

Ep #67: Are You Replaceable?



Full Episode Transcript

With Your Hosts

Dr. David Phelps and Evan Harris

[Dentist Freedom Blueprint](http://www.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 to you, listeners. This is Evan Harris and I have my good friend and partner here, Dr. David Phelps, on the line. David, are you there?

David: Hi, Evan, I'm here. I'm excited to be with you today. Let's get into some good stuff that might be relevant and interesting to our listeners. What do you have top of mind today?

Evan: I would say top of mind, I'd like you to speak to a situation that one of my docs just recently came into. It's a good situation overall and it will be fine but one of my doctors just became a daddy. Good, good stuff. The doctor is a newer doctor, bought a practice just a couple years ago and is really making a good go of it.

The challenge is that his plan was to take about three weeks off and then come back to the practice and really be roaring to go. Unfortunately, the baby's had some complications. Things are getting pretty stable but the mommy, his wife, has had more complications and she's not really able to be there to care for the baby. At least care for the baby at the level that the baby needs.

So he's having to take a lot more time off, bring in an associate to do the dentistry, which the dentistry itself isn't the biggest issue. What is the issue is the accounts receivable are going through the roof. He had all the systems in his head and the practice wasn't running on those systems. The practice was running because he was

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making it running. You know, showing up early and staying late.

So my hope, David, if you could, kind of share how someone can be able to have a practice that is more system-dependent and one that could be dentist-replaceable.

David: Absolutely, Evan. This whole subject touches my heart because I went through a somewhat similar situation which I'll go into in a few minutes as well. I think what it comes down to and the question I would pose to our listeners today is this: are you replaceable? Are you replaceable in your practice? In your business?

I think the immediate reaction to that would probably be, "Wow, if I'm replaceable then what's my real value? If I'm replaceable, what did I go to school for to earn the degrees and the right to practice dentistry? And what about all the continuing education I'm taking or have taken and higher level courses to become the best at my craft, my skill, that I can be? How can that be replaced?"

Evan, I'll tell you, I think that's a huge disadvantage that the professions, all professions, have had for generation after generation after generation. Decades and decades ago, whether it was dental practice or an accounting practice or a law practice, typical solo practices that gave very custom care, we didn't have the industry behemoths today that are taking over and consolidating practices. We didn't have the decreased margins coming into play.

Let's face it, today more than ever our practices which were never in my time in school and were never called businesses, I don't know if they're talking about business today in school or not, Evan, maybe you know, but

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practices were never called a business. You weren't going into business, you were going into professional practice. There was never a business course once given in school. We go out there and we do just what we're told to do: to give great care and be the best we can be.

The problem is just what you alluded to with the young doctor that you just mentioned is that what happens if the worst case happens? When you become sick or disabled or something of that nature, and where are we? Because we're not process or system-driven in our practices. We're not taught to look at our practices like a business. There's more going on today in that regard, yes.

I think good practice management companies and coaches are helping in that regard. But still, I haven't found one that really goes in and talks to the doctor or the dentist about, "Could you really be replaceable?" It doesn't enter in their mind because I think it's still considered to be heresy if you mention that a doctor should be replaceable but I think you've got to think that way.

Here's what happened to me and some of the things I found out, Evan, when, oh gosh, twelve years ago when my daughter Jenna who is a cancer survivor herself. From a young age, she had leukemia and she had seizures and then unfortunately her liver was shot. It was gone when she was twelve years old. She had end-stage liver failure. So she had to get a transplant. We were fortunate to the fact that she was a recipient and she didn't go through that very well but she's still with us today.

Here's what I learned along the way. She's recovering, going through a lot of the ups and downs of an organ

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transplant post-surgery. I was out of my practice quite a bit that following year, probably 50 percent of the time. Now I did have an associate with me, fortunately.

But never did I think that my associate was going to quote “replace” me anytime soon. That was not on my radar, Evan. I was still the doctor in control. I wasn’t thinking about giving up my practice. I wasn’t thinking about any of that. Therefore, my mindset wasn’t even thinking about systems or getting that associate to a level where he could take over.

Here’s what I found out though, this is the good news and hopefully will be good news to some of those of you out there who are thinking about how do I transition out? How can I make my practice run without me being the sole provider?

When I was out of the practice, sometimes for a week or more at a time, everybody in the practice stepped up. Now here’s what I mean by that: by stepping up, the patients stepped up. Normally we think, “The patients only come because of me, because I’m a really good doctor and patients like me and I give good care.” I’m proud of that and we should be.

So really the patient is really not going to see anybody else but what we’ve got to think about in our practices, Evan, is like any other good business, is it shouldn’t be all about us. We need to build a culture. We’ve talked about culture on previous episodes. We need to build a culture that takes our vision and our passion but we’ve got to build the support people and staff around us that can help drive that culture so that if we need to be out of that practice for whatever reason, that the culture will sustain.

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As long as you have a competent, caring doctor or other providers in the practice, hygienists, the primary care givers, as long as your culture is there, guess what? The patients are not going to skip a beat and none of them did in my practice. None of them did. So the patients stepped up.

Now here's the other problem, your staff, again, we set the mindset. Again, not on purpose necessarily because I'm not ego-driven but we still set the stage that we're this great doctor because we care and we can do great procedures. So our staff starts to think the same thing.

If you have an associate or other doctors there and if you haven't consciously helped elevate them on purpose and doing handoffs so that the staff can see it and buy into it, then the staff is never going to help elevate that associate until in my case I was out of the practice for chunks at a time.

Guess what? The patients stepped up. The associate doctor now stepped up because, well, he has to, right? He's now got to take a leadership role. He's got to start doing things and seeing patients and running on time. The staff was there supporting him because guess what, I wasn't there. I wasn't there as the failsafe. These were the things that happened that were a positive to me, Evan. I'll go a little bit more into that but let me let you jump back in with any of your thoughts so far.

Evan: Yes. Words of wisdom there. I saw an office that did a pre-mortem where a guy walks in, he goes, "Here's the deal. Just had my first baby and I'm going to need to stay home." Here's what happened.

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Had another doctor that was pushing 70 and he did something similar and said, "Let's pretend I had a heart attack today and I wasn't able to be here. What would fall apart? What would you not know how to do that you think I'm the only one that has the keys to do?"

Those two scenarios, I would encourage anybody to kind of run through it. Just like we used to do fire drills when we were little kids. I don't know if you guys do that, but fire drills, earthquake drills, all those kind of things. You know, get under the desk, now they don't get under the desk, don't know why that is. But whatever is that you think the drill should be, drill it. It's a pre-mortem meaning it's not postmortem. No one died, but what if it did?

I've got a doctor that got his hand smushed between two boats. He was just waterskiing and they were tying up between boats and his hand got squished in between the two boats and broke his hand, couldn't do dentistry. It was his dentist driving hand. Well he was out like for four months or more and that could happen. I mean, he's waterskiing. How many people are thinking that they're going to come home and not being able to practice for four months just waterskiing? His hand of all things. But, hey, it happened.

So I love it, David, what you're saying. I do encourage the listeners to think of things now before they happen and have the systems written down and with multiple people. So they're not just one person dependent. I know doctors that when they started their practice, they knew how to run their patient software. They knew how to insurance bill. They knew all those things, that's great. Ask them five years later how they do it. Clinically, they're solid. They're

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like rock stars. They're like, "Veneer case? No problem." But have them try processing a claim—trouble.

In a way, they should have trouble with it but not if they have a definitive list, have a manual. My encouragement, David, is you've got—just like you're saying—is be ready ahead of the curve, not behind.

David: Exactly. The problem, Evan, with being irreplaceable in your business, in your practice, is that becomes a trap. Because if you build a business or a practice that is dependent to a large degree on your physical labor and activity on a daily basis then what you've really done is you've created a job, maybe a well-paying job, but nonetheless, it's a job.

Everybody in your organization or practice or business needs to be replaceable. You need to have that postmortem. If I'm the business and there's no sustainability plans that have been created then the business might fail in my absence. In fact, it probably will. I don't want a business that's solely dependent upon me because I'm all about building a legacy that will survive me. To do that, I've got to be replaceable.

Some other positives that come from this, Evan, by focusing on that postmortem and having the processes and systems in place and the people, the human capital there that can step in when somebody can't be there is that you have a lot less stress. You have that security, that peace of mind that I think every practitioner who is the business, is the practice, probably feels at night.

Because you hear the stories we talked about today. You hear the stories, my story, other people's stories where something happened and you weren't able to be a part of

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that practice as you needed to and how quickly a practice can fall apart if that driver in the practice who's so important isn't there.

So you get that security, peace of mind, less stress. When you do that too, you start to feel real freedom because now you feel like you're under the gun. It doesn't have to be all on you and that's a really good feeling when that happens. A third thing, Evan, that happens is that your practice becomes more valuable. Any business that's really highly-dependent upon the owner is not a business that is going to sell for as high a multiple.

One reason why professional practices sell for a relatively low multiple period but you have a practice that is not dependent upon you as the owner, you've got a practice that is more viable that another practice practitioner would be willing to pay more for because you've got that sustainability in place.

Evan: Yes.

David: Finally, when you create the sustainability, you can really build on your long-term vision and your significance. It's the opportunity for you as the owner to not have to work in the business and you can work more on it to create that real business. You can always practice as much as you want to, the craft that you learned how to do. But instead of having to do it, day in and day out, how many days or hours a week you work, now you have a choice.

As you empower the other people on the team to do more of the actual productivity, the technical work, you can be more like a real business owner. That's really where you start to get some freedom and stress is alleviated. I didn't ever feel that, Evan, until I was kind of pushing that corner

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to see it happen. I wanted it but I kind of hoped for it but my intentions were never really designed to go get out. I think that's the difference.

When you just hope for something, it probably is never going to happen in life. But when you have full intentions on a goal specific and you go for it, you can make it happen. That's where real transformations I think happen in life and in this case in practice.

David: I appreciate what you're saying, especially it doesn't have to be all negative. I was talking about death or child illness and things like that but I've got a client that is helping to start an implant company. He would have never been able to do this had he not had his practice at a place where he could take time off. This guy is traveling the world and I believe his income from this new venture is going to exceed his dental income and he was doing really well and is doing really well as a dentist.

So to listeners out there, it's not all doom and gloom. I don't mean you have to like pre-mortemize everything that's negative. No. How about things that are positive? Like what if you could be able to follow another dream? Follow another passion while still keeping your income stream within dentistry?

This thing with the implant company, if it hadn't gone well, he wasn't out anything other than time but he had leveraged and outsourced his business in such a way that it was system-dependent and he could have others come in that he had the freedom to pursue this. Now it's paying off.

But he would have never, I believe, taken the risk if he didn't already have the practice in that place where he

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could step out for weeks at a time knowing that the accounts receivables were in order, accounts payables were in order, that the team was loving being a part of the practice not just because of him but because of the culture that they co-created.

What I mean by that is it's not just dentist-centric, although I do believe it starts there, but that they feel like they're adding value to the tribe. It's their practice too. They're there to make the practice, not just make the doctor, they're there to make the practice successful.

David: Yeah, Evan, when you have a team, a staff, that is invested in a practice because you built that vision and you've empowered them and they have buy-in, that's the critical thing, to have buy-in. Then that takes a lot of pressure off of you.

I remember in my early years in practice, you know, like most entrepreneurs and professional practice owners, yeah, you try wearing all those hats and doing everything. We are drivers by nature but that's the quickest way to burn out. When you can start to build a team that's process- and system-driven with the right culture, a lot of that pressure starts to go away, that daily pressure that just little by little starts to erode at your core.

When you're given that freedom to be able to have some of that pressure removed, what happens is you start to think, you have more think time. Think time is critical. If you're just a person who goes, goes, goes all the time and kind of putting out fires and just going through life that way without any time to really think deep thoughts, it totally inhibits your creativity.

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I think that's one of the reasons why we're on Earth here is we want to be innovative. We want to be creative. You can't do that if you've got the weight of the world, the weight of your practice, on your shoulders. So alleviating some of that, it opened the doors for me.

When I was in the hospital with my daughter for days at a time, obviously, lots of time to think, right? Lots of time to think about a lot of things, about priorities in life, but about my business and how I was determined, I was focused on, full intent, Evan, to make changes now going forward in my practice.

I saw the light. I saw that it could be done. Was it perfect at that point? Absolutely not. But I took what I saw and said, "You know what? Now is the time. I've got a reason why. I'm going to make changes because I'm not going to miss any more of my daughter's life."

I was hopeful, prayerful that she would be with us. That we were going to get through this crisis. We did. She did. It wasn't easy but I can honestly say that the freedom I gained from going through this tribulation opened the door to greater freedom and now a life that I fully enjoy. I'm getting to do what I really love to do.

I still get to be involved in dentistry and my colleagues and my passion there but it's a second phase of life. I would wish that more of our colleagues could have that opportunity, not to quit practice, I'm not saying that at all, but to be in practice and be in life at the same time.

Evan: Indeed. Something you mentioned is creating. There's this doctor that he wanted to look at some new technologies. I said, "I'd be happy to swing by." My schedule is pretty tight, as is his, and I get up pretty early.

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So I said, “Hey, what time do you get into the office?” He says he gets in at 7:30. I said, “Fantastic. I’ll be here at 7:15. Just let me know when you’re parked, I’ll make sure I’m up when you’re up.”

He looks at me and he says he gets in at 7:30 but he’s got an appointment at 7:30. I said, “Oh, you see patients at 7:30?” He says no, he doesn’t see patients until 8:15. Actually 8:15 is his huddle. Then he starts seeing patients whenever after the huddle is. I said, “Oh, but you’re not available at 7:30?” He says no, 7:30 is his creation time. That’s his time where he works on the business, not in the business.

He thinks of new, innovative ways to be able to get his message out. New, innovative ways to connect with the team that’s about to come in because he feels like when he walks in after the team has arrived, it’s too late. He hasn’t set the stage. He’s walking on the stage with everybody else.

So he tries to get there early, set the tone, set the stage, turn on the music, turn on the lights, then get himself in a state that he can empower. He can also think about where he wants to take his practice and think of more broad terms of how the practice is serving rather than him doing it all. It’s how can he enable the many components of the practice to function independently of him?

David: Excellent insights, Evan. I think that’s so true. Carving out that time to just be in deep thought and think creatively is so important. If more people would do that and take in good information, read, be around mastermind groups and other people that can stimulate that thought process, so many things can happen from that.

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I'm going to leave it at that for today but this was a fun episode. Thanks for sharing your thoughts on this, Evan. Let's tell our listeners that we've got more good stuff on the way. If you've enjoyed this episode, please share it with people that you think might benefit, some of your colleagues. Give us a rating. We love to get the ratings, 5 stars, very much appreciated.

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