

One Size Doesn't Fit **All**

The **Small Lab** Model



A cottage industry. In the not so distant past the dental laboratory arena was referred to as a 'cottage industry.' While this descriptor might stir up images of a small quaint businesses its origins were much more rudimentary in nature. Before the Industrial Revolution cottage industries were typically small-scale businesses operated out of the home, with sub-contracted craftsmen who produced garments, textiles, shoes and small metal parts.

49.5%

of NADL survey respondents have a lab with **1-4 employees**

Source: *The 2017 NADL Business Survey*

A current example of a still successful cottage industry might be the e-commerce website Etsy.com, which focuses on handmade, vintage or unique factory-manufactured items. While the dental laboratory market still incorporates handcrafted work, and many are small businesses that operate out of a home, it's a true challenge to look around today's modern lab and see remnants of a cottage industry; no matter large, medium or small.

In fact most laboratories in the U.S. are small. The U.S. Department of Labor, Bureau of Labor Statistics and the NADL report that in 2017 there were 6,261 laboratories with a payroll. In addition, there were 711 single person laboratories. In other

words, over 11 percent of the current landscape is represented by a single-person business. The 2017 NADL Business Survey reports that 49.5 percent of respondents have between 1-4 employees. So while reports, articles and research may focus on the technological boom, large-scale mergers and acquisitions, and production-oriented business models, the profession is still primarily fueled by small operations. And while small labs might not receive the same attention as the larger labs, successful owners demonstrate high-business acumen, personal commitment and an innate understanding of what it takes to make the small lab model work.



The Solo Journey

Morris Fucarino, CDT, owner of Majestic Dental Arts, Inc., CDL in Bushnell, Fla., has been operating as a one-man lab for the past ten years. He never aspired to be a part of or own a big lab and has unwaveringly no regrets on his chosen career path. He initially wanted to be a dentist and started off on the laboratory side in order to gain exposure to the field. He began as an apprentice with a mentor and eventually they became partners. The lab grew to six with the addition of family members but still remained small in scope, with each technician having their own accounts. As the years went by, however, Fucarino decided that it was time to open his own laboratory.

"It was very overwhelming in that point of my career to do everything by myself and I hired a few technicians as I needed help," said Fucarino. "But the problem that I ran into is that there were lulls in the business and trying to keep the people I had busy became more of a stressor than it was worth to me. So I eventually decided to do things myself."

Fucarino tailored his business model from the start. He knew a small lab could never compete on price and never tried to win that game. He focused on supplying a quality product, above and beyond customer service and the personal experience.

He said, "A lot of small labs think that they are in the minority and can't compete. But that's a misconception. You just have to find your niche and hit that market. If you are going to do it differently than a large lab you have to have the same ideology as your clients and know who they are to develop that niche. I have three accounts. But at this point in my career I'm winding down and I like a manageable workload. I just had to get to the point where I could make it through the slow times. For instance, when one of my accounts takes a week off, that's 33.3 percent of my business. That's tough and I have to be ready."

Providing the personal relationship is his area of focus. He's had his clients for 25+ years, visits once per week, does his own pick-up and delivery, and considers each doctor his friend and not just an account. He and his clients are all in the same boat as far as age and point in their career and value this long-standing relationship. This value reaches even beyond what emerging technology has brought to the table in the past decade.

"I do wish I had embraced digital technology sooner," said Fucarino. "I didn't see it as a force at first and I wish I would have pursued it. At this point I made a business decision that it wasn't feasible to invest into technology. My clients aren't embracing it or making the capital investment so it doesn't make sense for me to. I do outsource digital work to my former partner's lab. That's one area where I think small labs shine and I don't see happening in big labs. We communicate with each other, help each other and embrace camaraderie."

Part of that camaraderie is being an active participant in the industry. Fucarino acknowledges that it's tough for younger owners with families to find the time and money to attend state and national association meetings, but recognizes that spending the money to learn will only help in the end. Just like many dentists, he wasn't a business person and needed to take courses to understand how business works and where he wanted to go.

6,261

Total dental laboratories with a payroll in 2017.

Source: The U.S. Department of Labor, Bureau of Labor Statistics and the NADL

"A lot of small labs think that they are in the minority and can't compete. But that's a misconception. You just have to find your niche and hit that market."

—Morris Fucarino, CDT



711

Total single person dental laboratories with a payroll in 2017.

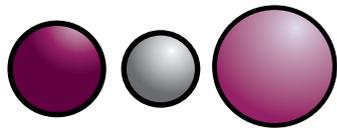
Source: The U.S. Department of Labor, Bureau of Labor Statistics and the NADL

“Growth has to be planned out,” said Fucarino. “I’ve seen small labs trying to grow too fast and when they have a slow-down they have to get rid of people. Workflow fluctuates weekly and if your cash flow is gone you might be out of options. It’s very stressful and can be avoided by having a business plan for the next 2-5 years; not just if you are busy now, hire people.”

The two guiding factors he has incorporated into his small business model have been association involvement which provides the big picture of what’s happening in the industry and the power of the personal relationship. Just as he has personal

relationships with his clients, he has the same with his suppliers. It isn’t about price; but a business relationship that he knows he can rely on when he needs help. Fucarino has mostly built his business around not just providing a quality product, but being a quality person.

He said, “I learned from my mentor that you are the business. It means nothing unless you are able to put out a valuable product. That mentality is how I constructed my business and the main thing is to be proud of what you are doing, do your best, and everything else will fall into place.”



The **Winding** Journey



There’s a place for all sizes and all business models.

John McMillan, IV, owner of Spitfire Ceramic Arts in Portland, Ore., has experienced both the large and small laboratory setting. He started his career young, only 17 years old, as a basic coping waxer for a big production lab. In the beginning he spent many hours in mass production and felt uninspired in the work. Once he progressed to gold crown waxing and working with more challenging contours his excitement started to build. He took his PTC books home at night and spent more time on detail and creating a more natural look, but was discouraged by the fast production pace and focus on time management. He quickly realized that his skill set would be better suited and appreciated in a small local lab. In his first interview he was told he had talent and passion, which at the time he didn’t understand. Unfortunately there was no position available there, but they referred him to another lab and he was hired within a week. It didn’t take long for him to realize the value of passion.

“That was a turning point in my life,” said McMillan. “I spent the next twenty years at a cosmetic high-end lab where I was trained and given all the tools and references to grow my skills. The pace was slower with attention to details. The caseloads were less so the technicians weren’t overwhelmed. This lab had a great reputation so the prices were higher which allowed for this freedom. There were a couple of high-speed production employees that just produced for specific clients, which also allowed the high-end side to consistently maintain its flow.”

Over the last few years McMillan evolved through both location and lab changes and is currently in Oregon running his own lab. He works alone and is now training a friend on model work and preparation. He has discovered that for him, the most successful business model is a batch style format. He has a set day to pick up, a day to work up all the cases, a few days to complete and then a drop off date. It's usually 10 working days in the lab which is a drastic contrast to the large lab fast turnaround times. He encourages small labs not to buy into the hype that they can't provide the same services as large labs; and also the notion that all small labs are high-end. There's a place for all sizes and all business models. What makes it work or not is the owner's commitment, passion, and investment not just in the business but in their employees.

"I would encourage labs to spend more time getting to know their employees likes and dislikes for the roles that they are in," said McMillan. "Also, cross-training is so important. To keep technicians happy and productive they should have a primary role and two secondary roles to help not only with flow, but keeping passion lit and preventing burnout. This is crucial in smaller labs, especially when vacations and sick days come up. While having coverage is key, giving trust and responsibility to your technicians will be returned to you in many ways down the line."

McMillan has run the gamut; working in labs of various sizes and performing various roles, and has learned not only about the industry but more about himself through each experience. Similar to Fucarino, he values the importance of networking with and learning from colleagues.

He said, "I am grateful for my experiences and to have great friends like Bill Marais, RDT (Disa Dental Studio), Dan Boskocevic (GC America), Al Hodges, CDT (Highland Dental Arts), Grady Dix (Sunwalt Dental Works Inc.), George Papps (MPFBRUSH CO) and many more. At times I have been my own worst enemy and have shot myself in the foot. I've found that you can only count on yourself and you have to put in the hard work. You have to be strong, keep your word and let your actions and work speak for itself. Give your clients confidence in you, because they are trusting their practice and patient base with you. That's what makes you successful. Having a few real friends is bonus."



"You have to be strong, keep your word and let your actions and work speak for itself. Give your clients confidence in you."

—John McMillan

While the label of 'cottage industry' no longer applies, the concept of a small-scale production of crafted pieces and a business built on personal relationships remains inherent to what small labs have to bring to the table. Small labs comprise a huge element of the overall industry and their value cannot be overlooked. The large dental laboratories may be getting more splash but there will always be a place for the small lab. The key for small lab owners is to determine what they excel at, invest in education on technique, technology and business management, and develop trusting relationships with clients, employees, colleagues and suppliers. **JDT**