



Academy of Dental Management Consultants Corner: Lessons learned about embezzlement in the dental practice

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What my 11-year-old son and chess taught me about embezzlement

While this isn't the way that most articles about dental office embezzlement start, playing chess with my son taught me something important about embezzlement.

For his age, he is a decent player. He has a well-developed sense of strategy, which allows him to routinely defeat his peers. However, he has never beaten me (although I confess that he came close once last summer). My perfect record isn't because I am smarter than he is (objectively, the reverse is probably true) or because his strategies are deficient. I attribute my success to having the perspective and wisdom of an adult, which allows me to study his moves and discern (and counter) his strategy.

Before we get mired in the philosophical debate about whether we should occasionally allow our children to win, let's apply this same logic to embezzlement in dental offices.

A couple of basics first – published statistics suggest that 60% of dentists will eventually be victims, and that the average amount stolen exceeds \$100,000. Some dentists experiencing these losses have been forced to postpone retirements, others have marriages ruined, and the aftereffects of embezzlement have made practicing less enjoyable for many dentists.

Furthermore, while active embezzlement is occurring, practices tend to underachieve in ways that extend beyond the

amount being stolen. Thieves tend to sabotage efforts made by owners to improve their practices, such as engaging consultants, implementing changes, and hiring new high-achieving staff. The true cost of embezzlement can extend well beyond what is stolen.

The transference from my family's chess games is this – the embezzler has ample time to study the “moves” (by which I mean the control system) of the practice owner and to plan an embezzlement that will defeat the structure. The embezzler is also likely to bring far more knowledge and worldliness to the problem than the dentist can, and to adapt quickly and successfully to any changes implemented by the dentist (much like the way that the process of monitoring one's chess opponent, and reacting to any apparent changes in tactics, is an ongoing one).

This adaptation is helped because, much like the large number of moves possible on a chess board, there are many possible embezzlement pathways in most dental practices.

So are dentists consigned to perpetually lose in this battle of wits? I don't think so. In the same way that my son is developing as a chess player (I mentioned that he almost beat me a few months back), you too can improve your skills. He is becoming more competitive not by improving his basic strategies (which are already pretty good) but instead by becoming more observant of my moves and better able to discern the strategy that underlies them.

You can also benefit from becoming more observant of your opponent. In its 2012 *Report to the Nations*, the Association of Certified Fraud Examiners reported that more than 80% of embezzlers displayed some type of behavior indicative of embezzlement.

I'll mention that this is a different approach than the anti-embezzlement measures that are most frequently advocated for dentists like separation of duties and increased self-audit (which I would really equate to trying to improve basic strategy). To be clear, I am not suggesting that these suggestions are bad ideas; rather that, in the unequal battle between embezzler and victim, they are simply unlikely to be successful.

I'll also recommend an excellent tool to improve observation of your opponent. Our popular Embezzlement Risk Assessment Questionnaire takes about 10 minutes to complete, and helps you identify employee behavior that indicates risk of embezzlement. Your score gives you an indication of your vulnerability. I'm happy to send you one – please email requests@dentalembezzlement.com mentioning this article.

I soon will rejoice in the imminent victory of my underdog son, and I will also celebrate your coming of age and winning your embezzlement battle.

Editor's Note: For more information on the Academy of Dental Management Consultants, [please click here](#).



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