



Dental Success Network

Monthly Supply Budget System

Purpose: To define the methods for setting the monthly supply budget and to outline an incentive program for the Dental Supply Coordinator

Accountability: The Dental Supply Coordinator is accountable for maintaining the minimum needed inventory to perform dental services and the monthly dental supply budget.

Process:

1. The monthly supply budget will be determined by the Dental Supply Coordinator using the following process:

Rolling three-month collections average will be determined from monthly collections reports

 - a. Jan-March avg will be used to set April budget, Feb-April will be used to set May budget, etc
 - b. Budget will be set based on target overhead allocation.
 - a. Supplies- 6% of collections (ultimate goal is <5%)
2. Incentive Program
 - a. If supply spending is below the budgeted amount, ½ of the amount saved (delta) will be paid as an incentive bonus to the Dental Supply Coordinator.
 - b. Supply incentive bonus will be paid through payroll once verified by HR Manager.
3. Assumptions.
 - a. Dental supplies will be ordered according to the current office formulary.
 - b. Dental supply inventory will be maintained at a level that will prevent the office running out of supplies.
 - c. Inventory will be monitored weekly.
 - d. Avoid buying in bulk.
 - e. Inventory goal is to have adequate supplies on hand so that we don't run out, but not an excessive abundance of supplies.



Dental Success Network

Expense Breakdown	Industry Standard
Staff Salaries	13.00%
Hygiene Salaries	8.00%
Payroll Taxes & Fees	2.00%
Fringe Benefits	2.00%
Total Payroll	25.00%
Lab Fees	7.00%
Dental Supplies	4.50%
Assoc. Dr Salaries	N/A
Owning Dr. Salary/Distributions	N/A
Total Doctor Salaries	40.00%
Advertising	5.00%
Other Minor	2.00%
Other Expenses	4.50%
Insurance	1.50%
Legal & Accounting	1.50%
Office Expenses	1.20%
Facility & Equipment	7.00%
Telephone	0.80%



Dental Success Network
Allocation Cheat Sheet

Staff Salaries	Target % 16%	Lab Fees/Specialty	Target % 9%	Legal & Accounting	Target % 1.5%
Front Office pay		Crown/Bridge lab		Legal Fees	
Back Office/Dental Asst. pay		Implant material/lab		Accounting/bookeeping fees	
Manager(s) pay		Ortho Lab/Invisalign			
		Specialty Supplies/Lab			
Hygiene Salaries	9%	Dental Supplies	5%	Office Expenses	1.2%
Hygienist pay		General Dental Supplies		Office Expenses/Supplies	
Hygiene Assistant pay		Ortho Supplies		Office cleaning supplies	
				Décor	
Payroll Taxes & Fees	2.5%	Advertising/Marketing	4.5%	Office Food/beverages	
Employer payroll taxes		Marketing		Uniforms	
Payroll processing fees		Advertising		Printing/Reproduciton	
Additional fees for payroll		Marketing/Advertising supplies		Computer Software/Programs	
		Patient rewards			
Fringe Benefits	2.5%	Other Minor	2%	Facility & Equipment	9%
Team Member IRA/401K Match		Dues/Subscriptions		Rent	
Team Member Health Insurance		Postage/frieght		Facility/Equip Repair	
		License renewals		Equip Lease	
Total Payroll	30%	Petty Cash		Storage	
Staff Salaries		Bank fees		Real Estate Tax	
Hygiene Salaries		Donations		Landscaping	
Payroll Taxes & Fees		Parking/Tolls		Alarms/Fire protection	
Fringe Benefits				Building Insurance	
		Other Expenses	5.5%	Cable/Utilities	
Insurance	1.5%	Merchant Fees		Computer hardware/Repair	
Malpractice Insurance		Cont. Education			
Workmans Comp Insurance		Staff Travel Expense		Telephone	0.8%
Other Insurance Assoc. w/business		Staff Meetings/meals		Office landlines/Cell phones	
		Non-Dentist/hygiene contract labor		Answering service	
Associate Salary	N/A	Temp Agency fees		Call tracking	
Associate Salary and payroll taxes		Consulting			
C.E. For Assoc		Outside Billing/Collection Expense		Dr Compensation	30% +
Draws/Distributions				Dr salary and payroll taxes	
Life/Health Insurance		Debt Service	N/A	Travel/lodging	
Malpractice Insurance		Long-Term liabilities		Draws/Distributions	
		Pracitce loans		Auto Expenses	
		Equip loans		Meals/Ent. Not assoc. w/business (50%)	
		Lines of credit		Life/health/auto insurance	
		Interest on Loans		Family member(s) salary	