

Ep #49: Volatility in Dentistry



Full Episode Transcript

With Your Hosts

Dr. David Phelps and Evan Harris

[Dentist Freedom Blueprint](http://DentistFreedomBlueprint.com) 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.

Evan: Good day, this is Evan Harris with my good friend, David Phelps. Today, we're going to do a two-part series and that's going to be on the topic of volatility. You may be wondering what area of volatility we're covering, we're actually going to cover two. One, volatility within your industry and also volatility within your investments.

David, are you there to talk about this topic?

David: Evan, I'm here, I'm ready to roll, and I'm excited about getting into this because I think this is a topic that is on the minds of many people. Certainly our dentists and our professional practice owners that are listening to this podcast. I know that you talk to many dentists every week. I do as well. What's on their minds right now, Evan? What's happening out there in your world?

Evan: Sure. Well, a couple things. Volatility certainly on the investment side. The stock market has had some amazing ups and downs here recently, mostly downs. So that's one of the areas and we'll cover that in another podcast.

But I want to touch on a subject that just recently came up again, but it came up really close to home. I have a client that is in a small part of our town. In an area that he's really been quite insulated. As corporate dentistry has been coming into the area, he felt that he would never really be threatened by that. Why would a corporate

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company come into such a small area? It just wouldn't be profitable.

Unfortunately, what I've been finding is that the corporate dental companies are utilizing dentist offices that are being up for sale as a way to find out where the profits are. It's almost like they're shopping for free. I've had a couple of my dentists who have sold their practices get to meet some of these people that are looking like they're interested, but in reality, they're just interested in finding out the numbers. David, what they're finding is, they're able to look at offices and find the most profitable ones and then look at the demographics that their corporate brand would fit.

So where we used to think that the corporate offices were going where all the freeways would intersect, or where all the commerce was being done, in reality, they're now looking at where the profits are coming. Which would certainly make sense to me. But they're going into little niche markets that I haven't really seen before and this doctor just discovered that.

Now the corporate office is there, a corporate dental practice is there, and that doctor is experiencing less walk-ins. They're experiencing just a number of things that they never dreamed they would ever experience.

David: Evan, we live in a new era. Our industry, healthcare in general, has changed dramatically. Your experience, I had also really just this week another doctor friend of mine who is very influential in the dental markets, has had a great practice. And had the same forewarning for dentists across the nation, and that is, if you think you are immune to what's happening and the changes in healthcare and in dentistry, don't think that way.

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Because in his area, in South Dakota, in a more or less rural area, a population of about 22,000, who would ever think that corporate dentistry would ever care to go into that kind of market? But they are. They're there, in that market that he never thought it was going to happen. But they're there. I won't mention the name, but one of the big names is in markets that small. So it is here to stay. Corporate consolidation is moving in.

Let's face it, Evan, healthcare, certainly dentistry is big business today. It is big business and sure, we could all say we hate to see that happen. I have many physician friends, as I do dental colleagues, and others in other professional arenas, chiropractic, veterinary medicine, the whole landscape's changing.

I'm not one to say run for the hills, Evan, and I know you aren't either. There will always be a place for those practices, those providers of great care who differentiate themselves and they have to at the same time look at the practice as a business. Hard to do, because that's not the mindset from which we came. I know that's not the mindset that I came up with now, it's been 30 years since I came out of dental school.

But there was never talk of business, never talk about marketing. It was all about just become a great clinician, do great work, treat your patients right, and you'll never have to worry. Sorry, times are changing, so let's not wring our hands about it, Evan, because there are things that we can do. And we both know dentists and practices who are doing well.

There's an article—and again just to bring credibility to what we're talking about—an article that was based on information from the ADA, the American Dental

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Association. And it was just talking about, you know since 2005, so we're going back now, what, nine years. But that was like the height of dental practice net income. Again, based on inflation. But that was the height, and ever since the downturn in 2007, 2008, 2009, and 2010, as we kind of went into that recession, dental practice net incomes on an inflation-based average are decreasing across the board.

Across the board they're decreasing and the sad thing about this is that the article indicates that this is the trend. This is where dentistry is today and it's not likely to change. It says, "That looking forward there's a significant uncertainty both in the general healthcare environment as well as economic conditions within the dental sector."

One last thing I'll leave that we can talk about too in our discussion today, Evan, is that we haven't even begun to see, I don't believe, the full effect of what the Patient Protection and Affordable Care Act is going to do to dentistry. That's Obamacare.

Most people see that as mainly dealing in medical care and dealing with physicians, but I see the writing on the wall. I see that government is coming in and taking over and over, more and more, and that in time, in probably a relatively short time, that one's right to practice, one's right to have a license to practice in his or her state is also going to be predicated by the fact that each dental practice will have to take a certain number of patients who are enrolled through the Obamacare mechanism.

That's kind of my long speech, there, Evan. Let's take it down to some next levels.

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Evan:

Absolutely. Although I would say the average is maybe dropping, they're talking about the different income specs over the time. I would say it doesn't have to be that way. An example of that is this office that had a corporate office move in, it turned out the office manager of that corporate practice really couldn't stand her job. She had come from private practice, got hired by the corporate giant, disliked it immensely, but learned a ton. She was only there for a year, but she was able to really absorb, I believe, a lot of their systems that were leading them to some success.

Well that lady walked down the street to the private practice, met the dentist and it turns out the front desk person was going to be retiring. She got the job at the private practice. Now what does that mean and why should anybody care about it? Well here's why, the lady from the corporate office was able to share all the tips and tricks of what the corporate office was doing to be so successful. In addition, she was able to share all the challenges they experienced and the things that hindered them toward their success that the private practice has.

Here's what I mean by that, that while the private practitioner was the same caring doctor, the same name on the door. Anytime the patient would come, the patient would have the same doctor, oftentimes the same hygienist. They'd be greeted by the same person at the front desk. Corporate office was not that way at all. It was a revolving door, things were always changing. A lot of the doctors were students or recent grads, or doctors coming in from completely other countries and just kind of passing through. That was one of their big challenges.

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But what they were great at, she was saying, was the ability to connect with the patients. They connected before the appointment, connected at the appointment, and connected post-appointment. It was how they got the patient into the funnel and all the data that they could absorb. Not just the patient's name and details, but did the patient have a spouse? Did the patient have children? Where do those people go to the dentist, and why? And they had a "question cascade" I believe they called it, to be able to get as much info as they could to see how they could not just treat that one person, but whomever else may be connected to that patient.

There were so many things beyond that that we could even discuss as well. But I want to just mention that they didn't have secrets, they just had ways to create experiences. That was able to overcompensate for the fact that they didn't have, I would say, the doctor and clinician core that that private practice had. They didn't have that doctor of twenty-plus years of experience. They didn't have the hygienist of the same type of experience. Or even the kind of level of, I would say, clinical excellence that likely the next-door neighbor had. But what they made up for it was with the patient experience.

David:

It's all about what the consumer wants today, Evan. That's what the corporate model has really gone heavily into. Just along what you're saying, is the hours of availability, the connection, the ease of getting into the office, the ease of getting whatever level of treatment the patient initially wants in order to develop that initial relationship.

You know, a lot of us were taught through some very high-level experiential clinical training to be

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comprehensive dentists. And I think that's good. I think we want to be comprehensive. We want to give our patients at least the opportunity to have the best of the best. A lot of dentists take some tremendous CE to become what I call "decathlon dentists." That's wonderful, that's awesome.

The problem is, how do we take that, get down to a base level, new patients particularly, whatever we need to build the relationship. A lot of dentists get frustrated because not every patient who walks in the door the first time that they market to or happens to come in through a referral, is ready for what that doctor has to deliver. So it's frustrating. It creates some dissonance in the practice and certainly for that doctor to wonder, "Well, am I doing the right thing?"

But you're right, the corporations have put in great systems and great marketing. When we talk about funnel, Evan. We're talking about, a funnel means every touch point that enables, in this case, a target prospective patient, along the line. Not from just the first time they come into the practice, but the first time they see anything about that practice.

What's the branding look like? And once you capture any little bit of information about a prospective patient, how do you nurture that along without just immediately trying to draw them in and bring them in for their first appointment? And then on through. That's the way most businesses work today. Is they think, "I just need to go out there and get more customers/clients/patients and get them into my practice or my business and make the sale. Because until I make a sale, do the treatment, then nothing's happened."

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Well, that's true, but that's a small portion of the marketplace out there who is ready to take action today. It has to be nurtured, it has to have that funnel. I know that's probably foreign to a lot of dentists because marketing was not our forte. But as I have become more engrossed into marketing because I know that everything we do today is a business, learning what that means and how to implement a true funnel that magnifies one's presence, and what I call top of mind, to prospective patients. And your existing patients as well.

Don't forget existing patients. Keeping who you are top of mind so that you have a referral base. All these things are things that the corporate clinics are doing well, you're right. But they don't have the longevity, I don't think. They have the longevity in terms of funds and money, but they don't have the longevity to probably maintain those relationships as well as a private practice dentist does.

Evan:

I agree, and I like that you touched on the treatment plans in that I'm finding on the corporate side, there's almost two different camps. There's the camp that gives a treatment plan that in my opinion is comprehensive and creative at the same time. It includes everything, it's not just an MOD, it's an MODXYZ. But it's also dentistry that's kind of quasi-not-needed by a lot of my clinicians that do these second opinions. Dentistry that they don't feel that by any means has a needs-based in there.

Then there's other corporate dentists' office. What they're doing is, they diagnose what is perceived to be needed, but they don't give it all in one chunk. They try to explain that they're going to work with the patient to develop a relationship and that they're going to take care of the

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immediate needs today. They want to address the reason the patient came in in the first place.

They'll have patients that will come in just because one tooth bothers them. Or they're coming in just because they haven't had a cleaning in five years and they want a cleaning. I've heard of some offices, they won't do the cleaning on a patient that needs dental work. But in many of these corporate offices, they're just going to deliver the care that the patient came in for, they're going to do the cleaning.

And then they're going to share with them a next logical step. Not all ten steps that probably will be needed because they haven't been to the dentist in who knows how long, but they're going to chunk it down into pieces. Maybe the next time is, we're going to work on the gums.

They won't just say we're going to probe or we're going to do anything that sounds scary. They're going to say along the lines of, "We're going to improve the gum health next." Or they're going to ask the patient, what would be the next most important thing? And then the patient will say what they believe is the next important thing. Then they'll try to guide the conversation to the area that would be next logical to them.

Maybe it is tissue health. Maybe it is the tooth in the back that's got a leaky filling. And they'll kind of guide by saying, with the intraoral camera, "How do you feel about this tooth here? It's probably not giving you any pain yet, but obviously it is cracked." Or it is an open margin. What that means is, is this, and what that can lead to is this. They talk a lot about how the path looks where it's just a new filling today but it could turn into a crown or a crown and an endodontic need. It could turn into an implant.

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And they give the patient what I feel is the power to choose within the menu that they want them to choose from. If any of you have In-N-Out Burger where you are, you may find that the menu has been very, very small for very, very many years. But yet it's right in their strong suits. Yes, we can be creative and order things that are somewhat off the menu but that makes it kind of exciting. But they're just giving some very simple choices. I feel like the corporate offices, that's what they're doing is they're arming the patient with those choices and letting them look at that menu ahead of time.

David:

Yeah, the offices that I see in Freedom Founders that are doing well are those who have, they've taken away the pressure on the doctor, on the dentist, to do all the things you just mentioned, Evan. Because if it all is all reliant on the doctor to do the treatment planning and then I'm just going to use the word selling, but selling not in a manipulative way but in a way that serves the patient best, as you just mentioned. What's the right thing at the right time.

That's not the best way to do it. Today you've got to surround yourself with having the right people on the right seats. Meaning, who's your staff? Gone is the day where we can just hire—and again, I'm using this word, I'm very out of line here—but you know, spit suckers, okay.

I don't know an office today that would ever think in terms of an assistant just being there to assist. You have to have people in your practice that are brought in that are part of your culture. It goes into parts of the vision, who you are. These things have got to be built on a strong foundation. Once you do that, then your ability to

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differentiate and bring patients along in the right way will greatly excel. That's the key.

No longer can it just be a doctor who has great clinical skills and comes in and wants to display those skills, certainly. And knows that he or she can work wonders in a mouth, but it can't be done all at once. It has to be done in a way that that relationship is nurtured, as you said. That's going to be a part of the culture of practice. Everybody who touches that patient, from the phone call to when they come in the front door, to how they're brought into the clinical treatment area. If it's not done on a very personable basis, if it's more of a cattle call, that's not going to work.

The problem, Evan, is that if the public doesn't know the difference between an Aspen Dental or a Pacific Dental and Dr. Smith's longtime practice. Most of them don't understand that. So it's our job, if we're going to maintain a presence as individual private practitioners, that we have got to embrace our ability to convey who we are, what our culture is, and the difference we have.

Then at the same time, we've got to also do some of the things that corporate does, and that is, expand hours. That doesn't mean that a single practitioner has to be open twelve hours a day. But vary your hours. You've got to do some things that are more convenient to the public. Because we live in an age today, Evan, that people are busy. They're going to look at convenience and how people take care of them and if they're given what they want.

Hard thing to do, because I've resisted too for many years, not wanting to give patients a prophylaxis on the first visit. I thought, that's just unethical. That's wrong. Well,

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you can think that way but there's still ways to do it the right way and still to provide solid core treatment to patients without diluting who you are, what you stand for, and what you know is the right thing to do for patients.

Evan:

Absolutely. We've got about two more minutes. Let me add one more value to that, I want people to have tangible things that they can actually do in their practice. Here's what that treatment coordinator/office manager would do in the corporate office that she said was really effective and helped the patient feel very supported.

The office had the wireless little walkie-talkies. Anytime that they were wrapping up a time with the patient and there was going to be significant amount of work being diagnosed or treatment plan. Is that the doctor or the assistant would speak to the treatment planner via the headset right in front of the patient and outline what's going on. Say, "You know we really had an amazing visit with Julie here today. I'd like you to be able to come into the treatment room here because I'd like you to be able to outline and hear some of the things we've discussed. Then be able to help her find the best way and the best timing to be able to do these things."

So then of course the office manager comes back into the treatment room and so now all three of them are there. There's the assistant, the doctor, the office manager, and then the patient there. The assistant just kind of leaves and starts cleaning things up, but then the doctor does the handoff. The doctor reiterates the things to the treatment coordinator.

The treatment coordinator is taking notes, the patient is agreeing, so they're all three in agreement. Then the treatment coordinator would oftentimes say, "Would you

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like to come into my office and we'll just finish things up?" That way they're walking together into this little separate area.

She said, in some offices where they don't have that separate area, they would just be in the treatment room for another three to five minutes while that patient still has that bib on, still is in that chair where they had the context of the conversation. The treatment coordinator is able to review the treatment with the numbers, discuss financing, and even scheduling, right then and there. Because they have the computer right there, they have everything they have there except for taking payments. They're fully equipped.

The treatment coordinator says their acceptance rate went way up by having that kind of handoff versus the doctor saying, "Go on up front and Tracy will help you out." That was a major disconnect. But when they did it together, either in a treatment room or in a separate little area like a little bay or an office, their treatment acceptance skyrocketed.

Well David, we are out of time. I want to say thank you and if you are listening to us on iTunes, please like us, please leave a review. If you like this podcast, let us know what you like about it. If you don't like it, let us know what content you would like and we will put it on there.

This has been Evan Harris and David Phelps, two men on a mission to help practicing professionals grow and have the lifestyle of their dreams.

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