

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet



Full Episode Transcript

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Dr. David Phelps

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

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

David Phelps: Well good day everyone, this is Dr. David Phelps of the Freedom Founders Mastermind community and the Dentists Freedom Blueprint podcast. Back with you today it's going to be a fun interview with a good friend of mine from the land down under, and that's my good friend Dr. David Moffet of The Ultimate Patient Experience. David, how are you doing today sir?

David Moffet: Well I'm good David Phelps, thanks for asking. It's 6:00 in the morning, Sunday morning down here so I'm as good as I can be. Great to talk to you and thank you for having me.

David Phelps: Yeah, yeah I was going to say how do you like to wake up to David Phelps blaring next to you at 6:00 a.m. in the morning for you your time? No, I appreciate you doing that. We have to work our schedules, but it's kind of fun to work our schedules from here to there and there to here. It works out, we've got that space in there that we're evening and you're morning, and that kind of thing. It works out well for us. You and I have had a lot of fun since we've gotten to know each other really pretty darn

[Dentist Freedom Blueprint](#) with Dr. David Phelps and Evan Harris

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

well over the last few years, just meeting at different conferences and really comparing and contrasting our personal journeys in our profession of dentistry.

Like you, I sold my practice about the same time you did yours, within a relatively close space of time around ten years ago. We both had interesting careers. We both learned a lot of things in our careers in dentistry, and like you my practice was not in the suburban metropolis of Dallas. You didn't actually practice right in Sydney, Australia. You were a little outside. I was outside Dallas as well, and probably similar demographics. I was in more of what you'd call a blue collar, definitely a lower middle income practice area and it worked really well for me.

Now I will say I did not have the booming practice that you had. My practice was what I would say was a good practice and it was very solid for me, but you took something very interestingly. You started with a two operatory practice that you bought from a practitioner, and I think the revenues when you bought that practice were like 120k per year. Is that correct?

David Moffet: Yeah that's correct David, yes.

David Phelps: Yeah, so you took on that practice and how many years ago was that? Just to put this in the time capsule.

David Moffet: That was 1987 David so that's 30 years ago.

David Phelps: Wow, 30 years yeah. Was that your first start in private practice or had you been practicing prior to obtaining that practice?

David Moffet: I'd been practicing for four years, and for the three years before that I was working as an associate dentist in a

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

private practice with a very hardworking owner, in an even more working class area, more blue collar area than where I bought my practice. It was good. I was just young, I was only 27 when I bought my practice. Looking back now that's fairly young and brazen to be out in business on your own at 27.

David Phelps: It is, I don't know that, that many in the younger generation that's coming up right now, I don't know that many that are that brazen or maybe brazen is not the word for it, maybe it's just different times. Do you think the times that we're living in today, and I'm speaking again more specifically for our profession dentistry, how different are they today than when you and I started? I started about the same time in '83 as well. How different are we looking at times today and what are the similarities, because you know everybody seems to me today that a lot of our profession or colleagues are very down about the consolidation that we seem to see with corporate coming in and doing a lot of consolidation. That ups the competition and creates a decrease in margin as do the insurance companies that are dictating more and more, having a great stronghold on the profession. Those are the negative that I think maybe you and I didn't see when we coming up to that extent at all. It's kind of gradually pervaded into the industry, but is everything all that bad? Let me just put this to you first, compared to the past, is everything all that bad in your eyes?

David Moffet: It's interesting, down here we've had a dramatic increase in the number of dentists graduating. We've also had an increase in the number of overseas educated dentists coming in being registered here to work. We're up around the 20,000 dentists now for our country, which is probably about as many as there are in Texas, we've got the

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

population of Texas. All of a sudden, there seems to be a dramatic decrease in the number of patients per dentists. There's too many dentists now, this is the belief. I was talking to someone in the industry just this week, and he said you know down in Australia if we could get everybody who goes to the dentist to just go regularly, and get the work done that they have been diagnosed there'd be enough dentistry for everybody to do. All the dentists, and just the original dentists but the new ones as well, so it's in your perception.

The other thing with corporates and we have corporates here that are purely corporate, and then we have corporates here that are run by insurance companies. They're two different models, but they're really after I think they're after the market from each other. That's where they see their biggest gains is if they can get a percentage of the market off each other, rather than picking up one practice at a time to join them, I think that they've hit that saturation point in terms of the practices that they want to acquire have all been acquired. They're starting to have to scrape the bottom of the barrel in terms of the general practices, and the good practices that they want aren't going to sell to them. There's still opportunity for those good practices to still differentiate themselves away from the corporate model and away from the price conscious dentists, and be successful.

There's still opportunity David. You know 25% of the population, whether it's hairdressing, lawn mowing, dining out really don't care what the price is as long as their getting value for money. Dentistry can fall into that category for consumers. When you build a practice based on that, you have success but when you have to worry about am I charging too much? Am I charging just a little

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

under my neighbors? Then you're squeezing your margins and that makes life tough for everybody in your business.

David Phelps: Yeah David, I think and you just kind of hit on it, the question would be can we, in the private practice arena, whether that's a solo practitioner or maybe a duo, or maybe even just a small group, you know three or four practitioners associate model, partnership model, whatever it might be. Can we coexist in the marketplace with insurance driven or corporate driven models? In other words, it would be like saying Walmart is the behemoth that in the last 30 years came in and started in the small communities, and just came in and started coming and shop owners in the towns where Walmart came in kind of threw up their arms and oh my gosh, we can't compete with Walmart because they're the big discounter. They're heavy handed, but you look in the communities and yes, a True Value hardware store or an upper end price, higher customer service absolutely they can exist.

I think it's all in our minds is it not, that we perceive that the world is all price driven. There is a segment that is price driven, will always be price driven but we get to choose do we not where we want to play if you will, where we want to be in business. We get to make that choice, and I think we need to distinguish where we want to make that choice. Too many of our colleagues I believe David, and you tell me because you consult internationally, not just in the US and in Australia but internationally with practitioners. You tell me, are there too many that are trying to be a one size fit all? Come one, come all and I'll try to fit everybody in, I'll try to fit in the price conscious person who comes in and I'll try to cater to the higher end,

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

and I'll try to do the kids and I'll try to do everybody. Is that a strategy or is that not a good strategy?

David Moffet: It is a good strategy. David, I've been working with a young dentist in New Orleans, and when I started working her last year she was taking all Medicaid. She was taking a lot of Medicaid, she had some private but she had a lot of Medicaid. I think in November of last year she decided, we worked out we would do one day a week non-Medicaid. Straightaway she said it was like chalk and cheese. It was such a pleasant day of the week to work. Wednesdays you know there were less patients, they hit their goal every Wednesday. The staff enjoyed it, the instrument flow was much easier. In February, I think they went to two days non-Medicaid, so they made Monday and Wednesday.

Now they're looking at next month, they're looking at starting their third day non-Medicaid and by July 1 they're going to be a totally non-Medicaid practice. That's six months ahead of the goal that I thought she could do it. I thought she could do it by the end of this year, and she's so excited about it. She said they are hitting their weekly goal every week because she just didn't trust the force. She just didn't believe that she was able to do it. She thought she had to take Medicaid. It wasn't just about the numbers, when I showed her the numbers and that she was really paying people to have dentures under Medicaid that was costing her money.

David Phelps: Mm-hmm (affirmative).

David Moffet: Just the lifestyle and the way the business was able to blossom without the Medicaid people in there. You know they're very demanding patients because there's no

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

ownership of the dentistry, because the government's paying for it they think that it's their right. When you remove those sort of patients out of the system, and you're just dealing with a fee for service practice, it's a completely different environment to be working in. She says it's just so pleasant. She said, "I'm so glad that I've been able to make that transition, and to do it so quickly." This is just a young 30 something year old female dentist can do it in a one and a half dentist practice, everybody can do it.

David Phelps: It's got to start with the belief though, and I know that to have a belief to be able to make a change, any kind of change for anything in our life. In this case we're talking about in a dental practice, the owner has to have that belief and that doesn't usually come from within. It comes from social proof, it comes from a coach, a mentor or somebody who has helped others, has been there, has gone down that path before. Someone you can believe in and they can walk you down that path. As you said, don't do it all in one fell swoop, that's really scary. To take baby steps, one day a week.

Talk to us a little bit, I mean I love case studies so let's talk a little bit more about this 30 year old female dentist/owner in New Orleans. Obviously, she came to you, she found you because she was stressed out running this Medicaid only practice where there was plenty of patients, but she said more times than not she's paying for the privilege of providing them services. In other words, high stress, high volume, unappreciative patients for the most part, not demeaning everybody but most part, demanding because there's no ownership and her profit margins probably slim to none. She's skating by and her health's not good. I can picture the whole thing.

[Dentist Freedom Blueprint](#) with Dr. David Phelps and Evan Harris

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

She comes to you and asks for help and you start counseling her on okay, well we've got to change the model. Here's where we need to go in. Is there pushback at first? Yeah but, but, but I can't because, and how do you help overcome it, because they've got to have the belief? How do you help instill some belief and give a doctor a pathway to make changes. We're going to talk a little bit about the ultimate patient experience and why it's important. How do you get them to start taking those baby steps? What do you have to get them to believe David about themselves and what they're capable of doing?

David Moffet: Well I think David, in her instance the belief, that fear factor, the belief that she needed to change actually came before she hired me. When she hired me, she actually sent me an email with the paperwork saying I'm really nervous about this. You know this is a big leap for me, so I had to give her results straightaway. You know I couldn't promise her results down the track, but it was obvious to me when you look at the numbers, and you look at how much stress there is in treating people for low fee and just on low margins, and when you're mixing those people up. She did have some fee for service patients, she had some but it was a case of just making it a fee for service day.

It's difficult because they're not meant to say you know, we don't take Medicaid but she just said we've got not Medicaid appointments on this day. When that happened, she dropped a couple of plans and she dropped a couple of other plans, and this next drop where she's going to drop the third day, she said she's dropping 600 patients are going out of her books because they're just the wrong sort of patients. It is a leap of faith that they have to take, but if they take it in baby steps and do it on a one day a

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

week, let's see how that goes. Another day a week, see how that goes and she had resistance from her staff saying you know, we've got to get people in.

David, I have another client in Colorado and her husband's sister is a dentist in Texas. She says every time she visits her I say, "How was your visit down to your sister-in-law?" She says, "Well I found out the sort of dental office I don't want to own." Her sister takes every possible thing, she employs 49 people and she works seven days a week, and she's making no money.

David Phelps: Yeah, that's really, really tough. You mentioned briefly staff resistance, and I think that's the next thing. David, how do you help a practice owner overcome that staff resistance? Now the owner is committed, desiring, really wants that change but you are absolutely right. You've got to have your staff buy in. You've got an existing staff, maybe they're pretty good, maybe they've been loyal with you for a long time, maybe you feel like a family, whatever it is but how do you get them to have buy in?

I found in my practice I had some great assistants. There was one particular assistant who was great, technically just awesome. I loved working with her, but she had a little bit more of the Walmart mindset in that what we do, where it's good service, it's too high priced. She didn't mean to sabotage what we were trying to do, but in her mind she hadn't really come to the belief system that the value we provide by doing the excellent service for the people who value it, the price point equals value. She couldn't see it. How do you help the staff overcome that, that all of a sudden you're not going to be serving X, Y, Z patients because they're not a fit?

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

David Moffet: I think what your staff in that sort of situation understand David, is that there are difficult patients in the system that you are trying to remove. Just down here in the history of my office, every time we put our fees up, and it was fortunate that we were putting our fees up in a higher inflation timeframe. You know back in the 80's and the 90's inflation down here was running at 10%, so putting our fees up 10% each year just to keep up and keep even was what we had to do. Each time we put our fees up, we did lose a couple of patients but the ones that we tended to lose were the ones that stressed us out. The staff then started to realize hey, we're not losing so many good patients. The good patients are staying with us on this, it's the difficult patients that we're losing. That was one thing.

The other thing is that if the resistance is too bad, and clinical staff not so bad but sometimes you can have some real resistance at the front desk, the front office because they're the people having to take the money and do the financial transactions. Sometimes we just have to draw the line and say look, we're not working as a unit here anymore and sadly, we're going to have to part ways. That's a difficult decision for long-term staff but David, running with staff, we lose good staff when it's nobody's fault. You know the husband gets a job transfer, pregnancy, an illness in the family and good staff have to leave us. It's traumatic so we've got to be caring with our staff, but I don't think we need to be so attached to them. You know having employed dentists, you've had good dentists work for you and then leave, and when they leave some of the patients who were seeing them didn't seem to be bothered that their good dentist left.

Everybody moves on in that sort of situation but at the end of it, we're the ones as the business owners with the

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

investment in the business. We put in the timeframe of studying, all those years of study. Then we've invested to purchase or setup our practice, so we have that risk so the final decision has to come down to us, and really not our staff.

David Phelps: Yeah, exactly. It's our life and the amount of time, sacrifice, the capital sacrifice for just the education and then to start a practice. Yeah, I mean the bottom line is we should be building our practice to serve our lifestyle and if we do it the right way with integrity, we build our culture within our team and we serve the patients we want to serve. That's the model.

By the way David, now this is audio so people can't see us. We can see each other but they're going to be listening to an audio so they can't see. I've got books galore behind me and there happens to be this yellow book that keeps jumping out at me. Every time I walk into my room this yellow book, I mean bright, bright yellow book. It's titled How to Build the Dental Practice of Your Dream Without Killing Yourself in Less Than 60 Days. Written by an awesome author, Dr. David Moffet. I just wanted to mention people, that your book's available on Amazon and it's a great book, it's a great book. In fact, I have the number one autographed version right here.

David Moffet: Aw, there you go.

David Phelps: I put a teaser out on Ebay, and I got offers of like for multiple thousands of dollars, I wouldn't take it. I just want to let you know that, that meant you're worth something. Your book is a great reference, resource to find out more about what you're doing. Let's talk a little bit about what you talk about in the book, and what the ultimate patient

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

experience is about. My point here is there's a lot of things that we as business owners, as dental practitioners have to try to focus on. We have so many things, we've got to keep up with our skillset and technology, and HR and regulatory compliance, and insurance plans and I mean my gosh, we've got so much to keep up with.

When we're really talking about differentiating our practice to the public, to potential perspective ideal clients, what we've decided is our ideal sector, are many dentists focusing on the wrong things? I tell you what, are many focusing on the wrong things and if so, what should he or she be focusing on to create the differentiation we need to coexist in a marketplace where we have a lot of competing factors for our patients?

David Moffet: Yeah, the number one thing that dentists focus on to try and differentiate themselves David, is they focus on price. You can only be the lowest price for only a certain timeframe, not even a day sometimes. The public don't really look at price as being the main thing. What they look at is how they're treated, so that's the way to differentiate. The way to differentiate is to show you care, and to spend time. You know small children know that you spell love, T-I-M-E and patients feel the same way. If we spend time with the patients, talk to them about themselves. Not just about their dental needs but just about what's going on in their lives, what movies that they've been to, what trips have they been on, what are their children doing, how's work and have a relationship. Everybody in the office having that relationship with them as well, so that when they come they're visiting a group of friends. They're not just visiting the dentist to be drilled and filled, and billed.

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

Yesterday I played golf with a chap who fondly enough has been a patient where I've been working just in the last couple of years. Just one day a week, just keeping my hand in and seeing a few of my old patients. He was telling about the hygienist there. He said, "I drive two hours to get to that dental office and she's too nice. She's too nice." The thing was, "I'm apprehensive by the time that I get there and I'm only coming for a check and a clean." Sometimes as dentists we forget that people are apprehensive when they come in our door, and we need to eliminate that apprehension. The best way to eliminate that is to relax them and be friendly with them, and so we need to make sure that the team that we've got, they're all working to uplift our patients and distract them from the dentistry but attract them to the service that they're getting.

David Phelps: Yeah, very good, very good. I oftentimes think about the sitcom of the 90's, remember Cheers?

David Moffet: Yes.

David Phelps: Okay, so Cheers I'm thinking to me the ultimate dental practice would be like Cheers, where you walk in and you've got Norm and Cliffie, and Sam and Carla and everybody knows your name, right. Everybody knows your name and this friendly atmosphere, and you could go in and even though for most patients as you said they're apprehensive, if you walked into a dental office that was like Cheers, wouldn't that just take down the pressure. Wouldn't you always want to go back there where people knew you, they care about you, like you said they talked about fun things. They cared more about you than you know just filling out your insurance form or whatever. That's kind of the environment that I picture. If

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

you can find me a dental practice called Cheers, I'm all in, I'm there.

David Moffet: You're exactly right David and you've been sipping your coffee there while we've been talking, and it's like I'm in a coffee shop. There was a coffee shop next door to my dental office, and one of the girls that worked in there as soon as you walked in the door, it was still 30 feet to the counter. She'd be calling out your name and asking whether you wanted your regular coffee.

David Phelps: Exactly.

David Moffet: That's it, it's knowing your patients, know who they are, knowing about them, sharing life experiences with them, listening to their stories and behind all those teeth ... You've probably seen the Chick-Fil-A training video where the camera moves through the restaurant and says you know, he's just lost his job and she's not spoken to her mother and things like that. Everybody's got something going on, and when you relate to people on a personal level then they trust you. They enjoy their visit to see you, the dentistry's just a minor thing.

David Phelps: Exactly, exactly. You're coming our way over here to the states in June. I know early June you're going to be in Chicago doing a workshop, The Ultimate Patient Experience Workshop June 2nd I believe, which is that a Monday? I'm not looking at a calendar.

David Moffet: It's a Friday.

David Phelps: Oh, I was way off. Okay, Friday June 2nd. Tell our listeners a little bit about what's going to happen. It's a one day, what's going to happen? What will be the

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

outcome, what will they learn, what will they be able to take back with them attending that workshop?

David Moffet: Well, it's my preliminary workshop into what I do David. We'll spend the morning talking about the why, why we should be doing the customer service, the ultimate patient experience. The framework that we look at in designed the practice, so we're not looking at how we say please and thank you, we do this when the patient's in the chair. We're looking at everything because everything needs to be systematized. When you get a parcel delivered to your home from where you order it from, there's a system that wraps up the goods, everybody's got a role to play in that system. If somebody lets the job down, then the whole thing falls apart.

In dentistry, it's the same. We've got to make sure that every team member knows exactly what their role is, and how the rest of the team depends on them. Often as we spoke about the team, often the team thinks that it's all about the dentist. Sometimes the dentist thinks it's all about the dentist, but when I show this out, the team then starts to realize that the dentists only interacts with the patient, although he interacts for a long time, he only has to really do three things to the patient. He has to greet the patient, treat the patient, farewell the patient but there's so much before he sees the patient, and there's so much that goes on after the patient leaves the operatory that affects the outcome of that visit. We'll discuss that in the morning.

In the afternoon we'll talk about the best way of handling insurance and price inquiries on the phone, so that you get more success. Of course, that's free money for all dental practices because the marketing is the same that

Ep #115: Finding your Place in the Market and Crafting

a Niche with Dr. David Moffet

gets the phone to ring. It's the conversion so if we can improve that conversion ratio, then we're getting more new patients without spending any money on marketing. Dentists like that idea.

Then the final thing is preventing cancellations. My belief in the cancellation is that the reason people cancel is they're not clear why they have to come back. That clarity doesn't come from anything except what goes on at their visit before they leave, so it's after they've been treated but before they leave the office that sets them up for the next time, because if they have an understanding of exactly the urgency and the concern of what will happen if they don't get the work done, they'd be lining up. You know they'd be sleeping on your doorstep to get the next dentistry done, because the service is so great as well. When people don't have the clarity of what's going to happen, then they just say oh I can put that off. You know, it's not hurting. I don't know why I'm going back, I'm just going to put it off til it hurts.

Dentists think that it's that they've got a poor gatekeeper, but often it's the setup before they even get out to the treatment coordinator, the financial coordinator. It's that setup from the dentist in creating the urgency, and sadly in this day and age with computerization, dentists are relying more on the computer in the office. The office software to present the treatment as opposed to a person talking, so we'll talk about that as well. The other good thing for any of your listeners, is that dentist from Manual and she's coming up to be an attendee at this meeting as well. If they're interested in what I do exactly, and he's somebody to be able to give firsthand results as well. At the breaks I'm sure she's going to be swamped with questions.

[Dentist Freedom Blueprint](#) with Dr. David Phelps and Evan Harris

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

David Phelps: Yeah no doubt, no doubt. You hit on some of the keys David. I think too often we think that the bread and butter of our livelihood and our practice is just getting more new patients, and depending upon some bright, shiny object marketing system funnels to bring them in. That's certainly a piece of any business, but the keys are as you said, I think we get lazy. We tend to get lazy because we think automation is just going to take over for our lack of effort in communication and in creating real relationships. That ultimate experience that you talk about, automation can't do that. Automation is a part of it but, yes too much reliance there. I think you're absolutely right.

There is definitely a way and you created that path to be not only competitive, but thrive in this marketplace by differentiating your practice in the right way. Not competing on price, not trying to be like everybody else and just run faster on the treadmill, but differentiating your practice, your model, your values so that you can have the Cheers practice of your community. I think that's where it's at, and that's what you laid out. I definitely want to get the word out because you're one of the trusted people I know in our space that is full of integrity and provides definitely, I think a very valuable service to our colleagues in helping them stay who they are, be true to themselves and have a life that actually serves them and not a practice where they have to serve it, and feel like a slave to it.

I just want to thank you so much for your time today. Hopefully I get to see you somewhere in June. I'm not a big golfer but maybe I could go caddy for you or something.

Ep #115: Finding your Place in the Market and Crafting a Niche with Dr. David Moffet

David Moffet: Yeah, well I'm really looking forward to it. Between Chicago and the meeting I've got to go to in Orlando, I'm going to be playing some golf at Pinehurst, North Carolina, which is any golfers listening will say oh wow. Then my New York trip we're playing Biff Page, which is a US Open course as well and Pine Valley in New Jersey. I'm very excited, this is the ultimate golfing experience.

David Phelps: That's for sure, there you go.

David Moffet: So excited about this trip. It's a trip of a lifetime.

David Phelps: That might be an ancillary new program you might have, The Ultimate Golfing Experience by Dr. David Moffet I think might just fall right in line. You're all about experience David. Thank you so much.

David Moffet: Thank you David, thanks for having me.

David Phelps: You bet.

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