

Ep #30: Profit-Generating Ideas with Davy Tyburski



Full Episode Transcript

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Dr. David Phelps and Evan Harris

[Dentist Freedom Blueprint](http://www.DentistFreedomBlueprint.com) with Dr. David Phelps and Evan Harris

Ep #30: Profit-Generating Ideas with Davy Tyburski

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: Well, hello everyone. This is Dr. David Phelps with the Freedom Founders Mastermind Community back to you with another one of our expert interview calls. Today, we're going to be talking about a topic without which none of us could stay in our business. We cannot remain sustainable and that topic is profit. That's right, P-R-O-F-I-T. With me today, is an expert on that particular subject, Mr. Davy Tyburski. Davy, how are you doing?

Davy: I am doing fantastic and pumped up to share some profit generating ideas with your listeners.

David: You know you've been aptly tagged or named the chief profit officer and after having a chance to read your book, which by the way, Davy, I want to tell you your book titled, "The Profit Book: 21 Unique Ways to Increase Sales, Improve Cash Flow, and Boost Your Bottom Line!" Your book is really, really well-written. Just looking through the chapters, this is a book that right now, I keep as reference book either on my desk or my bedside table. I'll tell you, Davy, it's replaced my old standard reference which was organic chemistry from my college years. You have now taken over a place of my famous organic chemistry book. How do you like that?

Davy: Yes. I'm moving back in the book shelf world.

David: You are. Seriously, very, very well-done book. We'll tell our listeners how they get a copy of that book just a little bit later.

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Let me just tell people a little bit about you, Davy. As I said, you're known as America's chief profit officer. You're the author of the book, "The Profit Book," and right now today, you're one of the most in-demand, international speakers and consultants because you deliver what every business owner wants, and that is more profit. You've got over 20 years of leading high performance teams in sales, marketing, customer service, operations, and accounts receivable. This is what really sets you apart is the fact that you offer your clients a 200% return on investment guarantee. It sets you apart from the 99% of business consultants who promise the world but they really can't deliver.

You provide profit generating systems to a very limited number of select clients over the year. I'm just excited number one, to have become a good friend of yours, you and cousin James Malchak have been so helpful to me in my business and helping me create value. You bring to the table again what all of us want, every business owner wants more of, that's profit. We want to do it without more of our time and more stress, and being the chief model of washer in the [which-maker 00:02:27] they be it, right? That's what everybody wants, right?

Davy: Yeah. Everybody thinks they've got to do it all on their own. The interesting thing about the book, David, is a lot of folks ask me how I did I come up with 21? Well, 21 is a good lucky number but there's more to the story. Really, the story is this, there are so many gurus out there talking about you've got to have more. You've got to have more people. You've got to have more independent contractors. You've got to have more people in your professional practice business. You've got to have more marketing. You've got to have more sales. You've got to have more SCO. You've got ... No. I disagree with that whole thing. I'm all about doing more with less because at the end of the

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day, I don't want adult babysit. I don't want a lot of extra expenses in my business. I'm all about how do I generate profit.

The Profit Book was written with two key things. One, I look back over my client notes over the last ten years; I pulled out the 21 things that increased their profitability the most. Number two, I think this is just as important, the second point and the second parameter why I wrote that book were it has to be easy to implement. I put the 21 things that generated the most profit, but the second cut was that were the easiest to implement. I think that's why we're having so much success here at the business.

David: You know, Davy, you and I both know many very hardworking, intelligent, well-educated, talented business owners and entrepreneurs who provide really very good and even exceptional products or services. The problem is the majority are frustrated. They're running them hard, they're stressed out. Their health is bad. Their family relationships are not what they should be. They're not able to create the life they envisioned when they started out on this path. We'll get to some of the specifics, but just as a general overview, why do you think that is with hard work and intelligence, perseverance, dedication, but why is it so hard to create profitable sustainable businesses without driving ourselves crazy as entrepreneurs?

Davy: Absolutely great question. James and I answered this question the same way. I got this from James and James talks about you can work hard and they you can work smart but at the end of the day, if you're not working right, you don't have the right mentors, the right coaches, and you're not going to the right events and putting the right information to catch that, the right information in your brain, then all that hard work and all that smart work doesn't get you anywhere except hard work.

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David: Very good. Systems, processes, automation. Those words don't sound very sexy. In fact, those words are tossed around as you said by every business and practice management coaching consultant out there, but why is this critical pillar one that the majority of small business owners continually seem to struggle with even though we hear it, people tell us about we need to do these things. Why is it so hard for us to get these things in place so that we have a sustainable business that's not solely dependent upon us as the business owner?

Davy: The first thing one of my trademark sayings is this, "Common sense is not common practice." Whether you have a dry cleaning business or you're a dentist, the chiropractor or any brick and mortar business or an online marketer, common sense is not common practice. I think that's the first problem we have is we think a lot of this stuff is common sense and when I speak internationally and when I'm consulting 101, it might be common sense but my question to my clients specifically and for those listeners on the interview today is, "Is that common practice for you? Is that common practice for your business?" That's what we have to take a strong look at. Let me give you another quote about systems. This is one that man, when I first started out, I didn't have a lot of systems in my place, as far as business and even in my personal life.

Here's the quote, "The amount of stress that you have in your life right now is in direct correlation to the lack of systems you have in place." I think that's where a lot of business owners and professional practitioners get jacked up because they don't have the systems or they have systems in place but they're the wrong systems. A system is critical and they're very important to reducing your stress level.

David: Very well said. Davy, could you explain a little bit to our listeners your concept of Smokey the bear?

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Davy: Smokey the bear, I actually have Smokey the bear right here on my desk, my little bubble head Smokey. I'm patting Smokey on the head right now. Smokey the bear, let's think about that. The concept, going back I guess it was 1950s or something like that, but we have to remind people to not flick cigarette butts, we have to remind people to put their camp fires out so we didn't have forest fires. We spent all this money to do that. I'm applying that concept in with my client and with my business. It's all about Smokey the bear preventing forest fire, being a Smokey the bear, preventing those major issues in your business as compared to being a firefighter.

When you're firefighting, you're stressed out, you're not thinking correctly, you're emotionally charged up and you wonder why you're not sleeping at night and you wonder why you can't have financial freedom in your life. It's because a lot of times, people get jacked up and they're worried about things that probably are more firefighting as compared to putting their time and energy into being a Smokey the bear to prevent that potential business issue.

David: That's good, Davy. I love that analogy. It makes so much sense. You're s right, when you're in the midst of the fire, everything is chaotic and the stress level is just go through the roof. Too many business owners seem to operate on that basis. Every day is a new day, right? The problems of yesterday never got fixed so the foundation is always shaky and life just never seems to get better.

Davy: Yes, like that hamster wheel. If you don't address these things, you just keep spending, you keep spending but you're not really getting anywhere. Next thing you know, time is running out, man. Time is running out for all of us. We got to get on these things now and make sure that we have the right systems in place so we have a lot less stress in our life.

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David: Let's take that time, because you're right. Time is something that we can never buy back. In fact, you say this very well. You say money replenishes, talking about the paycheck, what we work for. Talk a little bit about time and take that concept even one step further and talk about the time suitcase a little bit. Go in that force.

Davy: Sure. One of the things is the whole idea is even when I started my first job, and I call it a J-O-B because it was a J-O-B, I was a carpenter. One thing about being a carpenter was regardless, every two weeks, that paycheck showed up. The money kept replenishing. Even today, David, the money just still keeps coming in, but the one thing that's not replenishable is our time. That's T-I-M-E. That is one that a lot of listeners I think have a challenge with, is the whole idea of how do I find more time because time leads to freedom and all the other things. The money is something sometimes people get jacked up on, especially when they think about investing in themselves or I can't afford it.

Guys like us; we're in the minority, right? We're the three percenters, we're the ones who step up, we make decisions, we're action-takers, we have that winner's mindset, we love to contribute and take responsibility. Then we've got the 97% of the people that we're on the sidelines. They're procrastinating. I like to say they're a NATO. N-A-T-O--No Action Talk Only, right?

David: I like that.

Davy: They have a poor mindset. They like to withhold information. They make excuses and they don't invest in themselves. I've always been a big believer just like you are that invest your money into something you're going to get a return on. Ultimately, when you do that the right way, you're going to have more time and more freedom in your life and in your business.

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David: So true, so true. I found that over and over again, Davy. The concept of rework. Let's talk a little bit about that because I think that's something that plagues so many business owners I know. I've certainly been susceptible to that in my own practice, in my own business. Let's talk about rework and how much loss there is on the downside and how much positive increase of profit and less stress there is on the upside when we deal with that concept of rework.

Davy: Yes, rework. There's a lot of different studies, a lot of white papers out there on rework. Let me just give you the average number, if you will. Usually, 25% of your profitability is being drained because of rework. Rework is something for instance, in a professional practice office. Something gets done but it's not done exactly right. Somebody has to either do it again or it gets handed off to someone and they have to do it again. It really still wasn't really done right. All we're doing is we're doing this rework over and over again as compared to putting our time, energy, and effort into creating the right systems so 80% of the time, those things are done right and then we don't have the rework.

Now, what's amazing is time is money, right? We all hear that, all that "Time is money." Well, think about the time that not just yourself being a listener on the audio today but also think about your entire team. Every time something has to be done more than once, that's time that's being wasted that could be allocated to something else. I like to describe it as the time suitcase. We've all been blessed by God with the same 24 hours in a day. We all have the same 24-hour space, if you will, in our suitcase. We have to make the tough decisions and the right decisions of what comes out of that time suitcase and what are we going to put into that time suitcase because we all have that defined piece of time called 24 hours.

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David: I can definitely visualize that because I know when my wife, Candice and I are getting ready to want to trip, there's a lot of shuffling of the space in the suitcase. It comes down to as what you said, it's one of the critical have-to-have items. Yeah, you've got to make those decisions because you can't just overload the suitcase until it bursts at the seams. That's what the limits are. Being very disciplined about how that suitcase is packed, how that time is packed, is something that everybody should think about every day just like you were packing for a trip. You've got to be very disciplined about that and know exactly what needs to go in and how you compartmentalized it and make the use of time.

Davy: Exactly right. Very good point.

David: Let's talk about the big one. Again, how we could go three days on this topic. Again, some of the nuggets about creating the right culture which has to do with so many elements but has to do with leadership of the business owner themselves [steady 00:13:04]. Then certainly how do we bring in the right people. I'm going to go to some subtopics here but we'll take them as we go. How do you compensate and incentivize them? Where does the accountability come from? Because again, I know for myself as a practice owner for many years, I felt like I was that guy spinning the plates. I was doing my thing which is serving patients but I was also trying to wear all these other hats or spin all these other plates. I got so frustrated because I tried to hire good people. I know I didn't have a very good process. I tried to be a good leader but there just never seems to be enough time.

Life just went on and it was stressful. It was stressful. Give us some of your best nuggets on. I know it's a big, big wide open topic but just try to give us some of your best nuggets on [printing 00:13:51] that culture, hiring delegation, accountability, that sort of thing.

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Davy: Sure. Great question. I think the first place I want to start with is this whole idea of that word "Culture". Culture means a lot of things to a lot of different folks. Let me give you my perspective of culture. It's having people around you that you know, like, and trust and then I think here's the key component, that act like owners, not like employees. There are so many people out there that bring in employees to their organization.

Actually, when I hire, whether it's an independent contractor or it's somebody who's going to be full-time at one of my businesses, I want to have an owner onboard. I want someone who thinks and act like an owner. Doesn't come in thinking like an employee. Let me give you two extremes. An owner comes in, the first thing they look at is, "How can I increase revenue and decrease cost?" I like to say those are really the two most important things of your business.

David: Exactly.

Davy: I'm out bringing in more patient revenue if you're a professional practitioner or if you're a business owner, I'm out bringing in more sales revenue. Secondly, what am I doing to reduce of the cost? The visual is with your right hand, you go up in the air. There is your revenue, that's your growth but your left hand is all your expenses. If that gap between the revenue and the expenses stays the same, you can be adding more clients. You could be adding more people to your organization. At the end of the day, if that gap remains the same distance, you're making the same profit at the end of the year. Why are you working three times as hard to bring in three times as many patients or hire three times as many staff, when at the end of the year, you're going to keep the same money in your bank account? It doesn't make sense to me, brother.

That's the first thing is: you want to look for people that act like owners and not like employees.

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David: Davy, is there a way that you have found or a formula or an interview process, some kind of screening that helps you relatively quickly determine what bucket people might fall into?

Davy: Yes, so they're just some simple questions. Back in the day, when my largest team in corporate America, David, was 1500 employees. I had 1500 folks under me. Let's just say that the human resource department wasn't a huge fan of me because I was doing things completely different. They wanted everything to come in and check the box and you really didn't learn much about the person until you sat down with them. I'm the completely opposite. Actually what I want to do is I want to ask questions even before I talk to a person, maybe even have them send an e-mail in and write a paragraph about themselves.

I don't ask them questions like, "You have two choices in your compensation." This is just hypothetical situation. You have two choices in your compensation. I can pay you 12 dollars an hour, and you work 40 hours a week. I say, "Let's make the math easy. I'll pay you 10 dollars an hour. You work 40 hours. You're going to make 400 bucks a week, right?"

David: Right.

Davy: Now, that's one option, sir/ma'am. That's one option for you or what I could do is I could pay you \$100 a week and I'll pay you a bonus on profitability. You can earn up to X or Y. Immediately, you're able to see is that person has an employee mindset because the employee mindset people will pick, "Pay me the 10 bucks an hour. I'm good with 10 bucks an hour. I'm going to punch in. I'm going to punch out. I'm going to do what you ask me to do, I'm done." I don't want those kinds of people in my life. I want someone who's going to say, "Wait a minute. I'll take the hundred bucks salary if you will, but I have a chance to make 5,6, 700 dollars a week in a bonus if I act like

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an owner and I ask the tough questions of the dentist or I ask the tough questions of the business owner? Now, I'm thinking more like an owner but I'm also putting my money where my mouth is when I say, "Look, just pay me a hundred bucks a week but pay me X percent of the profitability on the business."

I'd rather have someone in my organization that thinks that way as compared to just pay me 10 bucks an hour. That's one quick way you can do it. It's just ask hypothetical situations like that. In your world, Ma'am, with all the folks that you work with, you've got some very highly skilled, highly educated folks within your family. Think about that. If I was coming in as an employee, I'll take my 10 bucks an hour and I go home. In your case, and the folks who are listening to call, you guys have so much experience that you can actually mentor someone coming in. What is does worth to them?

You get an MBA type education for working for an organization that's going to teach you everything that you need to know to be a successful fill in the blank.

David: That's something you and I didn't talk about in the past when you were helping consulting with me in terms of actually ... to give the opportunity to a candidate that you may be vetting out to bring onboard to your team, your culture, is to actually be able to paint for them the picture of what this opportunity looks like, a partnership, a mentorship in this group. You've got to actually, in some former fashion, and we talked about how to do this in a systematized way so they can see the benefit of being a part of your team. Again, then you give them a choice. Do you want the 10 dollars per hour or do you want the opportunity to grow with this company and then quickly they make that decision, they self-screen themselves, correct?

Davy: Yeah, absolutely. Like Warren Buffet says, if you look at what Warren Buffet says, he said, "Invest in yourself before anything

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else. Investing in yourself is the best thing you can do-anything that improves your own talent." The whole idea that is you're bring someone in that's acting like an owner but you're going to pour your heart, your soul, your mind into giving them everything they need to be successful, then you're investing in that person because you're investing in an owner, not investing in an "employee".

David: Yes, yes, exactly. When you're doing this and billing out the metrics to measure performance, measure profitability, you talked a minute ago about the revenue side, the expense side, I'm assuming you tie in metrics or incentives that are based on both because you don't want to just have it on the gross revenue side because of expenses are going up and our net is going down. You have to put some metrics in place that balance that and then at the same time, Davy, do you have individual metrics and also team or company metrics to balance things out?

Davy: Good question. Let's start at the 30,000-foot view. Very simple, again, not over complicating things here, there's 4P's that you need to have in your professional practice or within your business. The first P is you got to have some solid policies. The second P is you got to have your procedures. The third P, you got to have people that act like owners. Then the last part which we're touching on now, Dr. Phelps, is the fact that you got to have performance measurements. You got have performance management in place.

I play basketball every Wednesday night at our church gym. I got to be honest with you, I'm not going to run up and down the court for two hours with a bunch of sweaty men unless we're keeping score. I need to know are we winning or are we losing? If we're winning, then hey, I know we're doing things right. It's the same as your business, if we're winning, every in your

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organization needs to know that we're doing things right. Then those situations where we're not doing things right, for instance things that might be, let's say those things are green. The things we're doing right are green on your company or your professional practitioner scorecard. Then the things we're not doing so well on could be coded as yellow. The things we're really let's just say not doing that great or sucking at, you could mark those as yellow but it's a very simple way for people to walk into the office and see these are the green things these are the yellow things. We're going to spend some time to fix these. These are the red things, we got to get on immediately to make life better for ourselves and for our patients or our clients.

David: Excellent. Davy, in some of the consulting that you do with various business, what are some of the common bottlenecks that you find when you go in and do an assessment?

Davy: Great question. The bottlenecks are really things around things that have been done the same old, same old. We've been doing it that way forever. Those are usually the things that jump out at knee immediately. The bottlenecks that are limiting people sales growth or their patient billings. Those are things that probably are in place. There's things in place right now that are bottlenecking that. Sometimes with a fresh set of eyes coming in, I'm able to see what those things are that have been there for many, many years. Really, it's bottlenecks in your let's say your sales in marketing, your revenue growth. Then also around cash flow. A company or a professional practitioner is only as good as making payroll next week. Cash flow is very, very critical. A lot of cases just making a few minor adjustments to how you're following up on your claims or following up with your patients or following up with your customers or clients, whatever that is in your world. Those small tweaks will produce big results for you.

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David: Very, very good. Last question, or maybe second to the last question. We'll see where we are with this, but Donald Trump says, "You're fired!" That seems like a bad thing that had happened yet as a business owner, we would actually like to fire ourselves and actually have a real business. Davy, what would be a way that a business owner, professional practice owner could start to fire themselves or that is a step away from some of the things that they should be doing? Is there a protocol that you might have them start with and start making that move to that real business owner position?

Davy: There's probably a hundred and sixty-paged books out there that speak on this topic or I can give you a two sentences, which one would you like, Sir?

David: I've only got time for two sentences. Let's take that one.

Davy: Actually that's what makes me different, man. I'm all about, "Give me the two sentences, and I don't have time to read a hundred and sixty-paged book." Really, it comes down to this, man. If you're talking about specifically how do I need to fire myself? This is no different than when any of us in our careers have had to look at someone across the desk and say it's just not working out. We need to let you go. Well, the first person you need to be firing is yourself in a lot of things. Here's the simple way to do that.

The first sentence is this: Make a list of the things you hate doing and fire yourself from them tomorrow. Second sentence: Make a list of the things that you either like doing or you have to do and you've got to keep those within your realm of control. Most of the time, there is 30, 40, even 50% of the things you're doing that you think you have to do ... In fact, that's one of the stories in the book about the pita place. The owner thinks he's got to make the pitas, but the reality of it is the owner should be out marketing his pitas to the community right around his store

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and fast forward, that company, that restaurant is not a lot of business. There's the lesson learned there. Get away from the grill. If you're doing things that aren't important to your business, you've got to get someone else to do it and you've got to focus on those things that you're good at and things that are actually critical that you must be doing. In a lot of cases, you can move a lot of that off your plate and fire yourself from them.

David: Well said. Let's take one last thing. One last thing I think is always important, just to emphasize because, Davy, you're a huge believer in this. This is how you built your life, on the fact that, as you said a minute ago, Warren Buffet says, "Invest in yourself first." I always talk about investing in lots of aspects to build wealth and equity outside of a practice, outside the business, but really, investment as you said, starts with yourself. Just talk briefly a little bit about what having coaches and mentors and being a part of masterminds has meant to you in your life?

Davy: It's amazing to me that if I think back of all the mastermind groups I've been part of and not only do I get benefit from those groups, but being able to share what I know with others is just a great environment to share information. Here are the two things I've seen: One, being in, in your case you call it the Freedom Sea, I believe, the Freedom Sea. I call it the Profit Sea when I do my mastermind. Regardless of the fact when you're up front and you have people pouring your heart, soul, knowledge, skills and abilities into your talent or helping you with your goals, it's amazing. Here's the two things: one, they're going to tell you what you should be doing and I think just as important, they will tell you when you should not go down that path. I think those are the two big things. Everybody on the call today has situations right now where they just don't see certain things and you need other people to point those out to you. To say, "Hey, do that better, do that faster, do that stronger," or in some

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cases they need to call out to you and say, "Hey, don't do that moving forward because I tried that and it cost me X amount of time or X amount of money."

David: I like it. I like it, Davy. Very, very good. Listen, I want our listeners to be able to get more information from you, your website www.chiefprofitofficer.com. That's chiefprofitofficer.com. There's a place where they could actually go and get a copy of your book. Do you want to give that website?

Davy: Absolutely. We have a very short time today but there's 21 strategies, actually, there's 28 in the book, there's seven bonus ones. As a gift to you and all the listeners, then I want to give you that book for free. It's a hard cover book. It'll be shipped off to you. I just asked you to cover the small shipping and handling and you can learn more about how to get the book for not the retail price but just covering the shipping and handling at freeprofitbook.com, so freeprofitbook.com and then we'll go ahead and have the book shipped out to you so you can get a lot more of the information that we didn't have time to cover here on the call.

David: It's a great book, and I said, Davy, a very well-written, outlined strategies there are awesome and if a business owner would put those to use, they could definitely enhance their profit and decrease their stress. Davy, thanks so much for sharing time. The paroles you shared today were really, really right on target and I look forward to spending more time with you. You helped me with my business and our constituent members and all the other business owners that you're out there helping on a regular, daily, weekly basis. Thank you, again, for being with us, Davy.

Davy: Thanks for having me. It's great to be a servant, buddy.

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David: All right, take care.

Davy: Bye-bye.

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