

Driving Dental Practice Performance in the 'New Normal'

Dental Insights 2022



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Foreword from CommBank Health

Welcome to our latest edition of the Dental Insights Report. This instalment is the latest in the CommBank Foresight™ series, designed to uncover insights into influential operational, financial and market trends and help dental practices position their businesses for future success.

This year, we have partnered with the Australian Dental Association (ADA) to conduct the underlying research and produce the insights. This enabled us to capture the perspectives of hundreds more practices from across the industry and strengthen the research findings. We would like to thank the ADA and its members for their valuable input and insight.

CommBank Health and the ADA also share a common goal – to help as many practices as possible navigate an ever-changing dental market. We're both committed to providing access to industry insights and expertise that support data-led decision-making and practices' growth aspirations. That way, practitioners can spend their valuable time focusing on what they are most passionate about.

The research reveals that many Australian dental practices are feeling the lingering impact of the pandemic. While patient visits and revenues appear to be normalising, the recovery is slower than expected for many practices. At the same time, rising costs across the industry are putting profits under further pressure.

While it's evident there are challenges ahead for the dental industry; the report highlights a groundswell of optimism. It also shows that the pace of the post-pandemic recovery is being set by the one-in-two practices that are targeting growth in the year ahead. In particular, they have a sharper focus on the patient experience, driving operational efficiencies, sales and marketing and using culture as a competitive edge.

These are operational levers in the fight against softer patient demand, rising costs and talent shortages at the top of practices' concerns. Making headway in these areas will likely intensify competition for the resources in the shortest supply – patients and staff – and enable these practices to pull further ahead.

Equipped with the report's insights, practices have an opportunity to compare their priorities, operational strategies, and financial performance drivers against their peers. Doing so may highlight the pathways to thrive in the post-pandemic era, and free up more time to continue caring for the nation's oral health.



Albert Naffah
CEO, CommBank Health
Commonwealth Bank of Australia

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Foreword from the Australian Dental Association



I am pleased to present the latest edition of the Dental Insights Report, *Driving Dental Practice Performance in the new normal era*, for which the ADA partnered with CommBank Health.

The report provides a comprehensive overview of the current state of dental practice operations and economics in Australia. It serves as a valuable resource for our members, as it provides insights and analysis on the latest trends, challenges, and opportunities facing dental practices.

This year in lieu of the ADA's practice survey we joined forces with CommBank Health to take a deep dive into operational, financial and market perceptions of the approximate 500 members who participated in the survey.

In this edition of the report, we have focused on a few key areas, including shifting practice economics, increasing patient numbers, driving efficiency, and tackling talent shortages. We have included a section on strategic responses, which describes talent strategies – putting people and culture first, as well as a spotlight on green dentistry.

I encourage ADA members to read this report carefully, as it provides valuable information and insights that will help us navigate the ever-changing dental industry landscape.

I would also like to thank the ADA members who completed the survey, and the team of researchers and analysts who have worked tirelessly to produce this report, and I look forward to hearing your thoughts and feedback on its contents.

Thank you, and I hope you find the Dental Insights Report to be a valuable resource for your practice's operational planning and development.



Dr Stephen Liew
President
Australian Dental Association



About CommBank & ADA Dental Insights

The 2022 Dental Insights Report is based on a quantitative survey of 473 decision-makers and influencers at dental practices across Australia. The survey examined practices' operational and financial performance, strategic priorities, initiatives, and outlook. The survey was completed by a mix of practice owners and directors, practising dentists and practice managers, with 72% located in metropolitan areas and 28% in regional areas.

ACA Research conducted online practice surveys on behalf of CommBank Health and the Australian Dental Association. The ADA provided access to its member database to conduct the research. The study of dental practices was conducted between 26 July and 15 August 2022. All references to practices in this report refer to those participating in the survey unless stated otherwise.

Executive summary

The persistent disruption caused by the pandemic appears to be creating some division when it comes to dental practice performance. While the outlook suggests some relief for practices that experienced reduced patient numbers and revenues in the past year, and all practices are navigating higher costs, a smaller number of clinicians expects revenues and profits to improve. Given these practices

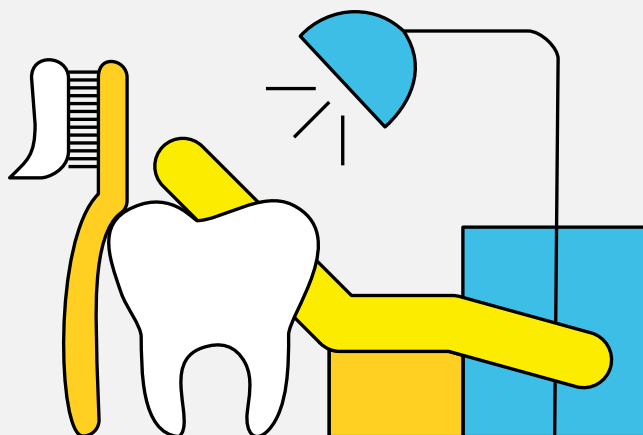
are poised to pull ahead in a market where competition for people, patients, and time is escalating, it raises the question of what they are doing that others are not. Examining the common traits of growth-oriented practices may be instructive and reveals a strategic emphasis that practices can emulate.

People and culture

- Regular team building and social events
- Strong focus on learning and development
- Regular performance and salary reviews

Offsetting rising costs

- Finding alternative suppliers
- Reducing overheads
- Introducing new services
- Extending operating hours



Common traits of growth-focused practices

Strategic priorities

- Adapting systems and processes for efficiency gains
- Investing in advertising sales and marketing
- Employee engagement
- Service diversification

Digital patient experience

- Practice website enhancements
- New digital channels to support patient experience
- Payments and claiming solutions

Key insights

The CommBank Health and ADA Dental Insights Report confirms that practices across the dental industry are recovering from the disruption of recent years at varying speeds. A slow rebound in patient numbers and rising operating costs is putting pressure on margins for many practices. Despite concerns about the impact, there is a cautious optimism emerging as practices set their strategies in motion for the year ahead.

1 Shifting practice economics

2 Lifting patient demand

3 Driving efficiency

4 Tackling talent shortages

<p>36% report lower revenues compared to pre-pandemic, and 28% expect a decrease in the year ahead</p>	<p>64% are planning at least one initiative to attract or retain patients</p>	<p>55% are planning at least one initiative to lift productivity and efficiency</p>	<p>51% are planning at least one initiative to attract or retain staff</p>
<p>96% report higher costs in the past 12 months, and 86% expect the same or higher in the next year</p>	<p>31% plan to invest in equipment or devices to deliver quality care or offer new services</p>	<p>37% plan to adapt systems and processes to drive project efficiency</p>	<p>66% say attracting and retaining qualified staff is a challenge</p>
<p>37% report lower patient bookings compared to pre-pandemic</p>	<p>30% intend to invest in sales and marketing programs</p>	<p>52% expect to increase investment in technology, and over one in three cite efficiency as a driver</p>	<p>75% report that access to staff is limiting their ability to operate and grow</p>
<p>39% expect profits to decrease in the year ahead</p>	<p>97% rely on word of mouth to attract new patients</p>	<p>33% intend to reduce or restructure operational costs or debt</p>	<p>78% are actively nurturing a supportive workplace culture</p>



Practice economics and emerging priorities

Navigating a new operating landscape

The current and expected performance of dental practices reveals a gradual recovery from recent disruption. However, many across the industry are determined to accelerate the process.

The drivers of practice economics



Monthly revenue
(Pre-pandemic to August 2022)



Patient bookings
(Pre-pandemic to August 2022)



Unutilised work hours
(Pre-pandemic to August 2022)



Average days open
(Pre-pandemic to August 2022)



Operating costs*
(Prior 12 months to August 2022)



Increased



The same



Decreased

Net impact (Increased minus decreased)

Average total

Increased	23%	18%	43%	6%	99%
The same	41%	45%	39%	83%	—
Decreased	36%	37%	18%	11%	—
Net impact (Increased minus decreased)	-13%	-19%	+25%	-5%	—
Average total	—	101 per week	10.6 per week	5 per week	—

*Operating costs include: consumables, existing staff payroll, insurance, dental equipment, technology, premises, recruiting new staff, professional development, marketing and promotions.

The Australian Dental Association's annual survey showed that a third of Australians had delayed dental treatment over the past year¹, in part due to COVID-related concerns. This helps explain why 37% of practices now report lower patient visits compared to the pre-pandemic period.

¹ <https://www.ada.org.au/News-Media/News-and-Release/Latest-News/COVID-s-effects-on-oral-health-01082022>

Fewer patient visits, particularly in lockdown-affected areas, are creating a drag on revenues for many practices. Just over a third (36%) report lower turnover than before the pandemic arrived. A further 41% say revenues have normalised while 23% have experienced an increase.

Examining the revenues of different practice types reveals a multi-speed recovery. Regional practices are rebounding faster, with 74% reporting the same or improved revenues than pre-pandemic, compared to 60% of their metropolitan peers. That falls to 52% for smaller practices with one to two chairs, in line with the number reporting fewer patient bookings.

Regional practices are rebounding faster, with 74% reporting the same or improved revenues than pre-pandemic, compared to 60% of their metropolitan peers.

On the other side of the practice ledger, eight in 10 say rising expenses are a challenge. Most practices report higher costs across their operations, with consumables (96% report an increase), staff payroll (93%) and professional and business insurance (93%) the most likely to have risen in the past year. In response, practices are considering how to offset cost increases with around half (49%) seeking new suppliers. Other strategies to offset costs include:

- Reducing overheads (44%)
- Negotiating better terms with suppliers (17%)
- Introducing new services (17%)

Cautious optimism amid mixed outlook



The outlook for the year ahead reveals a cautious optimism. Overall, 63% of practices expressed confidence in business conditions in the next 12 months, including 47% that are moderately confident and 16% that are very confident. That still leaves 37% of practices concerned about the year ahead.

Sentiment in the dental industry broadly tracks a range of financial and operational performance indicators over the next 12 months. Around four in ten practices expect higher patient visits and revenue, but the vast majority of these see only a slight improvement.

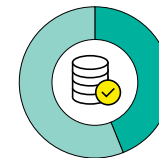
There is also a broad consensus that operating and staff costs will remain elevated or move higher, and many expect capital expenditure to increase. Higher costs and weaker revenue growth are also creating margin pressure, with almost 40% of practices predicting lower profits and a further 29% expecting no change.

Effectively navigating these and other operational challenges is crucial for the 47% of practices targeting growth in the next 12 months and the 44% seeking to maintain current revenues. As we will see shortly, it is bringing efficiency gains and new ways to attract patients into sharper strategic focus.

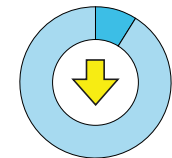
Practices' approach to business in the next 12 months



47%
targeting growth



44%
maintaining revenue



9%
downsizing or closing

Operational and financial performance indicators

The expectation among practices over the next 12 months*

Revenue

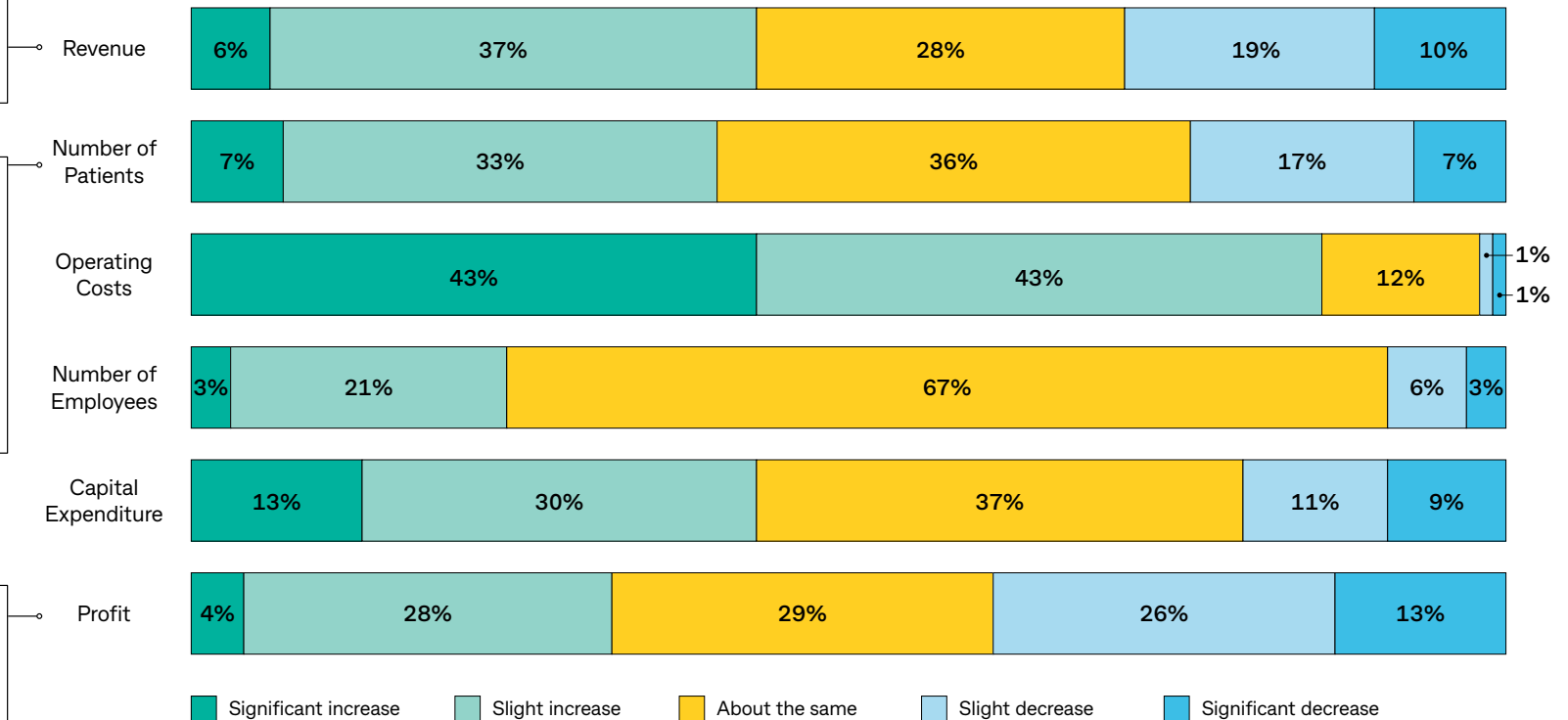
18% of practices have experienced a revenue increase since the pandemic began, while more than double that number expects revenue to rise in the year ahead

Patient visits

More than double the number of practices expect patient visits to increase compared with their experience since the pandemic

Margins

43% expect revenue increases, but rising costs mean only 32% expect profit increases



People-centred practices the way ahead

In line with practices' performance outlook, most agree that reduced patient demand, rising operational costs, and finding and keeping staff are the industry's most prolific challenges.

The top-rated hurdles include cost-of-living increases and economic uncertainty weighing on demand for dental services (70%), increasing payroll costs (70%) and attracting and retaining qualified staff (66%).

In response, practices are prioritising initiatives that will streamline their operations and boost capacity. The top strategies are adapting systems and processes to drive project efficiency and productivity (37%) and reducing or restructuring operating costs and debt (33%).

Investing in initiatives that will attract new patients and uplift their experience are also prominent. This includes new equipment and

devices to improve the quality of care and range of services on offer (31%), sales and marketing activity (30%), and upgrading the clinic (26%).

Employee engagement programs that enhance practice culture, purpose and staff well-being are also a focus for 32% of practices. That's even higher for regional practices that are more likely to be experiencing recruitment challenges. This activity may help the many practices seeking to bring on new staff across the business in the year ahead.



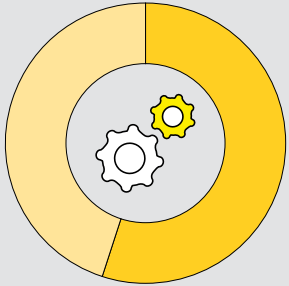
Viewpoints: Growth-oriented practices

Relative to practices seeking to maintain revenues, growth-oriented practices are leading the response to the industry's challenges. They have a heightened focus on driving efficiencies, employee engagement, sales and marketing and staff recruitment, suggesting that competition for patients and people will only intensify.

Practices' strategic priorities

What practices will do to achieve their business objectives in the next year

Efficiency and productivity



55%

of practices plan to advance at least one of these initiatives

- **37%** plan to adapt systems and processes to drive greater project efficiency and productivity
- **33%** will reduce or restructure operational costs or debt

Driving patient demand

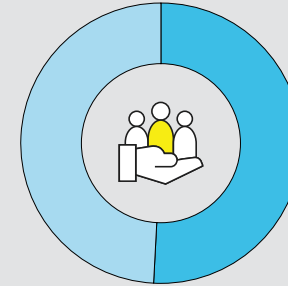


64%

of practices plan to advance at least one of these initiatives

- **31%** plan to invest in new equipment and devices to improve the quality of care or offer new services
- **30%** plan to invest in sales and marketing to attract patients
- **26%** plan to invest in upgrading or refurbishing the practice
- **16%** plan to undertake service diversification or expand into new sectors

Attracting and retaining staff



51%

of practices plan to advance at least one of these initiatives

- **32%** plan to focus on employee engagement, including company culture, purpose, and staff well-being
- **24%** plan to increase the number of assistants, hygienists, technicians, or therapists
- **21%** plan to increase the number of dentists or specialists

Left to Right are: Andy Yeomans (Chief Operating Officer), Dr Grant Duncan (Chairman) and Jonathan Howarth (Chief Executive Officer).



Case study: Smile Partners

Smile Partners was founded to provide strategic business and management support to orthodontists and their practices. The group now owns, manages, and advises 35 orthodontic clinics across the country.

Chief Operating Officer Andy Yeomans says that Smile Partners has a strong growth focus, and amid a changing operating and competitive landscape, the team is finding new ways to achieve it.

Andy says that beyond the macroeconomic headwinds, there are other factors impacting patient demand. In response, Smile Partners is implementing strategies to attract new patients and set its practices apart through superior patient and staff experiences.

“We’re a service business, so the patient experience is all-important,” Andy says. “All orthodontic specialists in Australia will have similar training, but the difference is the experience.”

Some of these initiatives have the added benefit of driving operational efficiencies and reducing costs, an area that remains a focus for Smile Partners.

Shifting demand drivers

Andy says one role Smile Partners plays is helping its practices to differentiate and efficiently turn “leads into consults and consults into starts. That’s what drives our business.

In the current environment, this includes offsetting any weakness in patient demand to drive revenue while mitigating rising costs without passing them on to patients.

The changing competitive landscape needs to be considered, according to Andy. He says that dentists performing orthodontic treatments can be a source of competition, particularly where relatively simple procedures can be performed at a lower cost to the patient.

Andy also notes the emergence of direct-to-consumer models targeting people focused on aesthetic treatments. “We don’t see direct providers as a market share competitor; they have created a segment that didn’t previously exist,” Andy says.

“However, lower cost treatments have altered expectations among some patients, which reduces our ability to pull the price-

increase lever as operating costs rise. This is where patient education is crucial, so the differences between visiting a specialist orthodontist and the alternatives are well understood.”

Attracting the right patients

In recent years, Andy explains that demand for elective treatments has grown. This is due to increased digital marketing, a greater awareness of aesthetic benefits among patients - especially adults - and the growing penetration of new digital and less invasive technologies such as aligners for straightening teeth.

“This demand was markedly increased during COVID when border closures meant international travel was not an option and therefore disposable income was more available for treatments.”

Andy says that as the current macroeconomic landscape of increased interest rates and inflation has put pressure on demand among these patients, Smile Partners is “doubling down” on attracting patients who “need rather than want” treatments.

“Over the past three or four years, part of our growth has come through digital marketing that targets patients with an element of choice.

“However, that’s where the downward pressure will be felt first, so we’re sharpening our focus on traditional avenues and patient types that aren’t as impacted by macro challenges.

“Patients referred by a dentist will usually have a medical need for treatment, and cost is not necessarily their main decision driver, so building relationships with dentists and strengthening word-of-mouth referrals continues to be a priority.”

Experience as a differentiator

While the business is adapting its marketing approach, Andy says Smile Partners’ focus on the patient experience hasn’t changed. The business constantly looks at the end-to-end patient journey to identify opportunities to make every interaction more seamless.

One example is the use of technology to improve care and convenience. “We’re aiming to digitise orthodontics, so that we only bring patients in when we need to,” Andy



says. “We use artificial intelligence solutions alongside digitally planned treatment options to remotely monitor people’s teeth and the progress of their orthodontic plans.

“Patients can use a phone to scan their teeth which is uploaded to the monitoring system. An in-practice clinical coordinator then reviews the results every week to identify any issues that can be escalated to the orthodontist if needed. They also maintain open communication with the patient.

“Traditionally, patients would need regular

appointments, say every 6-8 weeks over a couple of years, taking far more time than just the initial consultation. This often requires patients and guardians to take time off school and work. Through utilising these new technologies, we’re working towards an ‘appointment on demand’ model. This is both convenient for patients and ensures that their treatment is monitored more closely and frequently than ever before.”

Ensuring practices are at capacity

While Smile Partners is targeting growth, the ability of a practice to provide the best experience for patients can be limited by its capacity. Therefore, Smile Partners’ use of these digital solutions has broader implications for the efficiency and productivity of its practices.

“Changing the way practices operate through the use of digital technologies means that as well as improving the patient experience, there is also the opportunity to increase the number of patients that can be seen by a practice.”

According to Andy, another important focus to ensure the practices can operate at their full potential is making staff feel supported,

acknowledged, and empowered.

“Our focus is on retention rather than recruitment, and improving our culture is the best way to keep the great people we have. We’re looking to build a “best-in-class” employee value proposition that truly separates us from other employers. The first step in that process is conducting an all-staff engagement survey, and acting on this feedback will be crucial.

“Making a genuine difference to patients’ self-confidence is extremely rewarding for me and all of our staff, so I believe we have strong foundations to further develop our culture.”



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Strategic responses

Mobilising practice initiatives

Many practices are taking action to capture opportunities and navigate headwinds. This includes investing in various programs to attract and retain patients and staff, and uplift the practice experience.



Tactics to find and keep patients

According to the ADA's annual consumer survey, 54% of Australians plan to visit the dentist in the next three months and 22% in three to 12 months. This suggests that patients may no longer be delaying appointments, providing a bright spot for practices concerned that economic uncertainty may reduce patient demand.

However, practices are not waiting for patients to move. Many are advancing plans to attract new patients and satisfy existing ones. This includes expanding the services that practices offer, a trend that continued despite the impact of the pandemic.

Other than general dentistry, endodontics, cosmetic dentistry, and dental radiology have picked up moderately in the past two years. The fastest growing dentistry areas include orthodontics, with 10% of practices introducing it and a further 9% planning to in the next two years. Sleep dentistry follows, with 5% introducing the service in recent years and 8% intending to.

The top driver of service diversification is to meet existing demand (65%) and capture additional revenue from current patients (43%). Attracting new patients is a focus for 42%, and even more among growth-focused practices (52%).

To attract patients, many practices have earmarked investment in sales and marketing. Currently, outside of appointment reminders (81%), a well-designed website (60%) and signage outside the clinic (55%), only a minority are employing broader marketing tactics.

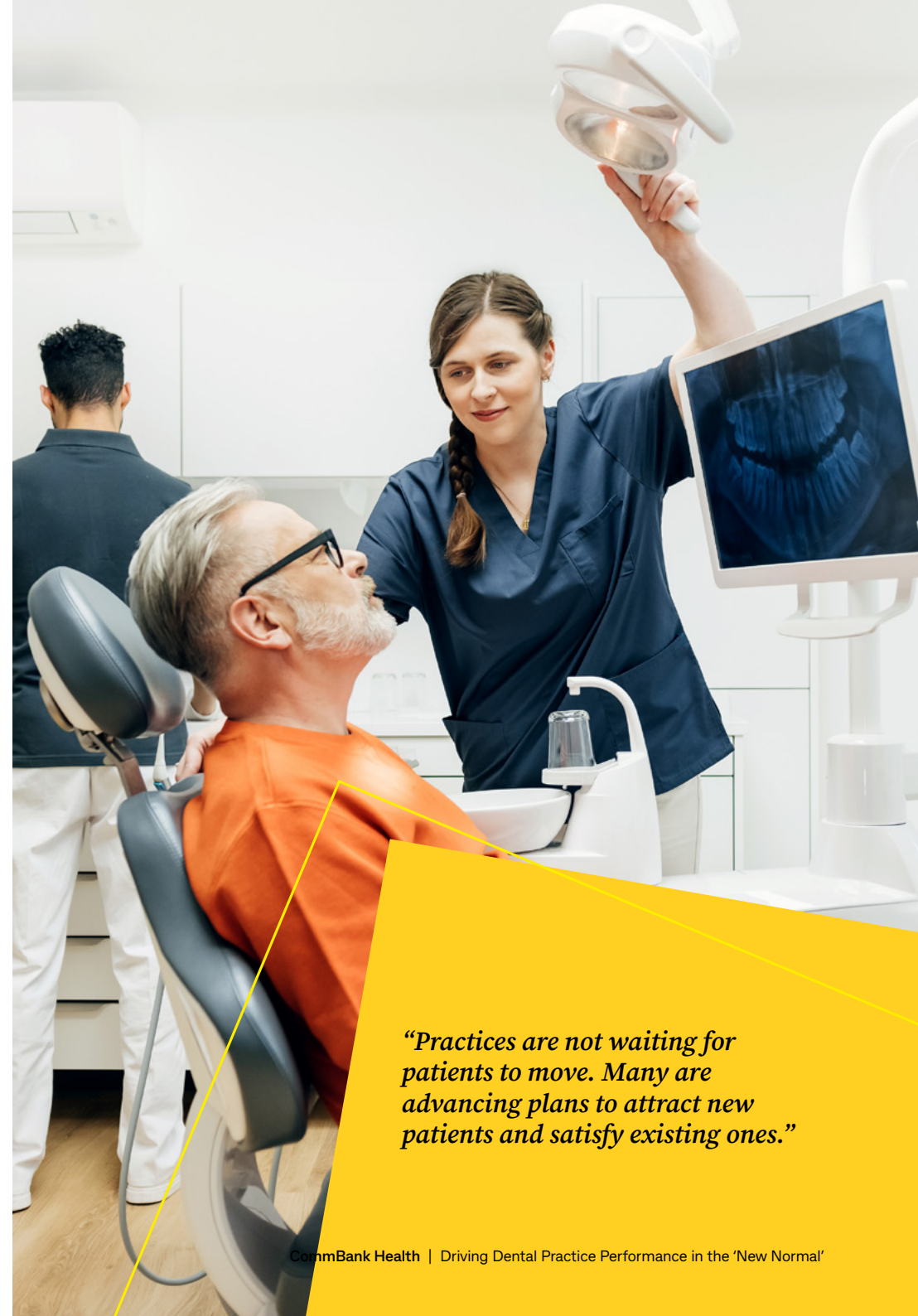
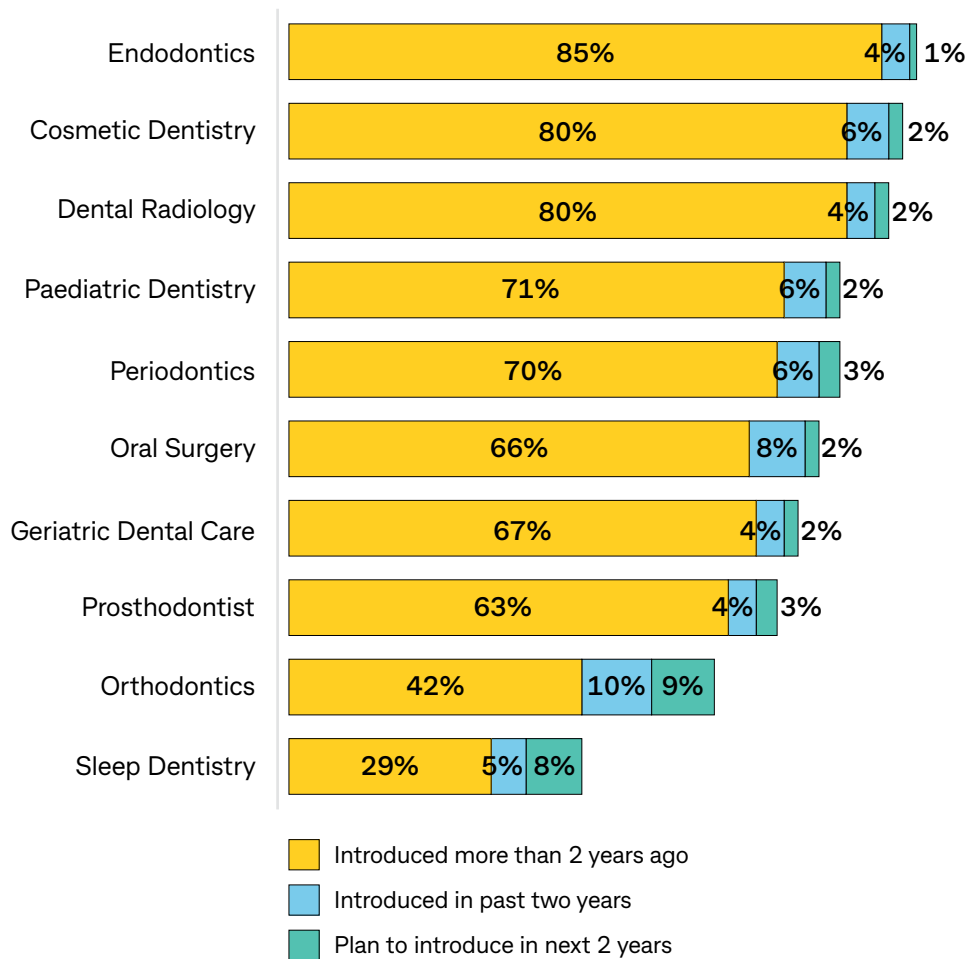


Moving up the digital marketing curve

That 97% of dental clinics rely on word of mouth to attract patients may help explain why the adoption and perceived effectiveness of many marketing activities remains low. With usage of search engine optimisation (36%), social media marketing (35%), bookings and directories (23%) and email marketing (14%) evident among the minority of practices, there may be an opportunity for practices to develop their capabilities and better harness these online channels to engage with a growing number of digitally savvy patients.

Expansion of services across practices

Services offered by practices



“Practices are not waiting for patients to move. Many are advancing plans to attract new patients and satisfy existing ones.”

Patient care and experience drive technology agenda

In CommBank Health's inaugural Dental Insights Report in early 2020, almost nine in ten practices planned to lift their technology budgets in the two years to 2022. Like many other industries, digital adoption among practices was accelerated by the pandemic, with three in four reporting increased technology costs in the past 12 months.

This latest research shows that 52% of practices intend to extend their investment in technology and equipment in the next year, jumping to 63% among growth-focused practices. When combined with the 38% that expect to leave budgets unchanged, it's clear that elevated technology adoption is a persistent industry-wide trend.

The area most likely to receive investment in the next year is website upgrades to help acquire patients and uplift the digital experience.

In line with the focus on marketing amid weaker patient demand, the area most likely to receive investment in the next year is website upgrades to help acquire patients and uplift the digital experience. Clinical technology and equipment are next, with investment into chairs and treatment units (25%), computer-aided design and manufacturing (23%), digital imaging systems and sterilisation equipment (both 21%) rounding out the top five areas.

The overwhelming driver of technology investment is to improve the quality of care, an objective for two-thirds of practices (67%). Delivering a better patient experience (44%) is the second most common, followed by increasing revenue and profit (41%). With 35% of practices seeking to use technology to streamline processes and gain efficiencies, it also plays an essential role in supporting practices' top strategic priority.



Viewpoints: Growth-oriented practices

Practices targeting growth in the year ahead are more likely to be investing in technologies that enhance the patient experience than their peers that are planning to maintain revenues. Growth-focused practices are more likely to be investing in websites, new digital channels, and payments and claiming solutions.

Investment in technology and equipment

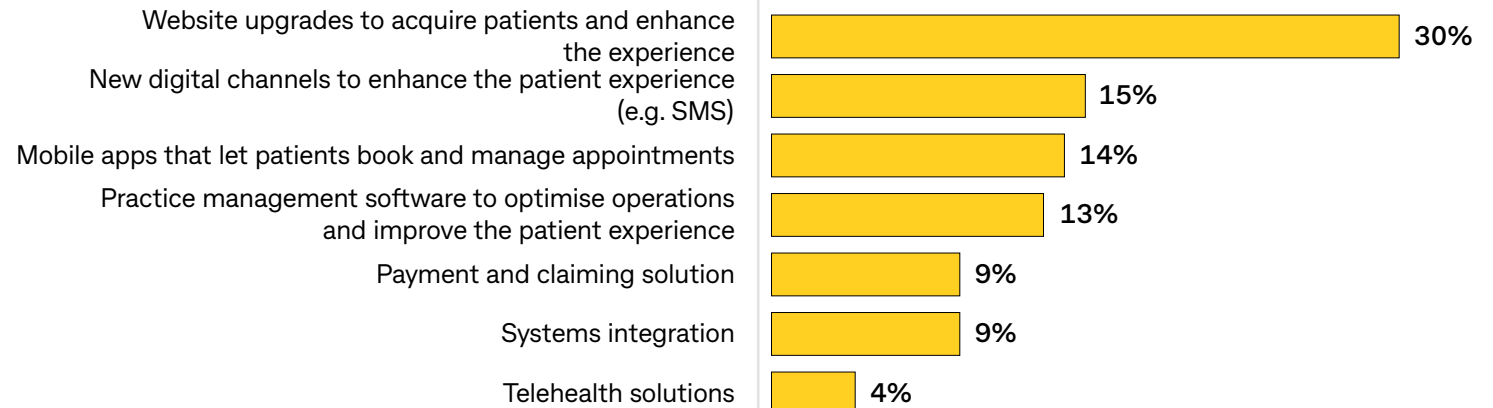
The practice and clinical technologies or equipment prioritised for investment in the next year



Patient experience-focused

50%

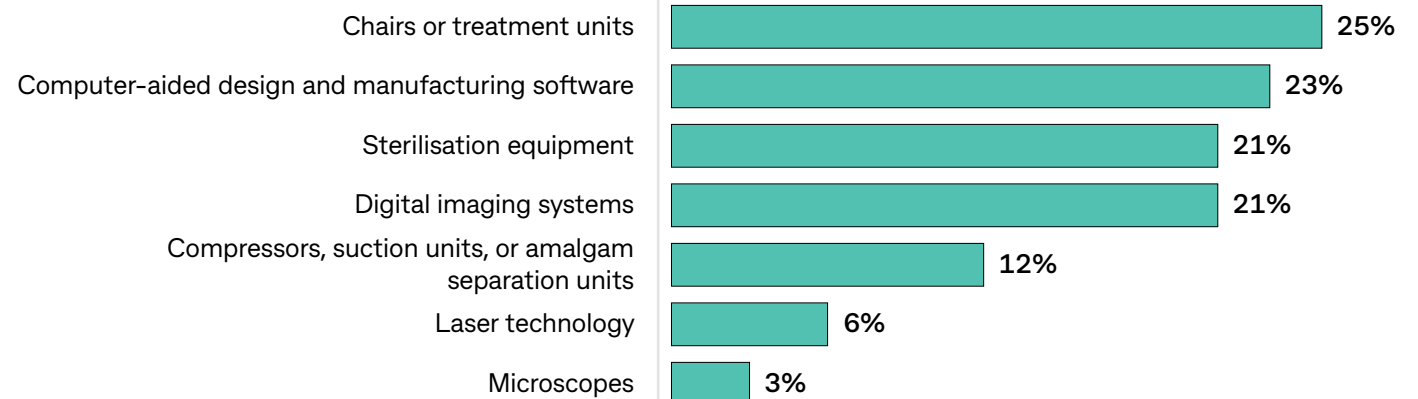
of practices planning to invest in at least one



Clinical technology-focused

63%

of practices planning to invest in at least one



Case study: Geelong Family Dental Care



In 2016, Dr Beng So acquired a small practice in Grovedale, a suburb of Geelong. Initially part of a medical centre, Dr So secured an adjacent site in 2019 and commenced construction of a new, four-chair practice amid the pandemic.

While Dr So describes opening the new practice during the lockdown as an uncertain time, operations have normalised, and the practice has returned to full capacity. From here, Dr So intends to capitalise on the positive growth momentum.

Capturing and increasing demand

Geelong Family Dental Care offers various services, including general dentistry, orthodontics, and implants. Dr So says the practice was far busier than expected during the pandemic due to specialising in two in-demand areas.

“The first is wisdom teeth removal with patients needing those wisdom teeth extracted amid hospital shutdowns,” Dr So says. “With more people grinding and cracking teeth during COVID, we also saw more people with Temporomandibular joint or jaw problems than usual.

While offering these services in-house helped the practice grow during the pandemic, Dr So says that digital marketing is an effective tool for extending awareness and demand.

“Marketing is crucial for any business targeting growth, so we invest in digital marketing. We use search engine optimisation and write articles to educate patients about the services our practice offers that others don’t.

“Not everyone knows we manage jaw problems or wisdom teeth, so this content helps people confirm its availability even if they’ve already heard it from friends.”

The benefits of cost efficiency

Dr So agrees that while the practice is growing, there are challenges to address. This includes staff shortages and escalating recruitment costs. One strategy that Dr So employs is bringing on more trainees and bolstering internal learning and development programs.

“We now look for people with the right mindset, not just experience,” Dr So says. “With a strong professional development system, training takes care of itself and sustains even if someone leaves.”

According to Dr So, this approach has reduced staff-related costs, a preferred option to matching or exceeding sharply elevated remuneration packages.

Dr So is careful to avoid passing on higher operating costs to patients, saying that “if we can manage our costs down rather than increase prices, we can reduce the risk of losing patients.”

In pursuit of productivity

Driving efficiencies and productivity across the practice is also high on the agenda for Geelong Family Dental Care, and Dr So is taking proactive steps to improve workflows and harness technology to save time.

“We are also investing in technology to gain efficiencies. We have invested in digital scanners and 3D printers where you can make everything on-site rather than relying on external labs.”

Dr So says automating processes, particularly when engaging with patients, can help save time and costs. “We’re investing in software that helps automate the recall process, booking reminders and other interactions,” Dr So says.

Enhancing customer service

While booking systems are an essential part of the patient experience, Dr So also prioritises other aspects of customer service in the clinic and online.

“We designed the new practice so it didn’t look, feel or smell like a dental clinic,” Dr So explains. “We want people to feel welcome and offer a café-style environment with no tooth-related materials in the waiting room. This helps alleviate patient anxiety.

“The digital experience must also match the physical experience, especially for our younger patients. Among other things, being able to make bookings out of hours in an emergency and completing our online COVID checklist helps give patients peace of mind.”

According to Dr So, the benefit of a better experience is more word-of-mouth referrals. Dr So says that peer recommendations reduce, but not eliminate, the practice’s reliance on digital marketing to drive patient demand.

“We never rest on our laurels, and yes, we might be busy, but we want to make sure we’re proactively engaging with patients and that the service and quality of care remain consistently high.”



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Talent strategies put people and culture first

Attracting and retaining staff is a challenge for two-thirds of dentists, with almost eight in ten finding it more difficult to fill roles now than before the pandemic. Moreover, three in four see constrained access to qualified staff as holding them back from operating at capacity and growing the business. This creates a problem for practices focused on growth and those investing in initiatives to drive patient demand to make up for subdued appointment levels.

On average, practices say that dental chairside assistants, receptionists, practice managers and dental hygienists are the hardest roles to

recruit for. Examining the challenges faced by practices in different locations reveals that talent shortages are more severe in regional areas, particularly when it comes to dentists. On the other hand, metropolitan practices find it more difficult to secure dental assistants and admin and reception staff than their regional counterparts.

How are practices bridging the talent gap?

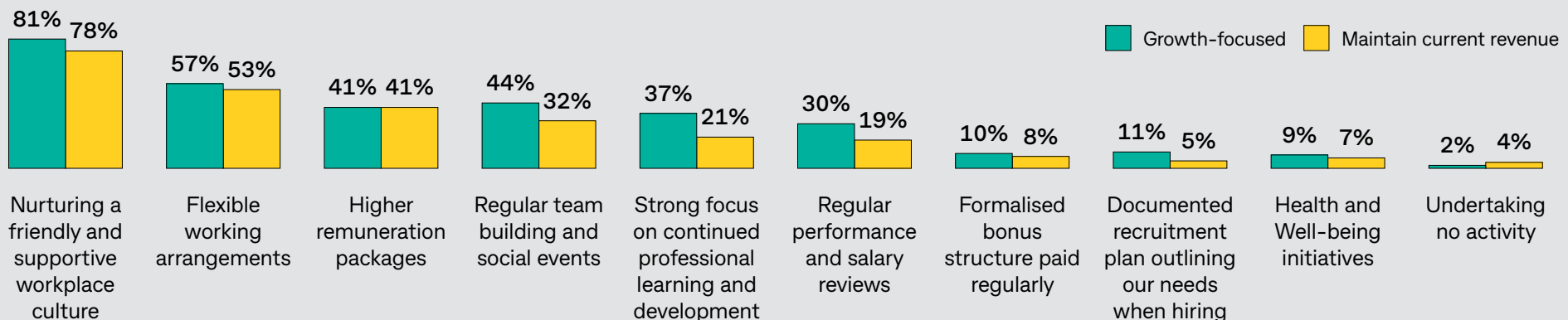
As established earlier in the report, practices are taking proactive steps to attract and retain staff. Almost a third are prioritising employee engagement to boost workplace culture and care for team

members' mental health. This is reiterated by the 78% of practices that are nurturing a friendly and supportive workplace to differentiate themselves to find and keep staff. More than half also offer flexible work arrangements, and 41% are increasing remuneration packages.

Growth-focused practices are more active overall, but while they are equally as likely to increase remuneration as those seeking to maintain revenues, they are far more likely to offer team building and a focus on learning and professional development.

Initiatives to attract and retain staff

How practices differentiate from their peers to attract and retain staff





Spotlight on green dentistry

Australian consumers have been shown to be welcoming of the sustainable and eco-friendly practices used by businesses across the economy. With climate action increasing in urgency, many practices are progressing 'green' initiatives that positively impact communities and the planet.

When asked how well the industry is navigating the challenges of green, or sustainable, dentistry, 70% are not convinced the response is adequate. Only 2% believe the industry is adapting extremely well.

While most practices think there is more to be done, it's encouraging that many are focused on green dentistry in their practice. More than four in 10 (41%) have a moderate or strong focus on sustainability, more pronounced in regional areas and among growth-oriented practices, and a further 44% have a minor focus.

In a further sign of positive progress, an overwhelming majority have already adopted initiatives that can positively impact the environment.

This includes the use of digital imaging (88%), stopping the use of amalgam (79%), limiting printing (74%) and reducing energy consumption (73%).

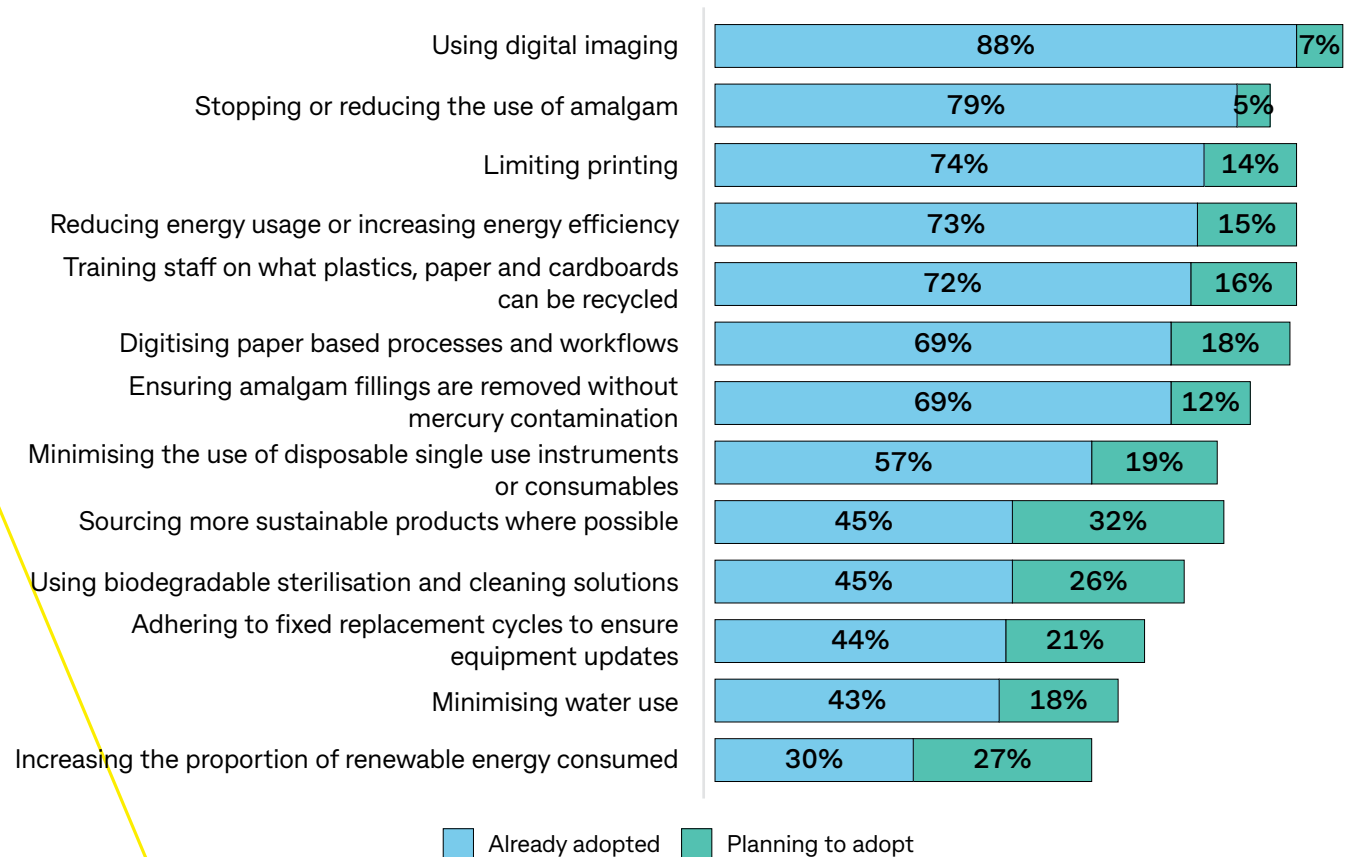
The initiatives set to pick up include sourcing sustainable products (32% planning to adopt), increasing the use of renewable energy (27%) and using biodegradable sterilisation and cleaning solutions (26%).

With almost every practice participating in green dentistry – even if in only a minor way – there is a foundation for the industry to become more responsible in its approach to sustainability. With patients and staff paying increasing attention, it's likely to have a bearing on other strategic initiatives too.

In a further sign of positive progress, an overwhelming majority have already adopted initiatives that can positively impact the environment.

Advancing green initiatives

Practices that have, or plan to, adopt green initiatives



Case study: Advanced Dental Spa



In 2019, Perth-based dental practice group Advanced Dental Spa launched its fourth location in the suburb of Thornlie just months before the pandemic arrived.

Dr Janet Woon, an owner and practising dentist, has been working to drive the growth of this newest practice location. Janet says Thornlie continues to grow quickly, benefiting from a range of strategies to build the practice's appointment book, deliver a personal experience and build loyalty among patients, staff, and suppliers.

Around the same time, her Willetton practice doubled in size, expanding into the space next door and growing from two to four chairs, with a fifth chair being considered.

Janet says one key to the growth of the Willetton site, and the ongoing success of the other practice locations, is ensuring that a broad range of patient needs are addressed.

"Ours is a family-based practice, where we cater to just about every dentistry need, from a simple check-up to full mouth rehabilitation and cosmetic dentistry," Janet says. "We also take that one step further, offering dermal beauty treatments such as HydraFacial, peels and Dermapen microneedling."

Filling the patient book

Equipped with learnings from building up previous practices, Janet has approached the growth of the new site differently and says that Janet says that ensuring the patient book is full remains top of the agenda.

"Our practices have a very stable patient base, given they are either longstanding or were purchased as operating businesses," Janet says. "However, Thornlie was started from scratch just before the pandemic, so driving patient appointments needed careful attention.

"Our biggest priority is still getting patients into the practice, which

relies on effective marketing. We have engaged external experts to help us strengthen our social media presence and patient communications, with a website upgrade the next area of focus.”

Janet says that focusing on social media is important as patients respond positively to seeing the team in action. “Word of mouth is still the best way to attract new patients, but social media helps reaffirm it,” Janet adds. “It makes the practice look more real and friendly even before patients decide to book.”

The team at Advanced Dental Spa also use digital solutions to ensure they are responsive to patient enquiries and booking requests. Janet says the practice offers a live chat feature through their website that is constantly monitored.

“We use Podium Chat, so patients can engage with the practice when they need to. Online bookings are very popular now. We also use HealthEngine to give patients the flexibility to book appointments when they want to outside of normal business hours.”

Ensuring that the practice is operating at capacity also benefits from being organised, according to Janet. “During COVID, there was a lot of rescheduling, and we developed a system to review standby lists and bring appointments forward. This has carried over and helps us fill any gaps.”

A patient-centred approach

While generating patient demand is a focus, Janet says it’s the experience that keeps people returning and helps word of mouth referrals. Making that experience personal, convenient, and flexible is Janet’s goal, which she says starts with the team.

The four practices are fortunate to have very low staff turnover, with a third of their team being with the business for over 10 years. Janet attributes that in part to a supportive environment where the owners

are hands-on and ensuring salaries are always very competitive.

Having a stable workforce is vital to delivering a personal service that patients appreciate, Janet explains. “Continuity of service and familiarity with our staff is crucial to make patients feel known and special and to help them avoid having to see someone new every time they come in.

“Our partners and team across the practice locations also meet and discuss patient care and service to ensure that no matter where or when patients visit, they always receive a consistent experience to the same high standards.”

The objective to create strong relationships with staff extends to our labs and suppliers, which Janet says can positively impact the patient experience and overall operating costs.

“We have great relationships with our labs and suppliers, and we’re very loyal in supporting them. In return, they will go above and beyond for us and accelerate processing or delivery times. This means we can get back to patients more quickly and deliver an excellent service.”

For Janet, long-term relationships with patients come down to personal and proactive engagement at all stages of the patient journey. While she strives to make appointment bookings, practice interactions and access to services easy, Janet says that “engagement doesn’t stop when someone leaves the practice.

“Placing post-treatment calls to patients, particularly if they need extra attention, is also very important to us. It’s a big part of ensuring that we always look after patients.”





Location-based insights

Views from across the dental industry

Metrics to help practices in different locations evaluate their performance, strategies, and outlook.

Benchmarking dashboard (metropolitan vs regional practices)

Business confidence in the next 12 months

	Average	Metro	Regional
Very confident	16%	15%	19%
Quite confident	47%	46%	49%
Not very confident	31%	32%	28%
Not at all confident	6%	6%	4%

Approach to business in the next 12 months

	Average	Metro	Regional
Concentrating on growth	47%	49%	41%
Maintaining revenue	44%	43%	47%
Downsizing or closing	9%	8%	12%

Practice priorities in the next 12 months

	Average	Metro	Regional
Adapting systems and processes to drive efficiency and productivity	37%	39%	33%
Reducing or restructuring costs or debt	33%	32%	35%
Employee engagement to boost culture	32%	30%	37%
Invest in new equipment and devices	31%	30%	33%
Invest in sales and marketing	30%	33%	22%

Top practice challenges

	Average	Metro	Regional
Cost of living and economic uncertainty impacting patient demand	70%	72%	64%
Increasing cost of payroll	70%	68%	74%
Attracting and retaining staff	66%	65%	71%
Increasing fixed costs	62%	61%	64%
Managing ongoing issues associated with COVID	56%	57%	53%

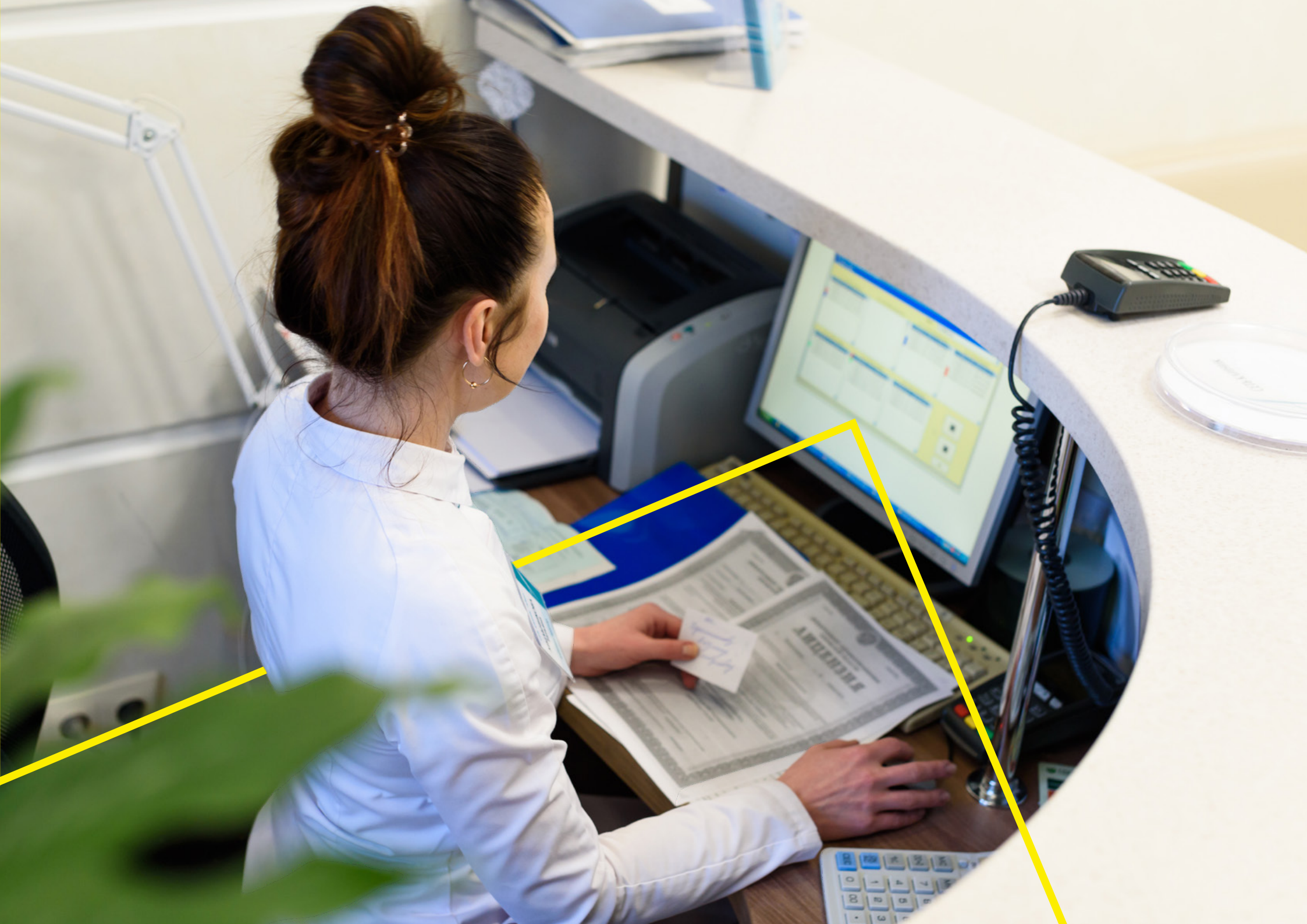
Expectations over the next 12 months

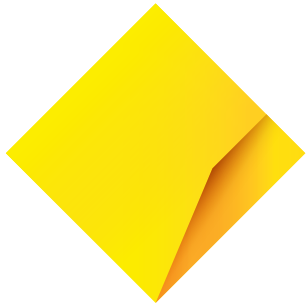
Practices forecasting an increase

	Average	Metro	Regional
Revenue	44%	44%	44%
Operating costs	86%	86%	86%
Capital expenditure	42%	42%	44%
Number of patients	40%	39%	43%
Profit	33%	34%	30%
Number of employees	24%	24%	26%

Offsetting rising costs

	Average	Metro	Regional
Increasing prices	74%	73%	77%
Finding alternative suppliers	49%	52%	44%
Reducing overheads	44%	45%	43%
Negotiating better supplier terms	17%	16%	19%
Introducing new services	17%	16%	19%





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*The report refers to data sourced from an online survey of 473 dental practices that occurred during July-August 2022. The survey was undertaken by ACA Research on behalf of the Commonwealth Bank. All analysis and views of future market conditions are solely those of the Commonwealth Bank.

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