



The SWOT Analysis

by Howard Farran, DDS, MBA, Publisher, *Dentaltown Magazine*

Former Chairman and CEO of General Electric Jack Welch always used to say a company should either be number-one or number-two in a particular industry, or else leave it completely. How does your dental practice stack up in your area? How do you know if you're in the top two dental practices in your zip code? How do you compare your practice to the competition?

When I earned my MBA at Arizona State University, one of the first things I learned when it comes to evaluating your competitors and your own business was the SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. It is a way of looking at businesses and determining its most impactful factors. I've always recommended that dental practices do a SWOT analysis on the top competitors in their area.

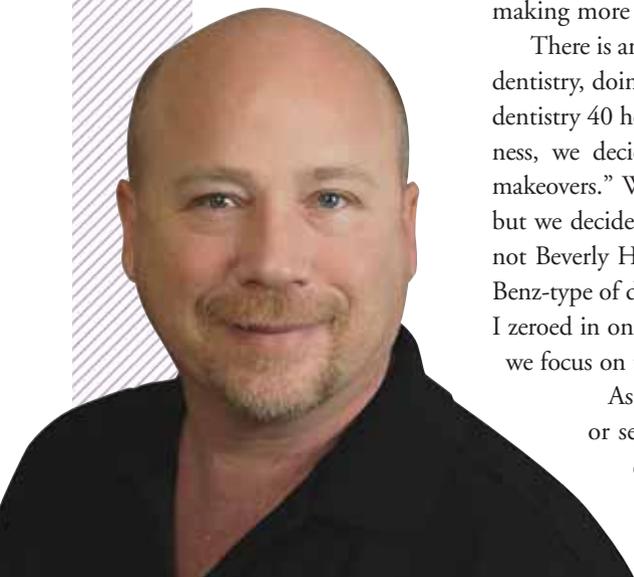
Just like in cross-country running or competitive swimming, there will always be someone faster and slower than you in your business competition. What are their strengths? Do they have more knowledgeable workers? Do they offer their services at a lower price? Do they advertise more efficiently? Are there any affiliations that are helping them? And what are their weaknesses? What opportunities does their business present you? What threats do they pose?

Doing a SWOT analysis with your management team to answer these questions is a perfect team exercise. We start off with a box (see page 18) and write down what we see are our competitors strengths, weaknesses, opportunities and threats. It's a fantastic mental exercise and it really gives clarity to my team.

I learned years ago that there was another dental practice in my area that was entirely focused on Medicare/Medicaid business. That practice had a much lower cost structure because it used very low-cost, entry-level employees. So, in doing a SWOT analysis on that practice with my team, I gave up that demographic. I could not compete in the Medicare/Medicaid business because I employ several long-term staff members who are extremely knowledgeable, extremely developed, and we were making more of the middle-of-the-road, Ford-Taurus-type of dentistry.

There is another dentist in my area who is entirely focused on the cosmetic end of dentistry, doing fancy veneers, bleaching, etc. He is focused on this type of high-end dentistry 40 hours a week. Because cosmetic dentistry is a very small part of our business, we decided not to be a "cosmetic spa practice that just focuses on smile makeovers." We knew how to make the expensive Mercedes-Benz-type of dentistry but we decided not to focus on that area of dentistry because I practice in Phoenix, not Beverly Hills. Just like I didn't feel like I lived in the area to sell the Mercedes-Benz-type of dentistry, I didn't feel like I lived in the area to have a Medicare practice. I zeroed in on my demographics – solid, middle-class Americans – and consequently we focus on the Ford Taurus, mid-range, quality, no-frills, family dentistry.

As far as your core competency, like Jack Welch says, you have to be first or second in your market or you're eventually going to get run over and die. So if you're third, fourth, fifth or sixth place, you have to ask yourself if you can fix it. Maybe your competitors have a cost advantage. Maybe they employ minimum-wage employees, no frills, no thrills, and they have the lowest prices in town because



continued on page 18



they have the lowest cost. Maybe you realize you have a higher cost structure because you employ more expensive, more knowledgeable workers.

There are a lot of plumbing businesses in Phoenix – it’s rare to go for a drive and not pull up next to a plumbing truck at a stoplight. They’re everywhere. Even though there are dozens of plumbing businesses in our zip code, they’re different from one another, and not just by name. Some of them focus on residential plumbing, some are commercial plumbers, some focus on new construction and others focus entirely on 24-hour, same-day service. Even though they’re all plumbers, they all work in entirely different markets. By using a SWOT analysis, you can figure out who is doing what and who is going after what in your dental market. Is anyone doing cosmetic dentistry? Is anybody focusing on 24-hour emergencies? Does anyone focus on early morning appointments at 6 a.m. or 7 a.m., or after-work appointments at 5 p.m. or 6 p.m.? Is anyone open on Saturdays? Is anybody focusing on Medicare/Medicaid patients? Is anybody focusing on sleep apnea and snoring? Is anyone focusing on Invisalign? These are all areas in which you can differentiate your practice from competitors.

If you do a SWOT analysis of dental practices in your area, you’ll be able to better understand each practices’ unique selling proposition (USP), and you can see

continued on page 20

if there's an opening in the market for you to offer your customers something more unique. Take emergency dental for example. You might find that of all your competitors, no one ever takes emergency patients on the same day. Emergency patients aren't price sensitive. They're in pain *right now* and want to get out of it *right now*; everyone else makes them wait three days to three weeks to get in, so you should adjust your business in order to get them in that very day.

After you do a SWOT analysis on your competitors and you figure out a way to differentiate your practice from the rest of the pack, the next time you go to the ADA Annual Session you might start thinking, "I practice in a small town of 5,000 people, there are eight dentists in this town and not one dentist mentions sleep medicine, snore guards, TMD or migraine headaches." So instead of going to the ADA and taking your 300,000th course on fillings, root canals and crowns, you might instead take your entire team with the mission of: We're going to be at this convention in New Orleans for three days, we're going to learn something new and we are going to come back to the office and attack sleep medicine or Invisalign.

When you do a SWOT analysis of your competition, you should start at the same place all potential customers start: their websites! Get your team together and start looking at your competitors websites, asking them, "OK, knowing what we already know about our competitors, does their website spell out what they do? Is it clear?" Maybe after you do your SWOT analysis on your competitors, you'll take a look at your own website and think, "Y'know, our unique selling proposition

really doesn't stand out on our website. Maybe we need to spend more time, money and effort on our web presence. Maybe our core competency should be in bigger letters on the home page. Maybe the things we don't really excel at shouldn't even be on the first page." Like I said, it's a great exercise for you and your team to discuss.

I've worked with Jay Geier and the Scheduling Institute quite a bit. The other day, Jay and I placed calls to some of my competitors. We called some of the elite dental practices in the area, and when the receptionist picked up the phone, you'd think you were calling Joe's Tire Shop. That exercise alone made me double down on my front-office training, to make sure that we've got the best people on our front desk selling the dentistry we love to do. You just learn so much with a SWOT analysis!

Do your SWOT analysis on every one of your competitors and you will learn a lot of what to do, what not to do, what to focus on and what to give up. At the end of the day, remember, if you try to be everything to everyone, you'll go out of business and end up being nothing to no one. ■

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Howard Farran, DDS, MBA, is an international speaker who has written dozens of published articles. To schedule Howard to speak to your next national, state or local dental meeting, e-mail colleen@farranmedia.com.

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21
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