

**Ep #130: Running Your Practice (Business) By the Numbers with Jonathan VanHorn**



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**With Your Host**

**David Phelps**

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David: Good day everyone, this is dr. David Phelps of the Freedom Founders Mastermind Community, and this is another edition of the Dentist Freedom Blueprint Podcast. Got with me today, a gentleman that many of you already know, but those of you who don't, you're gonna be excited to get a chance to meet him. Someone that I met just a few years ago, he's up and coming and doing a lot for our colleagues in dentistry, in a very important area that actually, I didn't really have this class in school and I think most of you didn't either, but you're gonna get a chance to meet my good friend Jonathan Van Horn. Jonathan, how are you doing today?

Jonathan: I am perfect. It's a wonderful day to be alive.

David: As is every day that we're alive, is it not?

Jonathan: Yeah.

David: Well, Jonathan is a CPA by profession. He is the founder of Dentist Metrics. It's a digital dental CPA firm that serves

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nearly 100 dental practices across 20 states. We're going to talk about that digital format a little bit today, Jonathan. You created Dentist Metrics to solve a problem facing many dentists, which is a complicated business, and the time is stretched way too thin, in many cases.

We know that dentists go through many, many hours of coursework to get the point where they have their degrees or license to actually open that practice and go into what they dream to be their ultimate business. But there's zero hours that we get in business training and maybe, maybe if by some chance we took a business course or maybe a basic accounting course, I know I did, but it meant nothing to me.

It just, it was Greek to me. I could not ever figure out where it really applied. What you've done with Dentist Metrics, Jonathan, is you have really automated and outsourced a practices bookkeeping, which I think is really, really novel. You simplify financial reporting to highlight what's important for the dental practice owners. Something that most accountants or CPAs, I don't think really do a great job, you help dentists keep taxes low, which is a big, big part of retaining profits and having enough to invest, either in the practice or outside of the practice.

And the big one is, and I hear this all the time, is I got the call from my CPA and I got to write the check. I got to write the check and I wasn't prepared to write that check. What do I go do now? I owe more in taxes than we anticipated.

You created an automated workflow for the dentist by focusing on showing the dentist what numbers they need

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to be watching. You've allowed dental practices around the country to raise their profits by hundreds of thousands of dollars a year, and you're also the host of another great podcast, which people should jump on. It's Start your Dental Practice podcast, it's a weekly interview series. I've been on there before, you've got a lot of great people that you bring on and interview about lots of different aspects of the dental practice, from all over the world, actually.

So first of all, let's talk about the digital aspect of what you've helped automate and put out for dental practices. In the old days, Jonathan, I would in old days, I'm talking about like 30 years ago, so like I'm an old-timer here, I would pick my box of bank statements and receipts and stuff and I'd take my annual financials to my dental CPA and I'd go and have a meeting with him, physically, in his office, drop that down and he'd kind of look through some stuff and mumble some things, and a few weeks later, I had my tax return.

That was really it, back in the day. I mean, we weren't even getting profit and loss statements or anything, so it was just basically, tax returns service. What's changed? And what's this novelty about digital? Because do we not need to have that conversation with our CPA? Or what's changed with technology?

Jonathan: So there has been a lot happened to technology, in even the last 3 or 4 years, nonetheless, the last 30. So to kind of take you through the timeline of what happened in the last 30 years from the people that I work have worked for in the past, that have told me what it was like back in the long, long ago, it was exactly what you said. The CPA was there to make sure that you put numbers on a piece

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of paper in the correct format, so that you could send this to the government and hopefully not get a phone call from the government saying, "Hey, we're gonna show up and we're gonna take a look at everything you got." And they would maybe help you protect, in case that did happen, and things like that.

That was what the whole purpose of a CPA was back then, because it's such a complex system. I mean, Internal Revenue Code, the old saying is, you could start stacking up the pieces of paper from the Internal Revenue Code, it would go from the very floor to the top of an 11 foot ceiling, like 2 or 3 times. And so it's really difficult, it's confusing and especially for dentists, you spend a lot of time becoming a dentist, but not a whole lot of time learning about taxes.

So a CPA is still there to make sure that you prepare taxes, prepare your taxes well and make sure that Big Brother doesn't ever come calling. However, a lot of things that streams, the technology has allowed us to be much more efficient in doing the pieces of the puzzle that are much more higher value to the dentist. Such as something you just talked about, was the communication aspect.

By us focusing on technology as a resource for us to be able to automate services, and it's 90% automated, it's 10%, 20% of us doing the work in the background and in an efficient manner, that is the same as that things that a lot of CPAs do, it's just that since we lean on technology so much, we can be much more efficient with it, is that we can help focus our conversations with you on the higher value items.

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Such as educating the business owner on what deductions I qualify for, because there's a very common misconception in a lot of people in business that your CPA gives you deductions. Your CPA doesn't give you anything. You qualify for deductions or you don't qualify for deductions. It's pretty white and black in most situations.

There's that whole analogy of the gray area of the tax code, and to me, it's really more ... there's much more shades of white and black than there are gray in this, and it's really just making sure that you do everything that you need to do to substantiate and make sure that you qualify for all the deductions that you are eligible for. And that's an education piece, that's not something the CPA does for you.

So we spend a lot of time educating our clients, making sure they understand what they qualify for, because we actually ... and I probably should include this on the website somewhere, but we primarily are ... we're a niche CPA firm that we help dentists, but we're also a sub-niche of the dental industry and that we focus mostly on people that are starting a dental practice, doing a start-up practice, acquiring a dental practice or someone who has only owned a practice for the first maybe 5 to 10 years of their practice life. That's where almost all of our clients set up and qualify into, and those people are the people that need that information a lot more, because they haven't been in the game for as long.

Now, I'm not saying that we can't help people that have been in the game for longer than that, I absolutely think we can, but it's more likely they're going to be having a thirst for knowledge that we're gonna be able to quench

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with that. So we focused more on that type of the service when it comes to taxes, than other things.

So to touch back to the accounting piece of it and the bookkeeping, bookkeeping is relatively easy to solve now, for us to do for our clients and help them take that outside of their practice, so they can focus on doing what's important in their business, which is making sure that their patients are taken care of. There's not a whole lot that goes in to bookkeeping that's a value-add, other than the compliance piece.

So, now, there is an argument that there's a lot of power and a lot of value in the financial reporting that comes as a result of bookkeeping. But what we find is a lot of people end up doing but keeping in-house, which to me, is if the end result is what is important, the financial reporting, then if you have someone that's doing it in-house, that again, maybe it's your front office person or maybe it's the doctor that's doing it. You're really relying on someone who doesn't have a very strong technical background in that.

Some people made the argument that it's simple or that you can do it your own way or yada, yada, yada. I've had so many people that we've looked at their books and they have just tons of errors that are in there, I mean, to the tunes of hundreds of thousands of dollars, before we've seen errors from professional bookkeepers that have coded things incorrectly. And that singular piece, that financial reporting, that is what is used by the CPAs to figure out what your tax implications and liabilities are going to be. And so if that data that is being sent to us is incorrect, we're going to give you inadequate advice.



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And so the whole value drive from the CPA is to be able to help you with those types of situations, and if our data is not that strong, we're not gonna be able to be much help for you. So we use the technology to automate the accounting services to where it's not inside of the practice, it's not your administrative person, it's not you having to worry about doing the day-to-day bookkeeping, which is the classifying of the dollars going into your bank account and the dollars going out of your bank account.

We have a very systematic way that we do it, we have a standard chart of accounts that we use that is dental specific, that we use for all 100 dental practices that we help out, and from there, we don't focus on giving you a balance sheet, a profit and loss and a statement of cash flows. We have those available if you want them, you just go out there, and you can download them off the internet from wherever you are.

What we focus on is answering the questions that dentists have about how to run their business and what those financials actually have inside of them. So what we focus on giving to our clients is, once a month, we tell them how profitable were they? How well did they spend their money? How much cash did they profit? Because cash profit does not equal tax profit. You've got loan payments and depreciation and amortization, you have owner's payments, you've got every other type of discretionary expense that's in there, etc.

Then finally, the last answer is where does our cash go to? And so once we answer those four types of questions, you can then answer many more questions, such as what was our break-even point? How much cash should we keep in our bank account? It's a very common question



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that we have a lot of our clients do. You as an investment type person, you understand that if cash is sitting in the bank account doing nothing for, then you're really missing a lot of opportunity.

A lot of people don't know how much money to keep in their bank account, so we have that on there as a report to say, "This is where you are, this is where we recommend you have your cash be, based off of your current activity," which we know, coincidentally, we say that you need, at a minimum 2/3, 100% of which what your break-even point is, to keep in your bank account. That's the minimum to keep in there.

For some people, that gives you an idea of how much money to put in there. Once you know your break-even point and once you know what your average cash flows are, you can then say, "Okay, can I afford more debt services, if I want to buy that big piece of equipment? How much more in revenue do I need to produce, in order to be able to take home as much as I need, to be able to fuel other investments?" Or whatever it may be.

So there's a lot of answers that you can derive from those four answers of the original questions that we put, and that'll be focused on giving our clients, rather than just what everyone else gives as the balance sheet, profit and loss, and statement of cash flows. Because we found and uphold many clients whenever we got into this industry, and we found that 90 to 95% of our clients, they never had someone explain to them what a balance sheet, profit and loss and statement of cash flow is, to a high degree of education.

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There's no course, most CPAs don't give you an in-depth, four hour lecture about how to normalize profit and losses to sellers discretionary earnings, so you can come up with what your actual overhead even is in a dental practice. Not to mention, to talk about variable cost and fixed up cost and incremental cost, and all the other things that go along with that. How do you use the balance sheet, plus the profit and loss, plus the statement of cash flows to come up with every type of information you need, in order to be able to do things?

So we said, "Why don't we just cut all that out and why don't we just give them what they need?" Rather than just a bunch of numbers on a paper, because I can tell you from a service provider perspective, it was like the most annoying thing in the world.

I used to run a firm that had, as a generalist CPA firm, and we had clients that had thousands of dollars a month in revenue to a hundred million a month in revenue, and we were doing accounting services for them and we prepare their financial statements for them. And literally, you would give them the financials, you'd say hi and they'd say bye, they'd walk out of the office, they'd go downstairs and leave and then you go to lunch and you go downstairs and you'd see the financial statements, literally in the trash, in the downstairs lobby, because they didn't know what they were looking at. They didn't care about that kind of stuff. It didn't answer any of the questions they needed to know to run their business. And so we focus on giving that.

So focusing on giving something that that client actually needs, that allows us to focus on giving more value as a service provider. From there, making sure that we have

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that bookkeeping in order, doing it in a way that we show them, specifically, how to do things, to give them those answers.

We then have a very easy way for us to do, what we call our tax services, which I personally believe, and especially for the younger doctors, the ones that have acquired a practice or starting up a practice or have just came in to practice ownership, your stuff changes very rapidly over those first five years. Most the time, you hear about those big surprises, is from people from a tax bill, like you said, is typically in years of big change. Years of big change or to be honest with you, years after depreciation runs out on a lot of equipment. It's typically the years you have big surprises.

So we make sure that all of our clients, we sign them up for, we have a task consulting, which is us meeting with a client, talking to them. Once we meet, we talk on the phone or talk over Skype or something like that, because we don't travel to all the 20 states that we help, and we figure out where they are in their lives, we figure out where they are in their business, figure out where they're wanting go, we put that in the context.

We then do tax planning, which is a lot of the education that we talked about, making sure our clients understand what deductions they qualify for, so they can make sure they get to keep as much money of their money as possible, rather than giving it to the IRS. In a legal fashion, there's really no reason to do anything in a legal fashion, just because you can keep a lot, if you do everything in the right way. As a CPA, I'm obviously a big believer in that you should pay the taxes that you're due and to me, this is kind of countercultural to a lot of people

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to say is that, I hope that my clients end up paying tons in taxes, because if they pay tons in taxes, that means I made a lot of money.

David:

Yeah, that's a great point Jonathan, because I'm right with you there. Everybody seems like they're always talking about their great tax mitigation, tax reduction strategy, oh, at the end of the year, I went out and I bought all this capital equipment. Oh, I got the big deduction and I knocked my taxes way down.

Well, what did that just do, Jonathan? Just kick the can down the road and decrease cash flow, because if you financed your capital, asset, capex expenditure, you just added debt, but people try to play all these games, and I think sometimes certain CPAs, just because they try to appease their clients, they just wanna satiate that pain. If they can show them, well, I got you through one more tax season without having them write a big check, yeah, but you're still gonna write that check, instead of just doing it on a regular basis, it's like you said, when you make good profit, just write their darn check.

That's the best thing you can do. Write the check you, you made the money and even out your cash flows and don't be playing these games that are bouncing you all over the place, so from year to year, you don't have a clue what's going on. And it makes it tough for you too, if you're trying to advise them, when they have all these uneven cash flows because of these things that sometimes crazy dentists will do with good spirit and good means, but it doesn't help.

I want to back up to something you said earlier, which I think is a great point and that is, dentists who think, well, I

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can save money by doing it myself. I'm pretty good on QuickBooks, I can do that or I've got Sally Sue or maybe my wife, who's maybe pretty good with numbers and getting on the computer to do that.

But here's the thing, we should as dentists, in a dental practice, we should have all of our staff, all of our labor costs, I think, should be focused on what our primary purpose is. That's serving those patients, right then and there. Either patients that are coming in the door or patients who are calling on the phone, serving those patients.

Even insurance today, I think, should be outsourced. Get that billion insurance out of your practice, get your accounting, bookkeeping out of your practice and get your people there focused. Plus, what happens when you have turnover? And Sally Sue who was doing it for the last two years, she's gone and this typical small practice, it's like, oh my gosh, who's gonna do it now? And it's a fumbled handoff, if there's a handoff at all, and if you've got it set up with a firm like you've got, where it's automated, you never have those issues. And like you said, and then it's done right. It's done right to your standards, Jonathan. The standards that you want and you're not having to deal with somebody else.

So I just want to know from your standpoint, will you even take a client that is doing their own bookkeeping? Or do you just set a bar and say, "If you're gonna work with me, I'm gonna do the books." How do you do that?

Jonathan:

We accept tax-only clients. We have to have the bookkeeping. And it's not just that, it's that we could theoretically, take someone that didn't need us to do their

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bookkeeping, but what ends up happening is that that is ... it's too big of a risk for me as a service provider.

It'd be like a dentist taking a patient that refused x-rays. But you can do it, but you probably shouldn't, and so it's the same way with us with bookkeeping, is that we could take you, the thing is, is that our level of service will decrease so much that I just would rather spend that time utilizing it to give a better product to somebody else.

I don't want to be down on people doing their own books, because I think it's really smart to be able to have an education on different pieces of business, but there's a point where you need to really quickly get it to somebody else, because of exactly what you said. Where focus goes, energy flows, and so if you have a staff that is worrying about ... we literally have clients that they would have a bookkeeper or they have their office manager doing the bookkeeping, and I talk to the office manager and they say, yeah, takes me about a day a week to do this.

And it's just like, you're spending your entire administrative day doing something that we can charge you pennies on the dollar ... it would literally be less than what you're paying this person to work there at the time. Not to mention the opportunity cost of what she could be doing if she was calling patients or following up on unscheduled treatment, or trying to talk to the insurance companies or training your staff on how to do things better. The return on that would be so immense that it's just mind-blowing to me that people don't do that more often.

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And so I get it, I'm a kindred spirit with that, but I'm probably ... I am biased to that as well, but I just think it's one of those things that's just a no-brainer to me.

David: Yeah, I agree. Hey, by the way, how did you niche down into the dental industry? I'm just guessing, Jonathan, maybe you went to the first year of dental school and like flunked out and decided ... I'm just kidding. How did dentistry become your affinity group? Why do you like working with dentists?

Jonathan: Well, the joke I say is that I went from the second most exciting industry in the world, which was accounting, to the first most exciting industry in the world, which is dentistry. And my parents and my grandparents and even my wife's grandparents thought that I was going to end up being a doctor, but I almost fainted when my wife gave blood or got her shots for ... when we were having our baby, not to mention having our babies.

And so I love chemistry and I love physics, but I was just not meant for doctor life, and so as a CPA, I came from a small business family. My parents owned a furniture store, my grandparents owned a distribution company, soda distribution company, a Dr. Pepper distribution company, so both from small businesses.

My grandfather was the CFO of that company and he actually passed away when I was six, and he helped my parents get their business up and running. My parents actually went bankrupt about when I was probably 12 or 13, and they to this day, 20-some odd years later, they say that if my grandfather was still alive, that their business wouldn't have gone bankrupt.



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So that was a lesson that I learned very early on, is that the financial person is very important to be in the business, and so that's kind of what pushed me to be just a CPA, in general. From there, I went to work for a very large CPA firm, the largest firm in the state of Arkansas, right out of school. Quickly left there because it was all corporate, it was all you know Board of Directors, and things like that.

Didn't really enjoy that very much, and then I went to work for a manufacturing company, as an outsourced CFO type position, person, and then from there, I went to some smaller CPA firms and I ended up working at this firm that I was managing a small group of clients, about 150 different clients on doing their, literally, I was the head of everything. Their tax planning and their consulting, their bookkeeping, their payroll, I was head of all of it. So I was swamped and I was having to help these people in, literally, seconds out of my day. I would have to literally have a stop clock in front of me, to try and help everybody and I would have just piles of papers in my office every day.

My team was helping me do it, but I was basically, trying to run around in circles, trying to help these people and all I was doing was tax compliance, effectively. There was a lot of things that were left on the table and it really frustrated me, so this was all leading to ... we had a company that was an oil distributor, which was that 100 million dollar client I talked about. 100 million a month client I was talking about earlier and we had people like hairdressers, I wanted to be able to do more.

And then we had a few dental clients, one day, I had some friends that were dentists and one day, we had a

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client came through. It was a dental practice we had inherited from another firm, but won't mention the other firm's name, but they charged \$10,000 for the tax return and I looked at the return, I was like, "I don't agree with this, I don't agree with this, I don't feel like this was well prepared." The planning was done very well and I assumed this was a very small firm, it was maybe a fly-by-night type company and I looked into it and it was actually a firm that had the same number of staff as that first firm I started working with in the state of Arkansas.

So that dental CPA firm was as large as the biggest CPA firm in the state of Arkansas, and I was like, "Wow." And that was the first thing that introduced me to being in a niche industry and me wanting to be original, I wasn't going to go do that, I was gonna say, we were talking to other dentists in the industry and we heard about these things called roll-ups. You know, people, emerging practices and acquisitions and things like that.

I also have a designation called get Accredited in Business Valuation, ABV, which allows me to value small businesses and so I know quite a bit about mergers and acquisitions. And so we were gonna go out and be outsourced CFOs to these smaller group practices that want to grow and do a roll-up, or even if it was just one big practice that wanted to optimize different things.

So literally, my firm, we started out as me being in practices every day for about a year and a half. So I literally was inside of dental practices, I was in my office here in Little Rock. We were outside talking to people, trying to find out more about the industry and we even told the first client, "We've not done this before. We have quite a bit of business education and entrepreneurial

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education." I've always done things that were fairly entrepreneurial throughout my life and said, "We're gonna be learning, but we're sure we can help you." And so that was how we got our first few clients.

And so we started out as an outsourced CFO company, from there, I learned a ton about the industry and then we narrow down ... did have a business partner when I started out, and he wanted to continue doing that. I got to a point where I said, "I'm not really sure if this whole roll-up thing is really a viable option for as many people as they think that it is an option, and so I don't really want to try and do that anymore," because I feel like that business life cycle would be much harder for us as a business. So I said, "I'm gonna actually scale back down and be more like a traditional CPA firm," and then from there, that's where the dental CPA firm came out of. So that's how it happened.

David: Yeah, excellent. Well, that's really interesting. See, I didn't know that you had that background and you were with your partner, looking at roll-ups in that industry, because obviously, that is going on quite a bit right now, but I think you're absolutely right. It's only a certain sector.

Maybe that would be a good topic just to go a little bit more, because there's that issue out there right now and there's a lot of dentists who are trying to figure out whether they're younger in practice right now, or they're getting close to the end. What are the options, and how do you see this current roll-up phenomenon? How do you see that changing over the next 3, 5, 10 years? What's your best forecast, since you spent time in it? We won't hold you to it, but just what do you see?

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Jonathan: So to me, I think that it's a little bit ambitious to think that you're going to be able to ... the analogy that I've always used is, if my house is worth \$250,000 and somebody walks up to the door and says, "I'll give you \$450,000 for it," that's a no-brainer. But the thing is, do you really think that there's that many people who are willing to give you that type of offer? I mean, it's easy to say, to rationalize, yes, I would accept that offer, but the problem is where are the people that are actually making those offers?

And I speak to thousands of doctors a year and I know of literally, a handful that made that jump and had a success story similar to that. And I think that it was a case of, there was a very small window of time where that was a viable option, and as soon as that window closed, the echoes were still out there that you could do it and people still are thinking that that's a possibility. It's not that it's not a possibility, it's just that you have to do so much more than you used to have to do.

For example, I know of companies that literally you pay them money, and they have a management company and you become like just a part of the management company and they try and sell that you can just team up with these other doctors, and then you do a roll-up, like that's all it is. And I've had clients that have used services like that and I've just not seen, I've not seen any dollars and cents proof that that actually even exists. That there are people out there willing to make a purchase of a rolled up set of practices that are like that.

Now, there are still obviously bigger companies out there that will come in and purchase your practice for a strong offer amount. Typically though, that's a very set piece of circumstances, so for example, they typically want you to

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work there afterwards for a number of years. And then you're really not guaranteeing anything and a lot of the time, when we look at it, it's usually ... I've heard multiple different people selling like that.

A lot of the time, it ends up being that the offer changes the closer they get to the closing date. Sounds like a really great offer on the front end, and then they do due diligence and they reduce the offer and they reduce the stock you're gonna get, and then there's longer terms. And so I'm not saying that it isn't possible, but it definitely happens.

To me, I'm still a huge fan ... obviously again, I'm biased because I work with most of the younger doctors. I'm a huge fan of the selling from an older doctor to a younger doctor, and then transitioning in that way to keep ... obviously, my company survives around helping private practices, so I'm biased to it, but I'm obviously a big fan of a private practice in general. And so if you're in it, then passing it to somebody else is a great idea.

David: Yeah, and this is not always the case, but I know that some doctors who have been successful in building up, maybe just a single practice, but have multiple associates or partners and it becomes a multimillion-dollar, maybe 3, 4, 5 million dollar practice. You cannot sell that practice very easily to a single doctor. It's just not gonna happen, that capital transfer isn't gonna happen. So to some extent, corporate has come in and created liquidity in the market for those kind of practices and maybe also other prices that they have desired to bring in fold.

Here's my thinking, but tell me if I'm wrong here. I agree with you, I think there's this window and I think corporate

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came in and I think they pulled down and rolled up the practices. The low-hanging fruit, right? They come in, they look at demographics and they come in and go, "Okay, we'll make offers, here, here, here, here, and we'll try to get some momentum," kind of like a Walmart. We're just gonna start to roll, we're gonna roll.

But at some point, and maybe that's already happening, but at some point, they're gonna ... I think corporate will say, because they're not gonna go away. Corporate's not going away, but are they still gonna be attracted to the single practice like they were 2, 3, 4 years ago or are they gonna start just doing their own startups? Is that trend gonna happen, or are they just gonna do their own startups? What do you think?

Jonathan: So I feel like the reason that that window opened was that everyone saw dentistry as potentially being the next like optometry or physician office, to where you could commoditize it, all of sudden there's gonna be a Walmart dentist, all of a sudden everyone's gonna be in chains, and private practice doesn't exist anymore.

I think that I have my assumptions of why that's not occurring. It is occurring slowly as a trend from the numbers I've seen. Maybe look at a market cap of what is being spent on private practice dentistry versus corporate dentistry. They're both up, but the share of total dentistry being done is being done more by practices that are "corporate dental practices."

If you look at it from a revenue standpoint, I think it's fairly similar still, like the private practices are still getting as much revenue, it's just market cap in general, most of the growth is occurring in the corporates. So if you're listening

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and you're not certain of what I'm saying, I'm basically saying if you took every dollar, if you recorded every dollar that's spent on dentistry last year, and let's say it was 300 billion dollars. 10 years ago, 20 years ago, it might have been 200 billion dollars was for private practice and 100 billion that was in corporate. Now, it looks like every dollar that is being spent, there's like maybe 500 billion instead of 300 billion, and now it's like 200 billion is for private practice and now 300 billion for corporate practices.

David: So they're growing the pie. They're growing the pie, right? They're reaching another segment of the market, and not everybody needs to be a Walmart. I mean, there's always gonna be a place for great practices that provide the kind of service that a lot of people still want. They don't want to go to the VA for their medical care, they don't want to go to Walmart for the dentistry. So is that kind of what you're saying?

Jonathan: That's precisely I'm saying. I think that oral health is just so much more important to people and there's so many more facets to it. It's such a personal relationship to have somebody's hands, literally in your mouth, that I'm still very bullish on private practice, in general. The only thing I am bearish on is the amount of debt that kids get out of, when they get out of school. That's like a prohibitive. In their way, to be honest with you, that's the bigger danger than corporate dentistry is to the private practice dentist.

Because what happens is if you have less people graduating and more debt, they can take less risk. Less risk means less business owners, and less business owners mean the only people that can take those risks is the giant corporations to have them money to be able to



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do it. So then they will be the people doing the startups and acquisitions. They'll be the only buyers in the market.

And so you have less people going into dentistry, you have less entrepreneurial people. It's just really, really bad for private practice owners to be able to do that, because you get out of school \$700,000 in debt, there's no way ...

I mean, even if you're working for corporate people, the cannibalization of the industry is inevitable if that event eventually occurs, because what'll happen is the entrepreneurial endeavors will shrink up and then the corporations, they know they're the only game in town and so then the starting salaries will start decreasing, and then you can't afford the payments. It's just insane, so yeah, that's how I see it.

David: Jonathan, I think it's a conspiracy. I think somebody's behind the whole tuition and the debt thing, making it too easy and racking up all this debt. I think somebody's behind that. We need to get to the bottom of this. We need to ferret out where this is coming from.

Jonathan: People need to group together and really take it to the schools to say, "Look, this is," ... I feel like the ADA needed to step in, I feel like it's an epidemic. It really, really is.

David: But Jonathan, you know, everybody's got their hands in everybody's else's pockets and I'm not gonna sit here and bash ADA, but I'm just gonna say, it's just like saying government, your politicians, come help me, save me, save me. It's like, it ain't gonna happen, it's not gonna happen, unfortunately. But you're right, I think there's definitely steps ...

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So here's what I'd like to conclude with, and I hope people that listened to our podcast today understand the value. We talked about two different aspects, I think that are critical, and you bring a lot to the table here. But your value with your knowledge base and the fact that competing with the debt, personal debt, competing with managed care, insurance, competing with corporate today, it can be done, it can be done.

But today more than ever, every dentist, every small business owner has got to know what their numbers look like and no, we didn't go to school to do that. We're not gonna get all excited about the stuff you do, just like you're not gonna get excited about the tertiary anatomy of an upper first molar, Johnathan, you're not going excited like we do, but that's why we need each other.

You come to us to get good dental care and you want to walk out with a tooth or a crown or whatever that feels good, well, we want our numbers to work and that's what you do. You bring the art and science of what you do and you give it to the practice owner in the bite size, bullet pieces and in a proper analysis that makes sense. And you translate all that profit and loss, balance sheet, cash flow stuff, and you make it into real numbers and you help them make the right decisions.

That's what I want people to understand. You don't just look at numbers, like you said. You don't just get a profit and loss every month, whatever in history has been typical for you and just dump it in the trash and go, "Well, I still got some money in the bank." That's not the way you grow a practice, not the way you make decisions on, well, do I invest it in more capital equipment now? Do I expand the office? Do I bring an associate in?

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All these decisions can be made by the numbers and that is what you do. If you're not working with somebody right now that's giving you the kind of input data and metrics that make sense to you, I would highly recommend you give Jonathan a call and connect with him, and by the way, I want to make sure they know how to do that.

So your website is dentistmetrics.com. That's dentistmetrics.com and you can reach Jonathan at ... Jonathan, that's J-O-N-A-T-H-A-N @ dentistmetrics.com. Or you can call him at 877-265-2121, extension 1. Oh, and don't forget, if you want to follow up on this and hear more of what Jonathan talks about, Start your Dental Practice podcast, jump on there and he's there every week, talking about making numbers sexy.

Jonathan: Well, I would say that my wife finally got tired of me talking to her about dentistry, so I had to do the podcast, so that I can actually talk to people all day long about it.

David: There you go.

Jonathan: So that's all day, and we've got, we're almost at episode 100, so we're pretty excited about that.

David: You're getting close.

Jonathan: It's getting close, we're right there, so yeah, I love the business of dentistry, obviously, it's fascinating to me. I relate a lot to the guys getting out of dental school, you know, I have a young family, own my own business, I have employees to take care of you, I have a community to take care of and so for the people that we end up helping, it is a big passion of ours.

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We try and do it to the level, the highest degree of value that we can to our clients. Build up on the things, and I field emails every day of someone saying something like what you said, you know, what should I be doing about this ... can I afford this piece of equipment? Do you know anybody that does membership plans? What do you think about membership plans? People talking about do you think I should drop PPOs? Do you think I should do this?

And then I can tell them what my two cents are, from someone who is in the industry every day talking to people such as yourself, interacting in conversations online, as well as seeing what my clients have been doing to be able to share experiences to say that this is a really good service provider.

So we can act as an additional level of service on top of that, because we spend a lot of time on that. We try and be there for our clients as much as possible, because the business of dentistry, just the business of business nowadays is ... it's funny, we're all so connecting now that the information is out there, that you don't have to go and search for it super hard, but the implementation and the execution can sometimes be difficult.

And so we try and act as a way to be able to help people with that, just that first step to be able to go down that level of execution as well, so we're not consultants or anything like that, but we try and help people as much as we can to do those different types of things as well. Because like I had a call with someone this morning about exactly what you said, about when's the right time for me to be able to hire an associate? Discussion was on someone else about merging a practice, someone else was thinking about closing one of their practices.

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So because of the fact that I have that background of the CFO level work, we're pretty good at figuring out how to be able to tell people what they should or should not be doing.

David: It's all in the numbers, all in the numbers. Jonathan Horne, thank you so much for being on today. I really enjoyed the conversation with you, and I learned something about you that I didn't know, which I think are very appropriate for our listeners to know as well, so thank you very much.

Jonathan: Sexy CPAs, it's all we do. That's my new tagline.

David: Take care.

Jonathan: Thanks.

Take the next steps at [freedomfounders.com](https://freedomfounders.com). You've been listening to another episode of the Freedom Blueprint podcast with David Phelps, the place to be to create your freedom lifestyle with more time off, security and peace of mind. More at [freedomfounders.com](https://freedomfounders.com).