

EDITORIAL

Corporates – friend or foe?

Peter Ward,
Chief Executive, BDA

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Current estimations indicate that dental corporates now own a substantial slice of the dental operating stock in the United Kingdom. Their deep pockets and high levels of investment would suggest that they are a permanent fixture and the earnings multiple paid by BUPA in its acquisition of Oasis last year tells the tale that investors see dentistry as a highly investable business.

From the profession's point of view, the arrival and growth of the corporates receives mixed reviews. On one hand, many time-served practice owners see disposal to a corporate as a highly attractive exit plan. The sale prices of large practices have rocketed over recent years as the big players have grown their empires by acquisition and so vendors' returns on investment have been substantial. On the other hand, associates who work within the large enterprises sometimes talk about impingement upon their clinical freedom, restriction of choice of materials and performance pressure backed by sanctions.

The corporates themselves will tell you of their commitment to quality, their investment in infrastructure and their professionalism when it comes to management and contract negotiation (see 'Working for a Corporate', *BDJ In Practice*, January 2017, p 17). They appeal to colleagues by offering a fully provided operating environment and support team and suggest that they can create a workplace where all the dentist needs to worry about is the dentistry.

Of course, dentistry isn't the only area where the corporate 'consolidators' have entered the fray. The pharmacy chain Boots was formed in 1849 and was perhaps the earliest example of an organised enterprise controlling the activity of health professionals. More recently, the arrival of Specsavers in 1984 saw a similarly radical change in the way high street optometry was organised. Clearly, these large, profitable and successful companies are doing a lot right and have revolutionised the way these services are delivered. They have offered wider choice,

economies of scale and different approaches to customer service. They are also often cited as the illustration of why corporately organised dentistry will work in just the same way.

But, the thing is, dentistry isn't actually that similar to pharmacy or optics (which may explain why both of the named examples briefly entered our market before resolutely declaring themselves 'out!'). What the latter two have in common is that the clinical component of the income streams for both businesses is relatively small and the merchandising activity is vast. In the commercial corporate optician's practice (or do we say 'shop' now?) the vital clinical examination is actually relatively inexpensive and represents but a small part of the activity. By far and away the bigger commercial part of the activity involves the supply of goods that flow



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from the clinical intervention. Designer frames, clever lenses and all sorts of paraphernalia offer the opportunity to transform the value of that inexpensive health intervention into a massive value-added sales opportunity – and that's where the profit comes from for the external investors. Similarly, at the pharmacy, the clinical enterprise that defines it is but a tiny proportion of what goes on, as you buy cosmetics, orthotics and even the odd 'meal-deal'. The difference with dentistry is that the biggest part of what patients pay for is the dentistry itself – the actions of the clinically trained professionals. They may buy toothbrushes or mouthwash but the financial contribution of the add-ons is trifling when compared to the income from the professional service. So where is the profit

to come from other than charging the patients more and paying the dentists less?

Anecdotally, the financial challenges of working in corporate practice are mirrored by anxieties about loss of clinical autonomy. When we asked our members what they thought of the rise of corporate practice a substantial proportion suggested that they saw this as a threat. Our insights suggest that, given the choice, many dentists would prefer to work in practitioner-owned practices rather than corporates. Whenever we host talks with young dentists and students, the issue of corporate ownership is always a matter of debate and a major concern to some. So, as the corporates look as if they are here to stay, we really do need to decide whether they are a force for good or something to be feared. Do dentists prefer to be

big fish in little ponds or are they ready for the challenge of becoming cogs in the corporate machine? Do the trappings of the retail outlet genuinely enhance dentistry? Do the corporates enjoy a favoured position (and so, advantageous commercial opportunities) in the eyes of governments and service commissioners?

More empirically, are the stories of clinical restriction and driven targets merely the moaning of unworldly practitioners or are they the predictable outcomes of scavenging, rapacious capitalists? It is time to stop dancing around the issue and begin some straight talking. Let's hear from associates, vendors and from the corporates themselves. Is this a partnership or a skirmish? ■

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