



# Surviving COVID-19: financially and emotionally



## Linda Giles

Describes how practice owners had to rethink their goals so their businesses survived the pandemic

**T**he arrival of COVID-19 earlier this year and subsequent UK lockdown induced responses of shock, worry and disbelief among the general population. For dentists, the shock and disbelief has perhaps been less, while the volume knob on worry has been dialled high.

As a profession, dentists had a heightened awareness that a pandemic of the scale of COVID-19 was an inevitability. The SARS (Severe Acute Respiratory Syndrome) outbreak in 2003 may have had limited repercussions, but it left a legacy, carrying warnings that more pandemics would follow. For practice owners steeped in regulations focused on the health and safety of patients and personnel, the implications of the COVID-19 outbreak in early 2020 were clear; dental practices had to close and would only be able to re-open under the most rigorous conditions.

In a short timeframe, communication became the greatest priority of all. Financial survival was inevitably front of mind, but could not be allowed to cloud decision-making or, naturally, stand in the way of

putting the interests of patients and staff first.

I act for a considerable number of practice-owners, both dentists and orthodontists, and it's a requirement – a strong word, I know – that my practice-owning clients maintain good financial control of their businesses and understand what they need to do to achieve their goals. My team and I encourage them to use their bookkeeping data to help them run and manage the business, not just to facilitate the year-end accounts, which are of course history by the time we discuss them! In some cases we prepare formal management accounts for them with quarterly reports and then later the focus shifts to an annual review and goal setting.

### Compassion

When COVID-19 struck, I felt huge compassion for the profession, especially dentists left with no support. They were told to close their business and potentially had no income. Many feared for their livelihood and that of their team. Younger dentists who had recently bought a practice were hit particularly hard and required a lot of support and reassurance, both around finance and staffing issues, which were hugely challenging. Buying a dental practice often coincides with buying a home or starting a family so, in addition to the practice loan, there may be a mortgage too. Hard-won reserves may be depleted leaving new business owners financially stretched.

Between March and May, confusion reigned on so many different aspects, depending on whether you were mostly NHS, mixed or fully private. For instance, furloughing came with a complication for mixed practices because the continuing NHS contract payments precluded furloughing of dental care professionals who could potentially be redeployed. What did this mean when your staff might work for both private and NHS sessions? Could you furlough only some and if so how many? Like everything else pertaining to dentistry, it took a while to get clarification.

The early weeks of lockdown were also extremely challenging as no one knew what financial help was available and how they would survive. As business support measures were announced, it still wasn't clear who would qualify – the detail came later. Some dental forums reflected a profession in a state of panic, which I encouraged my clients not to fall prey to. My firm belief was that dentists would adapt and get through that difficult period and there would be growth and more opportunity in the future.

More established practices with funds to access could rethink their business plans. Although this meant dipping into reserves, perhaps ear-marked for retirement, it gave them flexibility and bought them time to weather the financial storm. Cash is king and I advise clients to have sufficient in the bank to tide them over any potential quiet

periods. The pandemic was a quiet period of the first order! Clients making good use of management accounting information could easily work out how much money they needed to borrow to keep a service running and what payments they could cut or defer.

Suggestions to clients also included:

- Defer any payments, either as a business or personally e.g. pension contributions
- Collect any outstanding debts
- Introduce and/or better promote a patient payment scheme
- Invest in accounting software and re-focus on the cash inflows and outflows.

I encouraged those who needed additional support from the bank to ask for it early; if a recession resulted, banks could tighten up on lending. I also encouraged them to make use of the government loans on the basis that it was better to have the money in reserve, even if not required immediately, and many did so. Overall, the majority did not go down the route of the CBILS (Coronavirus business interruption loan scheme) as these tended to be time-consuming and hard work to secure. Instead, most applied to their bank and thanks to their ability, based on their accounts, to explain how much they needed, what they needed it for and over what period, they found their banks supportive. They were able to secure funds on a competitive and flexible basis.

Many did use the Bounce Back Loan Scheme which was a fast and easy way to secure up to £50,000 on very reasonable terms and this provided welcome comfort and flexibility (albeit that it will need to be repaid one day!)

With hindsight, I am uncertain how much private practice-owning dentists benefited from any government schemes, other than of course the option to furlough their staff.

What they needed was business rate relief, and access to the small business grants, which were largely denied to them. However, the compensation was that they were in control of their businesses and their destiny and could get back to work promptly once allowed. It's not surprising to learn from a recent survey by The Faculty of Dental Surgery at the Royal College of Surgeons of England (FDSRCS) that private practices were considerably more likely to have provided vitally important 'aerosol generating procedures'.<sup>1</sup>

Practice owners whose chief income is from the NHS may have had the benefit of an ongoing income and a slower return to work

but they have a worrying time ahead. What does the future hold? Especially if there are loans to be paid back next year? The lack of information was concerning.

There were some practices where there were difficult conversations with associates which will surprise no-one. Over the pandemic, the benefits of self-employment status were questionable. In order to qualify for the Self Employment Income Support Scheme (SEISS), associates had to demonstrate that their earnings over the three previous tax years, were no more than £50k per annum. Of course, many associates earn over that, albeit not greatly, and that was tough, particularly so in two-dentist households. It was tough too if you had formed a limited company, which meant you were ineligible for SEISS but also unlikely to get much from the furlough scheme if drawing just a nominal salary.

Practices with a patient plan in place had an assured income but those funds had to be spread widely to keep the bills paid and business running. Any expectation that associates providing treatment to plan patients were entitled to continue to receive the scheme's payments in full when they were not working had to be dispelled.

There is a perception that practice-owners earn more than associates but that is not always the case. The responsibilities of practice-owners are extensive, not least for the staff. Most of my practice-owning clients took on any emergency treatments and guaranteed reduced pay to their associates, so they at least had some income. As long as both practice-owners and associates could collaborate in the interests of the financial survival of the practice, the working relationships and the business would come through.

### Staff discussions

I felt discussions with staff were important; rather than imposing an unwelcome situation, I encouraged clients to explain to their staff what the practice would do to protect and help them. My advice was not to lose good employees by cutting their hours if this was going to cause them financial issues but to discuss their situation with them individually and get them to work together as a team, sharing essential down-time and supporting each other and the practice. Taking unpaid leave and using up some excess holiday where appropriate could help. The pandemic was, and is, an opportunity to invest in staff training or to consider CPD.

### Communication

With no treatment taking place, this was definitely a time to reach out to patients by phone, email or newsletter, to provide reassurance, to explain the already stringent cross infection control procedures in dental practices and to let them know they could call to discuss any worries or future treatments. Just because practices might be closed, there was no reason to abandon customer service standards. 'We are not open, but we are here for you' had to be the message. There were a variety of conversations to be had, whether booking in for a later date, prevention advice, treatment options, or just checking in with patients who were isolated in their homes. This was a service patients would remember.

Although initially very challenging for private practices, the pandemic has also been a time to shine. If ever there has been a time when patients have compared notes about their dentist, it's been in 2020. Many of my clients now have new patients coming to them in droves based on the recommendation of friends.

Knowledge is power and dentists' awareness of what the world was facing, based on the earlier albeit comparatively mild SARS outbreak, enabled them to communicate the pandemic was a cycle that had been seen before, and dental practices understood the priorities for keeping patients and staff safe.

### Strategic planning

The FDSRCS survey also reveals that 3 in 4 (74%) of dentists say they are unable to provide a full service this year or don't know when they would be able to do so, reflecting the huge uncertainty that remains.<sup>1</sup> But this must not deter strategic planning for the future. When practices closed earlier this year, what hit dentists was that they had to be on the ball to survive. Doing nothing was not an option. Despite continuing to work under constrained and challenging conditions most clients report that they feel very positive about the future. Many have sharpened up their act and accept that going forward, they are going to have to be more in control of their finances than ever before. ♦

### Reference

1. Royal College of Surgeons of England. Majority of dentists unable to provide a 'full service' this year due to COVID-19. Available online at: [www.rcseng.ac.uk/news-and-events/media-centre/press-releases/fds-covid-dental-practices-survey-report/](http://www.rcseng.ac.uk/news-and-events/media-centre/press-releases/fds-covid-dental-practices-survey-report/) (Accessed October 2020).

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