

Ep #196: Dr. Scott Leune - The Dental Whale



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David Phelps: ... dentists that truly do want to get out of the chair, or at least step back from the chair and either slowly or quickly build another part of their financial life that doesn't rely on their two hands. And some of those dentists may hate dentistry, and some of those dentists may love dentistry, but they all share the common bond of knowing that their life can be better if they've got another set of income streams, and they do it in a smart way, with the right people.

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David Phelps: Good day, everyone. This is Dr. David Phelps of the Freedom Founders Mastermind Community and Dentist Freedom Blueprint podcast. I've got with me today somebody who I have really been a really avid follower of for a number of years, and have watched him track and trail blaze through our industry. He's really someone I would call a true innovator in the field. And that is my guest today, Dr. Scott Leune. Scott, how are you doing, sir?

Dr. Scott Leune: I'm doing wonderful. Thanks for having me be part of this today.

David Phelps: Well again, you're somebody that I really look to as being an industry leader. And of course, we know that there's so many challenges in the industry. Before I jump in and really get into the meat of our discussion today, let me make sure people who maybe, have not heard of you,

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which is probably not many. But if they haven't, this is a good chance for them to get to know you, a little bit about you. Because we always want to know kind of, what's the back story? What brings someone like you to the forefront? And what you do today, and why, what your passion is?

So, Dr. Leune graduated from the University of Texas Health Sciences Center School of Dentistry in 2005. His dental career began with three startup practices in San Antonio, which grew to 80 staff, 10 dentists, and a call center in a very short time. These practices continue to average a combined total of over 700 new patients per month, who are all managed by Dr. Leune, working a mere four days per month.

In 2011, Dr. Leune started seven practices in the Dallas-Fort Worth area, opening them within a two-month time span. Buddy, you need to get a life. You need a few more things on your plate. But that's not all. Dr. Scott Leune is the founder of Breakaway Practice, a practice management company, which has consulted and helped develop 90 de novo practices, and helps operate 500 practices throughout scheduling, insurance, billing, marketing, and IT services.

More recently, Dr. Leune cofounded Dental Whale, which we'll talk about today, an innovative dental company which is carving a new category of group private practice ownership and management. Dental Whale subsidiary companies include the largest dental repair franchise in North America, a handpiece repair company, a dental marketing company, a dental practice brokerage firm, and eighty-practice dental support organization, a seminars

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company, a dental consulting company, and a dental back office services company.

Together, Dental Whale companies have supported over 15,000 dentists in 2017. With such a diversified set of experiences, Dr. Leune lectures on data-driven decision making in dentistry in an environment of scalable systems and infrastructure. For the last nine years, Dr. Leune has lectured to thousands of dental professionals and executives, sharing his proven systems of marketing, practice design, leading to consistently sold out seminars. He has been featured in numerous dental publications, and listed as the most subscribed to person on Dentaltown, which is, as we know, the premier online dental community.

So, I'm about out of breath. That was a lot of stuff to put in, but it's important. The first thing I want to do, Scott, is just briefly go back. You are an innovator, and they always say that necessity is the mother of invention. So, let's go back. You graduate from UT Health Science Center in 2005. You were, just like all of us, decided to get out into practice. And something happened to make you kind of change your direction in dentistry, change from what you thought you were going to do into really, who you are today. Could you give us just a little synopsis of what that was that kind of created your pathway to what you're doing today in dentistry?

Dr. Scott Leune: Yeah. You know, most people will look at it as a curse. And I look at it as a blessing. I thought I wanted to be a dentist till I was old and couldn't hold a handpiece anymore, and I thought I was gonna work four days a week in one practice. And that was my goal. And I'm not saying that's bad, but my goals today are much different. I

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like my goals today better. My goals today are to have more time outside of dentistry, to have more income, to have income I don't have to work for with my hands.

And what led me to that path was breaking my back. I broke it in two places right when I opened my first practice, my first year out of dental school. And it forced me to immediately get into a frame of mind and a business situation where I could get out of the chair, yet still be able to provide for my family. That led me to having associate dentists in multiple locations. I had liquidity events. I sold practices. I built net worth. I made millions, but I lost millions, as well, because I just didn't have anyone to follow at the time. No one was helping me. And I had to unfortunately, learn the inefficient way of doing the wrong thing.

So, it led me to a path that now has changed my life. Of course, I'm doing some crazy things sometimes, some big things sometimes. But really, when I look at what I do, I have the wealth of choice to spend my time doing what I want, what I'm passionate about. And I don't have to spend the majority of my time doing what makes me money. So, that is the path I've been on. And it got started by breaking my back, being in and out of a wheelchair for 12 years. Finally getting it fixed. And I'm great today. I could be a dentist today if I wanted to be in the chair full-time, but I don't.

David Phelps: So, the answer to a lot of dentists who are struggling today could be, just go break something that's a necessity for you today, right? Not really. Just being very sarcastic, there, of course. In your bio, part of it, I mentioned creating in dentistry today, an environment of scalable systems and infrastructure. The history of our industry,

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and really healthcare in general, till the recent last decade or two, has been not scalable at all. It's been a solo dentist, maybe two dentists working together in an associateship or partnership. That's been the history of healthcare in dentistry, for sure, just seems like forever and ever until the last couple of decades.

And we find ourselves in an environment today, which is much different, so much different than when I graduated and started practicing in the early 80s. Things were starting to trend that way, but it was slow. It was slow. We had a lot of time to adapt, to make the subtle changes we needed to. Really didn't have to be a great business owner, we just had to be good dentists and provide good treatment to patients, be ethical, honest. That's really about all it took. Insurance was never, in my years of practice, a big player. We were fee-for-service, don't have to deal with the issues today.

Today, it's a different ballgame. We know that's why we're talking to you today, because you figured out very quickly that if you weren't gonna be the dentist in the chair because of your physical handicap that you had, that you had to, not like put in systems and infrastructure and create new efficiencies, but you also, Scott, and this is something that's not part of your bio but I'll say it, anybody who wants to be in a position where they're not having to currently do all of the work, whatever that work is.

And there's nothing with doing work, but if you want to scale and have more time off, We've got to learn to be better leaders, we have to learn to collaborate with people, partners if you want to call it that, joint ventures, strategic alliances. That's the key to everything in life. And I think we, particularly, in our backgrounds as

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professionals, highly educated, and specific expertise it's something that we, it's not natural to us.

And I think that rugged individualism is something that is looked upon by society as being, "That's a strong character," and it is, to an extent. But having to break out and figure out, because you couldn't do everything you've done, everything this year, if you weren't a strong leader with a vision, weren't willing to take some risk, but also bringing along the right people around you. I've personally had the opportunity to experience that, because I've come to your breakaway seminars.

I've watched not just you, but I've seen the team and the people that you've built around you. And that's not dissimilar to what you've done now with Dental Whale. It's not all you, it's you with other people that you have found in the industry through who you are, and built now, relationships that are creating scale and infrastructure. So, let's talk a little bit about Dental Whale How did it come about, and what is Dental Whale?

Dr. Scott Leune: My vision for dentistry and my role in dentistry is to really create a tertiary category of practices. Right now, it's mainly solo or private practices. It's called private practices, versus corporate practices. Just like in medicine, it's solo physicians here and there versus these hospital groups. And to me in dentistry, we have a huge opportunity to actually create a third category, which is a hybrid of the two. It is private practitioners that are leveraging, or taking advantage of, corporate level infrastructure. And I saw my role as helping be part of that movement, helping build the middle, the corporate level infrastructure that is made available to private dentists.

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So, that is my mission here, now, in dentistry, is to basically elevate the private dentist to the same level of corporate groups, which I think is a better solution for dental care. So, when I was trying to do this, and I have continued to try to do this, I was having major successes around parts of the infrastructure. And I was struggling with other parts of the infrastructure. And I sought out solutions to help me basically, build this infrastructure the way it should be. And I looked at buying other companies, I looked at selling pieces of my company to the right partners. I looked at all kinds of things, and I finally found a group of companies that aligned with how I saw the world.

And I met with the entrepreneurs of those companies. And together, we basically merged all of our companies together into one, let's just call it a holding company, that we call Dental Whale. And Dental Whale today, has about a dozen companies in it. It is growing very fast. By 2019, some of the household names in dentistry, names everyone knows, will be within the Dental Whale network of companies, for sure. And I'm very proud of that, because no one that I know of was going out there and finding innovative companies to glue together in a way to support the private dentist.

To me, what I see is a lot of people trying to just do a quick flip and create a quick little DSO and sell it. Or, I see struggling private dentists that want to be in or out of the chair. But they are just having a hard time coming up with the financial solution to do it. So, I'm very proud of what we are doing. It's bold, it's tough. We are very successful, and we have failures, as well. But I'm very proud of where we are at today.

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David Phelps: Well, I know, and I say this with total genuineness. I appreciate what you have done And certainly, you could certainly start with yourself, first in your family and you want to spend time with your growing family and your kids. That's dear to my heart. But you're also doing something on a bigger playing field. It's a mission. I know it's a mission in your heart. I know you enough to know that you carry that very strongly. Your passion for seeing our industry not be consolidated into just one platform, as you said, just corporate, or corporate/managed care insurance, which is a huge player today.

And so, as you said, what happens to those of us who still long for the days of having the more private practice? Well, we know we can't stay in that mode. I mean, there's few and far between practices that are ... enough that will maintain a position ... they don't, yes, can it be done? Yes. We know that. But it's a small number. For the rank and file who still want to have some autonomy in the way they choose to practice, the patients they want to see, it's got to be scaled with the group.

So, I'm excited about what you put together with your partners. I give you a lot of kudos for doing it and stepping out, because frankly, I know you could've just quit and sailed off tomorrow. But that's not who you are. You're a guy who's going to be in the mix, no matter what, as long as you feel like you want to do it. Here's the thing that I think we all face in life, Scott. I know I have, and I'm less resistant to it today because of what I've gone to, as well, but it's resistance to change. Everybody wishes we could just keep what we had, or somehow roll it back, Or I hear a lot of talk in different forms about, "Hey, let's all get together, and let's all deband from PPO insurance."

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Well, we know that there's gotta be someone who actually has a better model. And that's what you've done. So, all these people in dentistry who I, again, I'm not putting them down, because I know where their heart is. But we've got to band behind somebody, some issue, where we can say, "You know what? Nothing's perfect in life, but man, if there's an opportunity for me to still do what I want to do, have my heart in what I do, not hate going to work every day, I've got to figure out a way to collaborate in a way that allows me to do that." And that's what you're doing. That's what I see you doing on this bigger scale. So ... Go ahead.

Dr. Scott Leune: Let's take your group. So, if I think about the dentists within your group, this is an awesome group of dentists. But these are also not normal dentists. These dentists, what I see, at least, I apologize. I'm just gonna say what I think here. I think that the dentists in your group are made up of dentists that truly do want to get out of the chair, or at least step back from the chair, and either slowly or quickly build another part of their financial life that doesn't rely on their two hands. And some of those dentists may hate dentistry, and some of those dentists may love dentistry, but they all share the common bond of knowing that their life can be bettered if they've got another set of income streams, and they do it in a smart way with the right people.

And if I look at that and I say, "Well, okay, how can a dentist make that jump? How can a working dentist eventually jump to a place where they're only working because they want to, not because they have to?" Because there is other income streams. How can they make that jump? And if I get down to the nitty-gritty details, I think it takes money. It takes cash. It takes

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investible cash to be able to then, leverage great networking and great contacts to find deals and to find people to work with. It takes cash.

So, if I go backwards here, if the end result is, "We only work because we choose to, and we choose to do it the way we want, and we've got all these passive income streams," how do we get passive income streams? By making the right investments with the right people. Well, how do we get the right people? By being part of your group. How do we find the right investments? By being part of your group. How do we get the money for those investments? Well now, okay, let's go back from that. How do we get enough money? That is building and selling profitable practices or holding profitable practices.

And give us disposable income. Disposable income comes from income that's more than what we spend, right? So, how do we do that? Well, okay, let's not spend too much. Let's start with that. But let's look at the practice. Are we going to hold it for income, or are we going to build and sell practices for income? That's my world. So, my world is in the, "How do we take practices and make them more profitable, still doing great dentistry?" Or, "How do we buy or build practices and sell them to create this disposable money that we will then use to change our life?"

David Phelps: Yeah, very well said. And that's what I always say, is you gotta start with where you are. You gotta start with what you have, the assets you have. The assets of dentists are, number one, they themselves, are their primary asset. How do you continue to invest in yourself, and then also into your practice, which is your primary engine? That's what gives you the foothold to go from here to

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here. How do you know what that vision could look like? Problem is, again we're, a lot of us are soloists. We've achieved a lot to get to where we are in dentistry.

We've had to go through brutal education, and pass exams, and we are all, not bragging on ourselves, but we all have a hard work ethic, and we are smart enough to do what we've done. And then we get to that point and go, "Okay, now I get to live my life a little bit." Well, yes, you should, you should. The problem is, we still don't know what's next. We've had this goal at the top, which has been graduate from school, pass the board exams, get licensed. And we kind of take a big breath, which is great. But there's still more to do.

If you don't continue to want to elevate yourself and who you are, invest in yourself, and as you said, into the assets you have, your practice or practices, optimizing those, creating this disposable income, then it's really being on a hamster wheel at a certain level. And that's what too many of our colleagues feel like. They're on a hamster wheel. They are keeping their head above water, in some cases just barely, or some cases enough. But they're still, where's the exit? How am I gonna exit this when I want to exit?

Well, there's multiple ways to exit, multiple ways. You know that, I know that. It's creating an environment, and again, this is why I love the synergy, Scott, because what you're doing, it fits really well into my vision, is taking people that want to have that additional multiple income stream. Whether they want to leave dentistry from the practice side, whether they want to form group practices, as you said, buy hold to sell, Whatever it is, well what's one more thing I can add to my asset class that will

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provide me that additional income that I don't have to go to work for every day, but I can still be traveling with my family, taking some time off, enjoying some life, enjoying the fruits of one's labor?

And again, it comes back to what you said, it's all about leverage. Leveraging in so many different ways. Leveraging being a part of groups where you're able to not, I don't mean to say take, but it's a mindset. It's being around people like you, Scott, that starts to open the doors and say, "Wow, if that's been done, then it's possible." Now, do I need to go down that exact track? Maybe yes, maybe no. But there's iterations of that. Being around people that you're putting together in your organization Dental Whale that, the mindset that's there, I think really brings out the best in people who want to elevate themselves from a hamster wheel, from the treadmill, to the next. That's the key point. I think again, in history, we haven't had to do that.

Most people who have gone into a professional career of some sort have been able to just kind of ride that out, for good or bad. Today, that's not the case. But the opportunities are huge because of the inefficiencies still, in the marketplace, the voids that are there. We don't have to get slanted into one box because corporate and insurance says we have to. There's ways to still play in that arena. And that's what you're doing. So, great point you made about how this process works and how we need to help our colleagues see the endgame, and how they can be building towards that now, not waiting until they're 55, 60, or 65, or have health issues, or just are burned out. It's just like, "No, what we start creating those opportunities now, so you got the options?"

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Dr. Scott Leune: Well, let me tell you, if I can, let me tell you an example of one of our docs that literally, is what you're saying. He's not a new dentist, but he's relatively young. And he bought a practice at a normal price. Let's just call it 65% of collections. And he plugged into different parts of our infrastructure. And he plugged into our savings network, which cut his supply cost in half. We helped him with insurance negotiations. He plugged into our out processing services. The average practice grows 24%, just from that. He also started marketing that practice better, because it was an older practice. It wasn't updated anymore, on the marketing side.

And he started tracking the data. We went in and helped clean up the P&L's. We cleaned up the AR. We did this kind of multilevel approach for this practice. And it grew tremendously. Not only did it grow, but he was in one of our programs where we guarantee a valuation on a practice if he wants to sell it. We guarantee it to be double the street price. So, let me say that again. There's a program we have, about 120 practices are in it, where they are guaranteed that their practice valued at double. And so, he took this practice, let's just call it A. He bought it at a normal price. He went and doubled the practice, so now it's 2A. And then, he got a double valuation, 4A.

David Phelps: Wow.

Dr. Scott Leune: And so, after he paid off his debt, he had about a million and-a-half bucks of cash. He had to pay taxes out of that. But suddenly, this younger dentist, following this formula, was able to create disposable income. And he's doing it again, and again. We've got 120 of those practices that are doing this. Even if he didn't grow the practice, he

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would have made hundreds of thousands of dollars on the guaranteed double valuation.

I only mention this as one story. There's a lot of different ways to create value in a practice. But this is a real dentist that I have on the top of my mind, because he just sold that practice, and made all that money, and he's a younger doc that is part dentist, part entrepreneur. And so, yes, he's still doing some clinical dentistry when he chooses to. But he's also building net worth for the long-term. And I believe that he's got a great mindset. I think that the problem I had was, I worked so hard to become a dentist, and then I worked so hard to get a practice, and then I worked so hard to manage the practice, that actually, the practice was the goal. The job was the goal.

David Phelps: Right.

Dr. Scott Leune: And not until I had a life-shocking series of events did I realize that, "Wait, the life is actually the goal. And this darn job is just a means to get there." And the job will never make me happy, because there's always more production. There's always more collection. There's always more. I never achieve a finish line.

David Phelps: That's right.

Dr. Scott Leune: And unfortunately, that race never ends until we die. Where, I can have life goals that are beautiful, that are significant. And so, this younger dentist, I think, is an example of what a lot of us, even the older dentists, can aspire to.

David Phelps: Yeah. As my years have gone on, and I've, through the same kind of adversity and, I won't call them crises, but just challenges in my own life, I've come to the same

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conclusion. But I was driven, like everybody, driven like you are, Scott, early on in my life. And I didn't see another way out, particularly, until the challenges hit. And you're right, our business is not our life. Our business is a part of our life, but our life is our life. And it's really, to me, the fun part's the journey. It doesn't have to be inside this one small corridor that society, or our industry, or our dental professors, our school said it was going to be. It can be totally different.

We are changing the paradigm today. The paradigm has to be changed. And it's fun. If you're around the right people that have again, that mindset of, also have gone through challenges, because that's where the innovation comes from, it's fun to be around those people because you say, "You know what? I'm not alone. No one here's perfect. No one's had the perfect shot to get to where they are today, if you want to call them successful. We all have challenges. We learn how to break through them together." Will we have challenges going on in the future? Yes, we will. But our insurance policy, the best when I know, is to be around other people who are on the same path. Maybe going different ways, but have the ability to say, "Hey, here's where I've been. Here's what we can do."

I want to make sure we touch on, before we end today, Scott, what's the best way for somebody who is listening today that says, "Man, I'd like to learn more about that. I'd like to see if there's a fit for me"? How could someone enter the Dental Whale environment? What's a good way to get started in some form or fashion?

Dr. Scott Leune: Yeah, you know, that's a great question. That used to be a really easy question for me to answer when I only had

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one or two companies. I'd say, "Well, go to this website and learn more about us." The reality is, Dental Whale is a network of innovative companies that support private dentists. And so, some dentists need help with marketing, some dentists need their equipment fixed, some dentists want to spend half as much on supplies as they do today, some dentists want some education in a seminar, and some need a six-month mega boost program to clean up the practice, right?

I think the best thing to do, the easiest thing, if I just give you one website I'd say go to breakawaypractice.com, our seminar company that I founded. And if you just reach us through that website, we can talk to you about all kinds of things. But, I'll tell you that the vast majority of dentists that I talked to, the vast majority of dentists that watch this, will never reach out to my company. This might be entertainment for them. And they may not be serious about getting out of the hamster wheel.

For those dentists, maybe the time, they are not mentally ready to get off the wheel yet. I think the best thing you could do is to stay in a group like this, so that it'll slowly chip away at your wall that you've built keeping you on the wheel. And I think that's really important. Also, another, just because I have this, I'm gonna use this as a platform to say something else. We have to be very careful with who we listen to, because in the day of social media, suddenly, everyone's an expert.

David Phelps: Yes.

Dr. Scott Leune: Suddenly, everyone's got a voice. And you post something online, you ask a question online, you get a ton of answers. And you know what those answers add up to? The national average. And the national average

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stinks. I would not want to follow the masses. I want to follow the one person that doesn't say much, that's done it 100 times, and has very controversial answers.

David Phelps: Yes.

Dr. Scott Leune: I want to follow a model, a model that's proven. Not the masses that can, with no effort and no investment, say whatever the hell they want to say. So, again, your group is an example of following a model. And the more connected we are in that valuable network, the better. Not the more connected we are to everyone, the better. No, because that becomes noisy. The more connected we are to the valuable network. And you know what I've learned is, success can be extremely difficult when you're doing it on your own.

And success is oddly simple, oddly simple when you're just around the right people. Because success isn't actually from sweat. Success merely comes from doing the simple thing that's right. The simple thing. It's not difficult. Success is not difficult. It's just, there's so much noise in our lives that we don't see the simple thing, or even if we see it, for whatever reason, we just don't do it. So, I think if you're surrounding yourself by these other people that are also seeing life the right way, then it gives us a lot of kind of boost, power to change what we do and to see and have the confidence to kind of make a step. No matter what the rest of the industry or profession is telling us, we have the confidence to make the step in the correct direction.

David Phelps: Well, Scott, so well said. You speak from the same heart and passion I come from. The best investment I have truly made in my life is to be around those kind of people. As you said, don't follow the crowd. Don't follow the majority.

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You've got to be contrary, and you've got to find those people who really have walked that path, walked that talk, and that you can find you share common philosophy. Core values are critical to me. Sure, there's lots of people out there that are successful in some area, but until I really know what they're made of, where their heart is, it's hard for me to truly follow them all the way.

You're a guy that I've come to know where your heart is. That's why I love being around you. I love the synergy that we are creating, in helping our colleagues move through that pathway, get off that turnstile, and make a difference in their lives. So, I just want to thank you again for who you are, for being here on the podcast. The more people we can help when they are ready to do it, love to do it. Dr. Scott Leune, appreciate you, sir.

Dr. Scott Leune: Yeah, Dave, thanks for having me. And I'd love to be on again, if you want to dive into something specific about dentistry or practice, I love to do it again. But again, thank you for everything. No one's doing what you do, which is just incredible that you're doing it. Thank you so much. I'd love to be on here again.

David Phelps: We will definitely come back and do it. There's so many things we could talk about. So, yes sir, have a great day, Scott.

Dr. Scott Leune: You, too.

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