Ep #47: Growing or Stagnating…It's a Choice

Full Episode Transcript

With Your Hosts

Dr. David Phelps and Evan Harris

Dentist Freedom Blueprint with Dr. David Phelps and Evan Harris

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You are listening to the *Dentist Freedom Blueprint* podcast, with David Phelps and Evan Harris. Navigating you through the uncharted waters of a turbulent economy with straight-forward advice to, transform your practice into a self-sufficient cash machine, compound your net worth assets, and multiply, multiply, multiply your passive cash flow streams.

David: Hey, everyone. It's Dr. David Phelps back here again. Excited to be with you today with my great friend, my wingman, Mr. Evan Harris. Evan, are you in the house?

Evan: I am in the house, David, thank you for having me. How are you today?

David: Doing great. It's great to have you back. You know, Evan, as you know, it's so great to have this partnership, this friendship that we have because we back each other up. There's times when we get busy, we can't get on the podcast together, and I've done a few where I've interviewed a few other people in your absence. But I'll tell you, there's nothing like doing these calls with you because I just feel like the comradery we have, it's so much fun.

We were just talking a few minutes before we got this interview started today, this podcast, that some of the topics we've been going through in our own lives and we just picked up on something that I thought was so relevant and I think you agreed. I'd just like to run with that today. Even though we're about building the freedom blueprint for our doctors, our dentists that are on this call, freedom and that path to freedom takes so many different avenues. It's not just about working harder, or making the practice better, or getting more bottom line revenue. There's lots of components that go into it.

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Today, based on our conversation Evan, I want to talk a little bit about the people that we surround ourselves with. How we run our business, our practice models, the systemization, the documentation, the cross-training, and why that's so important. But unfortunately, I feel like a lot of times it's given lip service to.

I know in my practice Evan, I tried a lot. I tried hard there. I brought practice management people in and I'm not saying that they didn't help but I don't think as a leader, as the owner of a practice during those years, that I really totally got it. I think there was so much more I could do with what I see today. Some of the things I know you're doing.

You led in today on our conversation with a good couple stories. One is your own and one is with another dentist that you know. You want to just take us into that a little bit? Let's talk about what you've learned recently from your experience.

Evan: Sure, David. I'd be happy to. I'd love to say to the listeners that I practice everything I preach. In reality, that's not the case. Just because something is a best practice doesn't always mean it gets done. But I can tell you, I've been eye witness to really successful people. I just wish I took all of their advice myself.

Something did recently happen within our business. That is, we try to create systems and try to create freedom, but in reality, as business has grown we've not added to the team. In some ways, we've kept the same systems. So what we created five years ago is not the same system in my belief that should exist today. We should grow. If we're doing five times the business, well our systems really should be five times better.

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One of the components I found that more and more work was being done by my spouse. I think of her as Wonder Woman and she just can do all things. But yet over time, I think she was getting worn out. Plus she educates the kids and just so much and found that she was getting burned out. What I didn't realize behind the scenes was that more and more things were coming at her, she was handling it, but it was no longer exciting to be able to serve more people.

I guess I discovered it one day when I had a friend recently have a pretty big inflow of capital, over a million dollars. A call came in and said, "Evan, can you place the money to be able to have it work for me?" A million dollars is going to earn over $100,000 passive cash flow for him and he'd like me to be the one that's producing that passive cash flow. So I was honored. That's a great call. So I called home to my spouse to share the good news, both of a friend having that kind of windfall but also that we were chosen to be the one to help grow it and give them a lifestyle to be able to live from.

The response back that I received from my spouse was anything but, there was something I expected, it was, "Wow, that sounds like a lot of work." When I heard that, it would be almost like one of our doctors telling the team that they now have half of a company down the street they're going to choose them as their dentist. Which is equivalent to 100 employees. The team goes, "Ugh, that's a lot of patients coming in." I realized that I had not set up the systems in such a way that the systems can handle it or added team can handle it.

The more I dug in, I found that as I was flinging opportunities over my shoulder, where I was meeting

people, finding out their needs, being able to deliver on it. It was essentially, I was just handing over more work to our team and our team consists of just a handful of people, much of it is my wife. That was not fair.

I then took a look and talked with my spouse to say, "How do we do this? Do we just shrink the company or do we add to the team?" The answer that we came to is we add to the team. If we want to serve more people, that includes building more people to serve with and that feels good to us too. There's more people that can be able to have freedom through what we do. So we hired two people. Initially, David, I can tell you, it wasn't the gift that we were hoping for because now we had to train them. If anything, it was worse.

David: Right.

Evan: We had extra capital to be able to invest and grow but now we've got two team members to try to explain what it is we do. David, another area that we did not do well at is we had never noted out all of our systems. We had a lot of it in our head. I think that's frankly, I think it's a mistake. Thank God nothing's happened to either one of us but if it did, whew, that'd be a hard blueprint to follow. They could forensically look back on their paperwork and some systems that we have put in place but not as clean as it could have been. So going forward…

David: Evan, let's just say that that's more common than people would think. In small businesses of any type, that's very, very common because we grow them kind of organically. We get things going but it is typically a relatively small team. Many times it is, as in your case, it's husband and wife. Or the owner and a couple of key people that are involved. And yeah, you get this thing going, this practice

going, this company going. Then one day you realize that things weren't setup for the growth. That's the day that you and your wife realized that some changes needed to be made.

I'm so proud of you guys. Not that I'm surprised but proud that you took the position that, "Hey, we want to serve more people." But let's face it, Evan, there's a fear factor that goes into that. I think, you tell me if I'm wrong here, but I think that the reason why sometimes we as the owners of the business, we sometimes hesitate to bring on more people, it's just what you said, we know there's going to be work to be done. To bring on more people means there's more work to be done. Don't you think we tend to subconsciously or maybe even consciously push that off and hope we never have to deal with it?

Evan: Without a doubt. I think in some cases, it forced us to be transparent with other people. To show them that our systems weren't as polished as we'd like them to be. You know, we're in some ways kind of taking them into all of the caverns of the business saying, "Here's how we do this." We had a team member look at us and say, "You manually send out these emails?" We had to look at her and go, "Yeah, we manually send out these emails." She said, "There's a service that does this for you."

Did the final result turn out good? Yeah. I mean our investors were getting updates and our borrowers were getting all their data but they didn't know that we were manually typing all those things in when we could have had a system that automatically populated much of the copy, completely accurate, and automatically had all of the information in to go out on a regular basis. But we were manually doing all of that.

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So yeah David, some of it was just a humbling time to realize that we have much to learn and we can surround ourselves with people who are better than us in those areas.

David: Well that's really the key, Evan. Because again, I think there's a mindset that we have, and I'll speak as a dentist, is that we've gone through all this training, dentists and other professionals certainly have a high degree of intelligence and a work ethic to get through all the school and education and training. I think that there's this belief system that we're supposed to know everything. As the owner of a company or business, we're supposed to know it all and that just can't be.

We have to be able to be able and willing to acknowledge the areas that we're not so great at, that we can't know everything and that's okay. The faster we acknowledge that, then we can bring in, as you said, people that have skillsets and experience in other areas that we can't even begin to get into because that's not where we should be. That's not where our time value is. It sounds like that's exactly what you found.

You hired these two people and obviously they had some experience and brought some different eyes and perspective to your business and immediately came up with some suggestions that have turned out to be pretty good, yes?

Evan: Very true. Very much, yes. I would say that people have, I'm finding, unique talents that they've learned throughout their career or even in college, even a younger generation. They might hop in and go, "Oh wow, have you ever thought about doing this on Facebook?" Or, "Have you thought about having an infographic?" Or, "Rather

than having a picture that's a before and an after stacked on top, how about creating almost like a slideshow?"

Admittedly David, I have not practiced at those things. I was trying to disseminate the information in a way that people can see the data but it really wasn't as pleasant as it could have been. It could have been packaged even better and I'm finding that people around me can be able to do that much better, much faster. I can learn it as well but I'm learning it through them which is almost like a fast track.

I asked the question, "What data do you need from me to be able to make it look this way?" A lot of it's I'm just sending up raw data or I can just put it in Dropbox or whatever method we want to use in the cloud. They can grab it and put it all together. I'm really not having to do any more work. If anything, it's less work and they're using the unique talents that they have to improve communications is really a big deal. It also shows us that we really don't have to do it all. We can stay in our peak performance zone and not try to get out of what we were really meant to do.

David: Evan, tell me this. Now that you have these new people that are coming on board, what are you doing to systematize what they are doing for you? As you're going along, you're building out job descriptions, responsibilities, probably that's evolving as you go from day one. But what are you having these new team players do to start documenting what they're doing so that in the event that either somebody ends up leaving for whatever reason or probably better yet, as the business grows, you need to bring somebody else in to help come in and take over

some of the things that they're doing so they can go onto maybe a different role?

What are you doing because I think that's where most business owners, we drop the ball. We bring in a new person and it could be really a great team player that comes on but we fail again, once again, to document what they're doing and the processes so that there could be a handoff if, well I should not say if, but when that day comes?

Evan: You're exactly right. Actually I'll tell you a story briefly that touches on this. I was just with a client of mine who had an office manager of 25 years I believe. She had planned to retire very soon, within like a one to two year, but she got ill, like really ill. She was unable to come into work. She hadn't taken a sick day in years. Well, unfortunately, she I believe had a stroke and she was not able to be accessible I would say.

The doctor, although incredibly clinically savvy and able, and the team very good at what they did, the office manager had all the secret sauce. She had the passwords. She had all the ways that connect with the insurance. She had the schedule. There was so much that was in this lady's head, which is great credit that she was that amazing of a lady and was always able to be counted on but the office was not at all systematized. It was all assigned to the front lady. When she had an illness, no one could get to that data. No one could get to it because it didn't exist outside of her head.

The doctor realized quite quickly that had he just had either another person that could of cross-trained that position or at least had somewhat of a blueprint, like an employee handbook of sorts, where they noted out what

	they did, how they did it, and then the passwords, the logons. I mean, how many passwords do we have on a daily basis? I'm finding that they all have to be different. Some say that I have to have six letters. Some I have to have a symbol. Some I have to have a number. Good God, David.
David:	Right.
Evan:	Fortunately, I have an app, it's called SecureGuard and I put it all in there and it's all under the headings. So if I'm looking up something, it could be Apple, you know all my information is on that and it's under that heading. So if something happens to me, they have the ability just to log on and it's all right there. This practice, I can tell you did not have that.

This lady was the gate keeper to all that information. What are they doing now? Well I can tell you, they're still scrambling because they don't have a way to get access to her. She's that ill. They're trying to find things out really in the rearview mirror. Patients are showing up and their showing up for an appointment that they didn't know they had, at least the office didn't know. They had computers but they weren't fully utilizing them because the lady at the front desk wasn't all that comfortable with them so a lot of it was paper.

A lot of it was she just knew that this person came in at this time and she gave a call ahead of time. People weren't getting their usual calls. Some people would even get a wakeup call that their doctor's appointment was going to be at 10:00. Some of them would get rides. Some people may be listening to this and going, "That's crazy." But some offices still operate in that kind of high-touch way. That's okay, I admire that if that's what they |

want to do. But being able to have some kind of way of having it noted down. They're still trying to forensically go back and try to put the pieces together.

David: Yeah, that's very personalized service, no question about it. As long as this great office manager of 25 years was there, no problem, no foul. But yeah, absolutely, that's not scalable. So we always have to think about just as you brought up in this case, you know, what is the worst case? If something happens to anyone of the key players on the team, including the doctor when we're talking about dentistry, then what's the backup? What's the plan B? Do we have things documented? Do we have enough people cross-trained? That's another important thing.

I'm guessing that with the two new people that you hired for your business, your investment business, your real estate business, that these two people are doing some level of cross-training. Is that part of it? Can they cover for each other to some extent?

Evan: They can. Some have a little bit of a geographical challenge because they do live in different part of the county but that's also on purpose because our investments range about an hour and a half in circumference I'd say. So one team member can handle more south, one can handle more north. But if need be, they could certainly travel. That's not impossible. With technology nowadays, with Google Earth and all that we have access to, that's not really a barrier. They're both completely licensed, they're both everything able in that matter.

Yes, we are looking to hire more people. What we're looking to do is have them be very proficient in what they do so they understand all the roles and then we can be

able to hire together. Like I would hire with her or with them for people that would work underneath them. Now they have a great understanding of how long something should take. If a team member asks a question, they could be able to answer it. It certainly can come up to me or come up to Liila, but my hope is that it doesn't have to, that I can keep Liila doing the very things that she most enjoys. And enable the team to do the very things that they most enjoy and hire around that.

David: With Freedom Founders, the mastermind that I host and facilitate for dentists and doctors, what we're doing for our team because we're growing so fast is I saw the great need to institute greater systems. Evan, we actually just went out and we hired a person who is really, really good at facilitating that. So I'm just saying so many things in life, this being one of them, that if you try to take it all on yourself, sometimes it just helps to have someone that can come and facilitate.

There's a great book, I'll give a great reference for people listening to the podcast today. If you would like to dig into more about what Evan and I are talking about today about systematizing your business, your practice. The book is called *Traction*, T-R-A-C-T-I-O-N, *Traction*. The author is Gino, G-I-N-O, Wickman. It's a great book and I just really recommend that people listening to this podcast today maybe pick that book up. It's a good read and will give you lots of the relevance to what we're talking about.

Many times, I think you just need to have someone come in and help you do it because if it relies on us, many times it just doesn't get done or we put it off. I've done that, Evan, just as you've talked about. I've put things off thinking well that day won't come up. But your insurance

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policy is having a business built on systems, built on cross-training, built on documentation, so that no one person holds the keys to the castle. Therefore, if something happens to them then the business doesn't fall into a deep lapse or go downhill or worst case, could become unprofitable to the point where it could cause some serious financial issues.

Evan: That's so true. I had one doctor that was telling me they do annual fire drills. I said, "What is a fire drill?" He says, "Well we imagine that something has gone horribly wrong and we talk about how we would handle it and what our protocol is." Most of it goes year-to-year the same. If a doctor were to be injured, what would they do? Who would they call? There's whole services that are lined up to bring in temporary doctors. There are services that can be able to have it be, let's say the doctor is deceased. Well that's not going to be a temporary doctor forever. That practice needs to be sold and sold fast.

We know that a practice value precipitously goes down if they don't bring somebody in. So they already have contacts of brokers and they also have valuations of their practice done annually so there's not a wonder of what it should sell for. They already know the multiples. He has that already lined up on an annual fire drill. You know, what if an assistant is sick, who covers? What if a hygienist moves out of state, how do they handle that?

Then when they get résumés in, they don't just toss them. They actually put them in a file and so that if something comes up, now yes, if they have a file cabinet full of résumés, there's a good chance that they've all found jobs after however many months or years. But at least they're keeping the ones that they feel, "Gosh, if we

needed someone today, we would really take a good look at these people." And in some cases, when they reach out to them, they have jobs but they would really have rather worked for that office and now it's a conversation.

So to anyone that that may be relevant to, he says, "Look, it's a free way to have a pool of applicants." Over a given amount of time, they get plenty of people. Or when they do put an ad out for people and they get back 50 responses but ten of them were really pretty good, they hire one and keep the other nine. They just keep that as a reference and if anything happens, they're able to dip back into those nine before they even put an ad out.

David: That's a great pearl, Evan. So, so true. Doing this for your practice, for your business, having that fire drill, taking a look at your business on a regular basis, it's just like going to the doctor hopefully for your annual checkup. You've just got to have the systems looked at and checked out from an outside perspective. We can't see all the blind spots but somebody else that is used to doing this can and can plug those gaps so that in the event something does come up or when it does come up, then it doesn't become a major hit to the business. So, good, good stuff today, Evan. Thank you so much for sharing.

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