Advancing ADA Strategic Goals and Objectives: Agency Programs, Projects, Results and Success Measures

A wholly-owned for-profit subsidiary of the ADA, ADA Business Enterprises, Inc. (ADABEI) leads in the development of revenue generation by providing best-in-class products, services and opportunities that create value.

In 2022, ADABEI goals Included:
- Create member value and increase member engagement
- Through financially stable program growth, increase non-dues revenue
- Improve organizational effectiveness and alignment with the ADA, state societies, and other subsidiaries to support the ADA’s strategic plan

In 2022, all goals for the year were met or exceeded.

- Member Value & Increased Engagement:
  - Increased the number of leads sent to providers
  - Worked with providers to improve special member value
  - Exceeded customer service metrics with providers
  - Increased financial educational content to new dentists
  - Increased marketing to key targets (i.e. students, new dentists, non-owner dentists)

- Financial Goals (see tables 1-3):
  - 2022 total program revenue, compared to 2021, grew by $278,000 or 4.7%
  - ADABEI distributed a $1,500,000 dividend to the ADA in 2022
  - Renewed five products
    - Fitness Classes (ClassPass)
    - Computers and Technology (Lenovo)
    - Staff Apparel (Lands’ End)
    - Luxury Vehicles (Mercedes-Benz)
    - Payroll (OnPay)
  - Launched three new products
    - Sustainable Cars (Volvo)
    - Branded Gear (Threadfellows)
    - Tours for Active Travel (AHI Further)

- Organizational Effectiveness:
  - Exceeded state collaboration and marketing goal by 4.0%
  - Collaborated with ADA and ADA subsidiaries (i.e. ADAPT, Non Dues, Publishing)
Total Program Financials

Total program revenue of $6,245,000 exceeded the 2023 budget of $6,171,000 by $74,000 or 1.2%. Compared to 2021, total program revenue grew by $278,000 or 4.7%.

Table 1. 2022 Total Program Financials

<table>
<thead>
<tr>
<th></th>
<th>2022 Actuals</th>
<th>2022 Budget</th>
<th>Variance ($)</th>
<th>Variance (%)</th>
<th>2021 Actuals</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (ADA and ADABEI)</td>
<td>$6,245,000</td>
<td>$6,171,000</td>
<td>$74,000</td>
<td>1.2%</td>
<td>$5,967,000</td>
<td>4.7%</td>
</tr>
<tr>
<td>Expenses</td>
<td>$3,501,000</td>
<td>$3,650,000</td>
<td>$149,000</td>
<td>4.1%</td>
<td>$3,479,000</td>
<td>(0.6%)</td>
</tr>
<tr>
<td>Net</td>
<td>$2,744,000</td>
<td>$2,521,000</td>
<td>$223,000</td>
<td>8.8%</td>
<td>$2,488,000</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

ADA Royalties

In 2022, the ADA earned royalties of $3,672,000 from endorsed providers in the program, exceeding the budget by $74,000 or 2.0%.

In addition to the royalties, ADABEI also contributed $1,500,000 in dividends to the ADA in 2022, bringing the total contribution to the ADA to $5,172,000.

State dental societies may choose to co-endorse products and services and share in program revenue through a license agreement. In 2022, the ADA shared $1,137,000 in royalties with states.

Table 2. 2022 ADA Financials

<table>
<thead>
<tr>
<th></th>
<th>2022 Actuals</th>
<th>2022 Budget</th>
<th>Variance ($)</th>
<th>Variance (%)</th>
<th>2021 Actuals</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADA Royalties</td>
<td>$3,672,000</td>
<td>$3,598,000</td>
<td>$74,000</td>
<td>2.0%</td>
<td>$3,490,000</td>
<td>5.2%</td>
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<tr>
<td>State Royalty Share</td>
<td>$1,137,000</td>
<td>$1,183,000</td>
<td>$46,000</td>
<td>3.9%</td>
<td>$1,185,000</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

ADABEI Financials

In 2022, ADABEI earned $2,573,000 in revenue as a result of fees to ADABEI from the program and finished 2022 with net income (pre-tax) of $209,000.

Table 3. 2022 ADABEI Financials

<table>
<thead>
<tr>
<th></th>
<th>2022 Actuals</th>
<th>2022 Budget</th>
<th>Variance ($)</th>
<th>Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADABEI Revenue</td>
<td>$2,573,000</td>
<td>$2,573,000</td>
<td>$0</td>
<td>2.6%</td>
</tr>
<tr>
<td>Expenses</td>
<td>$2,364,000</td>
<td>$2,467,000</td>
<td>$103,000</td>
<td>4.2%</td>
</tr>
<tr>
<td>Net (Pre-Tax)</td>
<td>$209,000</td>
<td>$106,000</td>
<td>$103,000</td>
<td>97.1%</td>
</tr>
</tbody>
</table>
Emerging Issues and Trends

Products
ADABEI continues to focus on the strategic management of endorsed provider relationships, to develop short and long-term approaches to improve member value through product features, pricing and service. In 2022, the program included 27 products and services from 20 providers:

- Credit Card—U.S. Bank
- Credit Card Processing—Best Card
- Patient Financing—CareCredit, LLC
- Practice Financing & Commercial Real Estate—BMO Bank
- Luxury Vehicles—Mercedes-Benz
- Sustainable Cars—Volvo
- Marketing Services, Practice Communication Software, ADA TV and Secure Email—PBHS, Inc. and Revenue Well
- Small Group Tours and Small Group Tours for Active Travel—AHI Travel
- Interpretive Services—CyraCom
- Amalgam Separators, Emergency Medical Kits and Sharps—HealthFirst
- Payroll Services—OnPay
- Staff Apparel—Lands’ End Business Outfitters, Inc.
- Office Supplies—Office Depot
- Shipping—UPS
- Fitness—Class Pass
- HIPAA Compliance—Compliancy Group
- Student Loan Refinancing and Dentist Mortgages—Laurel Road
- Appliances—GE
- Temporary Staffing—Stynt
- Computers & Technology—Lenovo