



**FASTEST GROWING
PRIVATE BUSINESS
OF THE YEAR
(TURNOVER
GREATER THAN
\$100 MILLION)**

Winner:

Dental Corporation

Finalists:

Evans Harch
Grindley Construction
Seymour White

Keep smiling: Dental Corporation's Mark Evans, left, and Ray Khouri

OPEN WIDE

A dental practice management model provides back-office support, allowing dentists to focus on their patients. **Report: Jeanne-Vida Douglas**

● After 15 years, Ray Khouri found himself overworked, heavily indebted and effectively trapped in the dental practice he had created. Like many dentists and doctors, Khouri had built a successful business with a strong client base, but was unable to sell the practice because much of its value was tied up in intangibles.

"I was generating revenue in excess of a million dollars at the time, but I was working very long hours, I was exhausted and I wasn't able to realise the true value of the business through a sale," Khouri says. "It was then that I had my little epiphany and realised that many others would be facing the same challenge."

Eventually selling the business to a medical services group looking to expand into the realm of dentistry, Khouri stayed on to manage the business and continued to work with patients but quickly became disillusioned with what he saw as pointless micromanagement techniques.

"Dentists effectively run miniature hospitals, and the value of the business lies as much in the facilities as it does in the clinician," he says. "What we needed was a management model where the dentist could continue to enjoy the

freedom of being able to focus on working with patients while we take over the financial management and marketing side of the business."

Having discussed the idea with his bank, Khouri was introduced to Mark Evans, who had previously been an executive with the listed child-care agency Kids Campus, which was acquired by ABC Learning Centres in 2006.

"We really did have a meeting of minds in our first couple of encounters," Evans says. "I was looking for an opportunity to invest in the medical field and Ray's ideas in terms of consolidating some of the back-end operations of these businesses made a lot of sense."

In 2007, Khouri and Evans formed Dental Corporation, secured a line of credit and set about approaching successful practices with a minimum annual turnover of \$1 million. Akin to a franchise, dentists are able to realise the value of their operations, effectively selling their practices to Dental Corporation, at which point they are provided with back-office support but largely left to run their own businesses. "The trick was to recruit really smart people who were already operating successful businesses, and offer to

help them operate more efficiently through a centralised management approach," Evans says. "The practices themselves make money and contribute towards the head-office function through a percentage of their revenue."

In the first two years of operations, the dental services consolidator has expanded to 80 practices, with more than 186 dentists and 80 dental hygienists, creating a national network.

Khouri and Evans' success has resulted in their company winning the fastest growing business with turnover of more than \$100 million category in the *BRW ANZ Private Business* awards. Dental Corporation is ranked 395 on the 2009 *BRW Top 500 Private Companies* list.

Having grown largely through referrals, Khouri says the group could expand at a similar rate over the next 12 to 18 months.

Dental Corporation has several competitors in the consolidation sector, including 1300SMILES, Pearl Healthcare and Dental Partners, but Khouri is not fazed. "At the moment our growth is 100 per cent driven by referrals; we don't need to do any advertising," he says. "There are more than 8000 dental practices in Australia and at least 1300 that fit our requirements in terms of size and revenue, so our plan is to continue to expand at a rate of 30 to 40 practices annually for the next couple of years."

Demographic shifts are creating demand. "As people get older they begin to demand more high-end dental care and as a general rule their expectations have increased," Khouri says. "Generation Y don't have the same issues as the baby boomers, but they are also demanding the whitest, straightest teeth and spending money on getting a great-looking smile." **BRW**