

Romanian dentist: between entrepreneurship and dentistry

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ABSTRACT

Introduction. This article's object is to analyze the financial and management behavior of small and medium-sized entrepreneurs in the Romanian dental field.

Material and method. Following the fact that dentistry is different from general medicine in terms of business specifics, and from all other businesses as well, we asked a number of 106 dental entrepreneurs to fill in a form in order to prove the need to know some basic financial concepts for managing a business in the field of dentistry.

The outcome of the study is not statistically significant for the dental market in Romania, but it should be an alarm signal both for the entrepreneurs in the field and for the universities that are training them.

Keywords: dentistry, financial planning, entrepreneurship

INTRODUCTION

The authors of this article propose in the following to analyze the financial and management behavior of small and medium-sized entrepreneurs in the Romanian dental field.

Dentistry is different from general medicine, being characterized by: the regular participation of asymptomatic patients, having a predominantly surgical side, the association with pain and anxiety, the nature of the treatments being primarily cosmetic, secondary being the treatment of the condition. Moreover, dentists pay their own salaries according to the number of patients and the interventions they perform and are involved in commercial activities, with the dental patient having the attitude of the client rather than the patient [1].

While Western Europe and US talks about the implementation of quality management in dental clinics, management borrowed from hospitals and general medicine clinics, in Romania we can hardly talk about management in small and medium offices and clinics.

A study published in July 2011 by GfK regarding the level of financial education of the general popu-

lation of Romania reveals that 21% of Romanians do not read bank contracts. According to econoMedia: The level of financial education of the Romanian population is 21% of the total, while the average level of the EU is 52%, according to a study by S&P Ratings. This is mainly reflected by the constant postponement of financial planning, activity which, along with the dental check-up, is most often postponed by Romanians, according to a study carried out by Aegon Romania. (Source: <https://econoMedia.ro/studiu-nivelul-de-educatie-financiara-de-21-ne-plaseaza-pe-ultimul-loc-in-uniunea-europeana.html>)

Each form of practicing the profession of dentist having a legal personality, here referring to the PFI, SRL, CMI type of organization, being an organization with its own patrimony and independent administration, the dentist is in the position to manage this business, that is, to make correct decisions considering basic economic principles.

Here we encounter a paradoxical situation, because in the case of dentists, in the vast majority of cases the manager is also the one who deals with the production activity and vice versa. The production activity (the activity at the dental chair) occupies the

dentist's most time, leaving limited time resources for the management activity.

Unfortunately, the know-how for managing a business in the dental field is lacking to the majority of dentists, as it is not offered in the university curriculum, awareness of its importance is what this article aims to do.

A study published in 2018 shows that most dentists believed that a practice management course is required for a successful dental practice. It should be mentioned, however, that the average age of the participants in this study was 26.22 years [3].

In 2016, the Romanian dental market is described in an article from the British Dental Journal: Affordability and social awareness have together established a mixed economy for oral health care costs and oral healthcare is growing slowly compared with other developed EU member states. At the same time, there has been overproduction of new dentists (currently 1500 graduate annually). This has led to un and under-employment and emigration of dentists to other EU member states [4].

In 2023, the story unfolds following the same trend of evolution, in addition, we went through a health crisis and we are starting an economic one, things that reduce the addressability of the services offered by dentists in increasing numbers. The legislative situation is not exactly favorable for this type of activity either, the medical and financial legislation are very volatile, which makes the management of a business with dental services as an activity extremely unpredictable.

MATERIAL AND METHOD

In order to prove the need to know some basic financial concepts for managing a business in the field of dentistry, a number of 106 dentists working in their own offices or clinics in Romania was asked to fill in a form.

The questions in the form refer to the duration of medical practice, the duration of managing a business in dentistry, the existence of basic managerial and financial knowledge, the existence of financial difficulties in the administration of the business, the opportunity to know the basic financial and management notions in the administration of the dental office or clinic.

RESULTS

In what follows, we present the results of the answers to the questions in the questionnaire. These are summarized in Figures 1-8.

DISCUSSIONS

Although most of the respondents practice dentistry and manage a business in this field for more

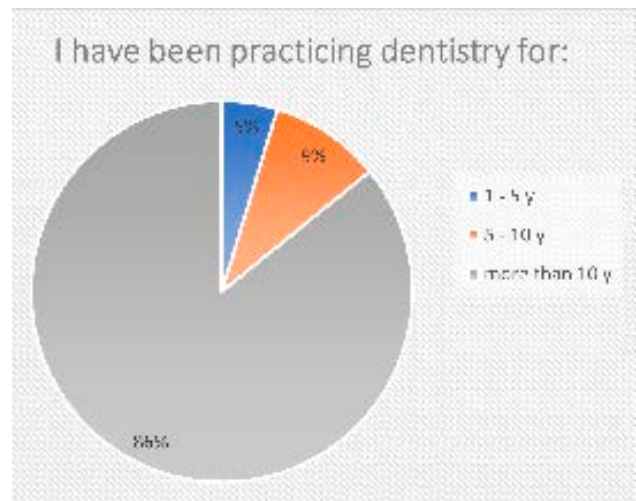


FIGURE 1.

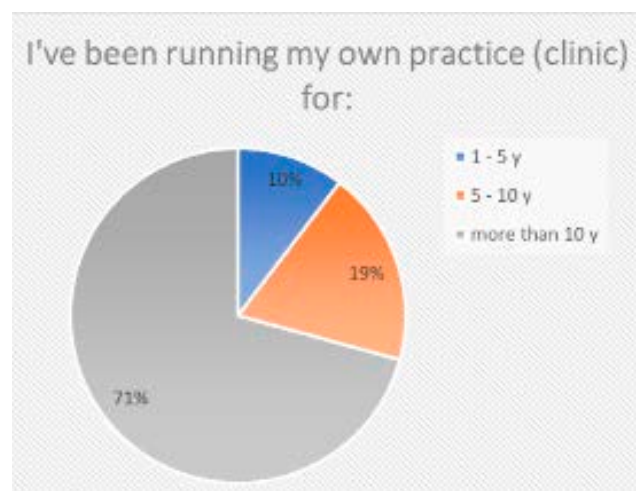


FIGURE 2.

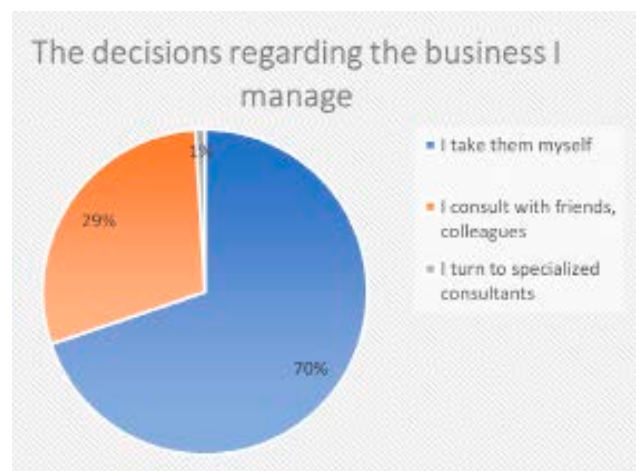


FIGURE 3.

than 10 years, only half of them declare that they have basic financial and management skills.

Although approximately half of the respondents declare that they have basic financial and management knowledge (Figure 4), the calculation of the price of medical procedures is in most cases set arbitrarily, without any economic calculation (Figure 5),



FIGURE 4.

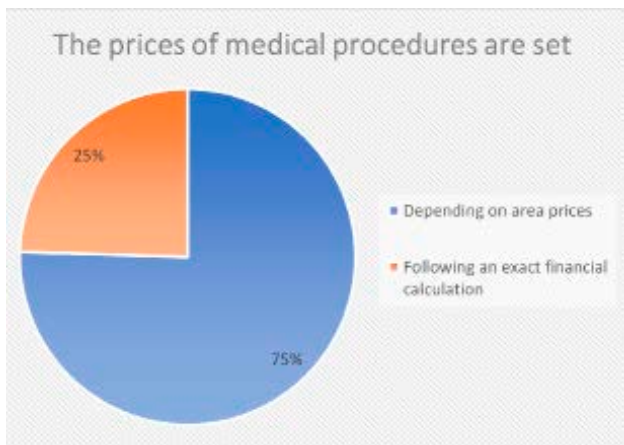


FIGURE 5.



FIGURE 6.

this leading to the fact that in 1 out of 3 cases the business they manage is found periodically in financial difficulties, having problems paying salaries and suppliers on time (Figure 6).

From the answers provided, the vast majority is aware of the fact that a basic financial education as well as knowledge of management principles would have a positive impact on the development of the office (clinic) they manage, this education being necessary to be obtained within the university curriculum according to the majority (Figure 7, 8).

It is obvious that not knowing or not applying some basic financial principles in calculating the price of medical work can lead to financial blockages of the business you manage. Just as in dentistry we must know the physiology and pathology of the dento-facial system in order to make a correct diagnosis and correctly manage a treatment plan, in the same way in the administration of a business we must know the financial mechanisms that are the basis of its operation.

In the current conditions of the dental market in Romania characterized by an ever-increasing number of doctors, going through an economic crisis, the instability of medical and fiscal legislation, not knowing the fiscal “physiology” of the business you manage can lead to the impossibility of “treating” it.



FIGURE 7.

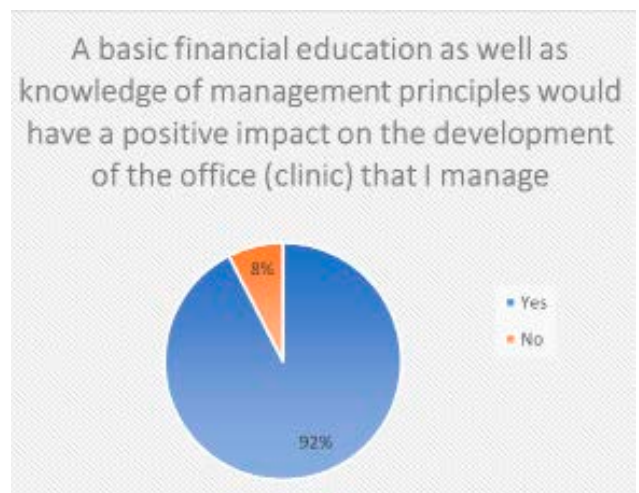


FIGURE 8.

One of the basic elements of the fiscal physiology of this type of business is the calculation of the price of medical labor, which according to our study is fixed randomly, taking into account only the prices of direct competitors. What is actually behind the price of any medical procedure? Any business, and dentistry is no exception, on the contrary, it requires an initial investment, an investment that must be recovered (return of investment, RoI) in the first years of business operation, investments in buildings being recovered more slowly (years), those in furniture, equipment depending on its average life span. This investment will be found in the final price of the medical work by dividing the invested amount by the time we want to recover our investment depending on its type, resulting in an hourly amount (RoIh).

Other financial elements that should be found in the calculation of the price of a medical procedure are:

- Indirect expenses or overhead represent the fixed monthly amount necessary to keep the business alive, these expenses can be: utilities, building tax, security subscription, maintenance of medical equipment, consumables for cleaning, disinfection, sterilization, staff salaries (those with fixed salaries), payment of the accountant, etc. We will divide this amount by the number of hours worked on average in a month, resulting in an hourly indirect operational expense (IEh).
- Direct operational expenses refer to the expenses we have with medical labor and can be composed of: the cost of the materials used, the doctor's fee, dental laboratory cost, courier fees [DOE).
- Profit margin (P%) represents the percentage established by each individual business as gross profit (the difference between income and expenses before paying taxes)
- Taxes on collection (T%) represent the percentage of commissions and taxes applied on collection (bank fees, POS commission, tax on collection) [2,5].

The average duration of a medical procedure noted in the final formula with H measured in hours must also be established.

A formula for calculating the price of a medical procedure, which takes into account all of the above, where the final price is X, could be the following:

$$X = [(RoIh \times H + IEh \times H + DOE) + P\%] + T\%$$

We can see from this simple calculation that each business is different, operating according to the same financial mechanisms, but having significant differences regarding the absolute values of the elements in the financial calculation presented above. We therefore conclude that setting the price of a medical procedure based exclusively on the comparison with direct competitors is completely wrong and can lead to significant financial losses in the business we manage.

CONCLUSION

It is obvious that due to the small number of respondents, the results of this study are not statistically significant for the Romanian dental market. Nevertheless, the study helps us draw the following conclusions:

- The managerial and financial decisions of Romanian dental entrepreneurs are arbitrary, not being based on basic financial or management knowledge. For this reason, many businesses are periodically in financial difficulties.
- Current university curricula are not effective in delivering information that could help future entrepreneurs make informed decisions that lead to predictable financial results in their future businesses.
- Awareness of the need to know such information is present in most of the responding entrepreneurs.

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