In addition, they will start to hold you accountable for looking at the numbers, as well as the results of the decisions and actions you have taken, so their presence is an added motivator.

## Create an easy to follow system

Making use of a simple, easy-to-use format will help to make the monthly financial review (MFR) meetings successful. Many years ago my first coach, Chris Barrow, taught me an

agenda that I still use to this day:

- Finance
- Sales
- Marketing
- Resources
- Personnel.

For each point, I invite you to develop the habit of objectively looking at the evidence – consider what it means, decide what, if any action should be taken, by whom and by when.

The key questions I ask regarding the finances are listed below (a full list is available upon request):

- Review of management accounts for the last month
- Review of management accounts for the year to date
- Comparison of management accounts with budget
- Review of associates, hygienists and therapists against performance targets
- Course correction required
- Current cash flow situation
- Action needed to accelerate cash flow

- Review of current pricing strategy.

### **Ensure the figures make sense**

Many dentists do not read their accounts. This is usually because the reports are generated in such a way that the dentist finds them difficult to understand. However, when the data is produced in a graphical format, showing trends, it generally becomes easier to comprehend. If you find it difficult to engage with lists of numbers, discuss with your book keeper/accountant how they can present the figures in a way that will make sense to you.


### **Key performance indicators**

When someone is in hospital, we are used to the nursing staff recording the patient's vital statistics on the chart kept at the foot of the bed. These measurements indicate whether the patient is improving, deteriorating or stable.

Financial key performance indicators (KPIs) do the same thing for your practice. Useful trends that you could view graphically include:

- Average daily gross
- Weekly and monthly gross
- Laboratory bills as a percentage of gross
- Materials bills as a percentage of gross
- Wages as a percentage of gross
- Gross profit (percentage)
- Comparisons between providers
- Average value treatment plan
- Percentage occupancy and comparison between surgeries and trends
- Number of active patients
- Number of patients registered on membership plans
- Accounts outstanding
- Cashflow forecast.

Now that you have read how to run a successful financial review meeting, there is no time to lose. Get

your finger on the pulse of your practice finances, make informed financial decisions, and experience the difference financial review meetings can make to your business. 

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