

**Ep #227: Scott Leune - The Business of Dentistry -
Making the Tough Decisions**



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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. Today, an interview and discussion with Dr. Scott Leune on the forecast, the future of dentistry, our industry, and what it means for you. The tough decisions that you need to make, and make now. Tune in.

Hey everyone, I've got Dr. Scott Leune here with us today. Scott is an expert in profitability, scalability of practices. Just to give you a little bit more of his background, Scott is the CEO of Breakaway Practice, a co-founder at Dental Whale, Dental Industries' key opinion leader and speaker. Scott's developed one of the country's largest back offices, centralizing infrastructures for private dentists, including phone, billing, insurance, IT, audits, education, marketing and reporting. He's developed a unique methodology for designing and operating Denovo Dental Practices with very high success. He's become the most subscribed to person on the world's largest social media platform for dentists.

More recently, he's co-founded Dental Whale, an innovative dental company which is carving out a new category of group private practice ownership in

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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, a 90+ practice dental support organization, a seminars company, a dental consulting company, and a dental back office services company. With such a diversified set of experiences, Dr. Luna lectures on data driven decision making in dentistry in an environment of scalable systems and infrastructure.

So Scott, let's just start right there. Scalable systems and infrastructure, why is that important today? Let's take a 30000 foot look at the industry as a whole. Where are we today? Where are things going? And why is scalability and infrastructure so important for doctors, dentists to be able to maintain some position in the industry?

Dr. Scott Leune: Yeah, yeah. It used to be that Dr. John Smith had a shingle that said Dr. John Smith, and he was the son of a dentist and the grandson of a dentist, and everyone always went to that dental practice and we didn't have to be so concerned about scalability, about answering phones 92 hours a week or having audits in place for embezzlement checks and things like that. Times were simpler, and in 2005 is the peak year for dentists take home pay, and so things just start building up and building up. In 2005 was a peak, but since then, take home pay has gone down. Competition has gotten harder with corporate groups and with other dentists, smart, private business-driven dentists.

And of course insurance companies have been locking in or shrinking reimbursement rates. All of these things add

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business pressures to the clinician who owns their own practice. And the way we combat those pressures is through running a better company. So Dr. John Smith wasn't necessarily running a better company. He didn't have to. Today we have to, we have to be able to use what I might call infrastructure, what I might call best practices, so that our business can perform well and we clinically, obviously, should also be performing well. So that is kind of the general scope of what's happening here.

A lot of other people are saying the sky's falling BSOs are taking over the world. No, that's not really what's happening. What's happening is that we dentist practice owners are having to elevate our business maturity to run a tighter ship. Just like a restaurant has to run a tight ship. Even if they cook great food, if they don't run a tight ship, their restaurant may not survive well. We now have to do the same. So infrastructure is one thing that helps us. You probably gonna ask me what I mean by that. So I'm just going to answer it.

David Phelps: Go for it.

Dr. Scott Leune: Infrastructures, so when we think about things a dentist needs to be even more successful on the business side. Some of those things a dentist can't afford. A dentist can't afford to build a call center, and to build a marketing company, right? A dentist can't necessarily afford to develop their own practice management software. So we owners, we rent other people's infrastructure, like we rent Dentrix or Opendoor, or you know, other software companies. Well that infrastructure has gone from

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software to services in the day to day things that run a practice.

And so today, a dentist could hire less people to run a practice, if utilizing more powerful infrastructure. Does that make sense, David?

David Phelps: It makes a lot of sense. So what you're saying is, even a solo doc who wants to maybe stay solo can do so in this realm by renting, leveraging other systems and infrastructure that have already been set up on a scalable basis rather than with the way we used to try to do it and try put everything under one umbrella, one house, when it was possible to do that because we didn't need, as you said, the the systems architecture efficiencies that we need today.

Fast forward for me, if you would. Let's go out 10 years, best crystal ball. And again, I'm not holding you to any of this because we know all kinds of things change, but just take us down the road 10 years. With your best foresight, what do you see things shaking out in 10 years? Just overall?

Dr. Scott Leune: I think that there may be a bifurcation in our profession, where we have kind of the general practice, the focus on bread and butter dentistry for most patients, as one channel. And then we have the very specialized focus on another channel. And when I say specialized, I don't necessarily mean like a specialty practice. What I'm talking about is maybe Dr. John Smith who's now become the authority in Burleson, Texas for clear aligner therapy and Dr John Smith's got a website about clear aligner therapy, written a book, and has been on the news. And

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you search clear aligner therapy and he's the expert. That's a kind of a bifurcation.

So that second thing has a completely different set of marketing best practices and how we even design the practice and the patient experience. That first channel that we are mostly on today, perform great dentistry, general dentistry, bread and butter dentistry for the masses. I believe that will also be split between the corporate-owned groups and the private dentists that use corporate infrastructure. And what I haven't mentioned though, is the regular dentist that's not part of corporate and that does not use infrastructure and is not specialized. That dentist, I think, goes away.

And today that's the majority of our industry. So I believe the majority of our industry will have to go down one of these channels I've described, or they will likely barely make it. And whenever they're done being a dentist, they'll close their practice. No one's going to buy it. They will, in essence, go away as a category.

David Phelps: That's a great, and I think very insightful look at where the industry is going. And I would agree with you, I think you're absolutely right. There are these bifurcations that are happening. So because there's always so much confusion, I'm not just saying in the dental industry, but any industry world ... Look, worldwide, we're going through major disruptions everywhere. It's just the way it is. But there's a lot of confusion in the ranks. You see it, I see it. You talk to dentists all the time. You see the rank and file confusion that each and every one has as practitioners in their arena.

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How does one get clarity as to which of these roads, these pathways, these bifurcations they might go through? Cause that's the first thing, isn't it, Scott? Is there a way that you, through your affiliates, help a dentist today identify who they are based on demographics, personality, desire for their vision as to which path to go down? Because I think that's the first thing to do, right? Too many are just like, they just like throw stuff into the wall, "Well, I'll go do this, I'll go do this." And it may not be the right thing for that person.

Dr. Scott Leune: Well, I'm gonna give you a weird answer. When we talk about those two paths, either ... So let's say you decide you want to be a private dentist, right? So I guess that's the first thing. Are you going to work for a DSO, or are you going to be a private owner of some kind? Right?

David Phelps: Mh-hmm (affirmative).

Dr. Scott Leune: So once you've decided to be an owner, then I've described 10 years from now these two main paths, either the efficient owner that utilizes renting corporate infrastructure, they still own their own practice, but now they're going to bring in marketing firm, a call center, and things like that to help them. And then you've got the other, the very specialized, the authority practice. If I were a new dentist, I would become an owner as soon as possible, and I would go down the efficient, let's use corporate infrastructure path as I develop the authority path alongside. And then at some point I will have a decision ... If all is successful, I'll have a decision to make. Will I, at some point, just limit my practice to the authority side? Or will I own multiple locations of the general practice, and I become the traveling authority? And that's

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if everything is successful. That is the path I would go down.

It's easy to kind of write on paper, but it can be daunting to people to try to say, "Okay, if that's what I want to do, if I want to have three practices, and I just want to work one or two days a week doing implants, how do I rewind back to today when my one practice feels like it eats me up all the time? Like how can I even imagine having three? And then imagine not being the only dentist?" That's the problem. There's so much cloudiness in between today and what is possible, that people get lost.

David Phelps: Yes.

Dr. Scott Leune: And many times they may say, "Screw it all, I'm just going to sell my practice." So that path, though, that cloudy path is actually simple. It's not hard. It's simple, but it's a simple a hundred things. So that's why it seems cloudy, because it's not just one silver bullet. You do this, you make it. It's a hundred steps that are all really easy to take. Does that make sense, David?

David Phelps: It does. It does. And you and I both know this, that really everything that any one person wants to become, to evolve to, to transform their life, their career, their practice in any form or fashion, it all starts right here. It's the head game, it's the head game. And so much of our formal education all the way through professional practice, through dental school, in that case, was all about us being the best technicians, the best clinicians. It was all about us. And learning any type of business concepts, scalability, building teams, culture, marketing, all systems, technology, automation. I mean all that's just out there.

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And as you said, it's a hundred things. And the failure to be able to implement on a priority basis or protocol basis, it's too much.

So being that is what it is, the mindset, the lack of clarity, the frustration about, I thought I was going to school to come out and be this, and now I've got to, I've got to be this. I've got to be bigger. I've got to be more than somebody ever told me to do. And it's frustrating. How have you seen doctors who maybe started with that confusion state evolved to more clarity? My guess is ... but I'll let you take it ... my guess is you've got to be around other people that are going down that same path. Other people have broken through those barriers. Other people that are thinking differently than the rank and file, the majority, and unfortunately the majority in any industry totally has their head in the sand until it's too late.

But the forerunners, the earlier adopters of change and taking advantage of opportunity, there's a tribe, there's a group, there's a community of those people. Just quite frankly, you are building or have one of those. You're not the only one, but you've got one. What would you say to those doctors who again are hearing what you're saying and have that cloudiness, what's their next step to start figuring it out? What's right for them?

Dr. Scott Leune: Yeah. So the way I look at achieving the goal, is to get to that goal, we first have to have knowledge, we have to know what to do, and then after we know what to do, we have to then actually do, right? And in the process of actually doing, we will get stuck. We'll either get stuck due to our own inabilities or we'll get stuck because we're unsure, or the world will change around us. And in getting

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stuck, that is when a community, as well as coaches and consultants, they lift us up and get us unstuck to ultimately hit the goal.

So that's very philosophically speaking right now. Like get the knowledge, then go do, and then be in the right community to get there. Right? So if I rewind and say, "Okay, the knowledge. The knowledge is very powerful, and people are unsure of what to do don't have the knowledge. So for example, I know how to build a startup practice, saving a couple hundred grand, and having it collect 1.9 million by year three. I have that knowledge. If someone else had that knowledge, their entire life might change, right? Because without having that knowledge, they think startups are risky. They think they have to buy a practice. They end up buying a really cruddy practice. It's a dud. It's not profitable, and their growth is stunted for 10 years.

David Phelps: Right.

Dr. Scott Leune: Right? But if they knew the knowledge upfront, that would change the way they do things. I made over a million dollars, take home pay, as a dentist my second year out of school. But I did it working one day a week, and I did it just doing ortho. But I was able to do that because I understood how to create four referring dentists around me, giving me those ortho cases. And those four dentists paid all the bills of my practice, so that everything I produced was in my pocket, it was profit. I got paid 100 percent of collections because of how I set it up. Right?

If someone understands how to walk through that, suddenly they're now not wondering, "What do I do?"

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They're more wondering, "How do I go do that now?" So if someone's stuck not knowing what to do, they haven't gotten the right knowledge. To get the right knowledge, you've got to be surrounded by people, like you said, that are doing it. And you have to go learn. You have to go to seminars, and read the books, and go learn how to do the crazy thing that a crazy few people are doing extremely well. That's how I look at it. Knowledge is key.

David Phelps: Yep. Well said. Your own story coming out of dental school in about 2005, and then relatively soon thereafter, an unfortunate breaking your back, taking you out of the chair. Obviously, you have a mind that obviously already had a business ability kind of built in. That's part of your DNA, Scott, so that was there. But you had to make some quick transformation from being the clinician, even one day a week, that you'd already started with to now being a business owner. And I think just for the benefit of the people listening today ... because we tend to idolize people like you, put you on a pedestal, which you're a great leader. You are. I've been to your seminars, I know what you've done, I've seen the results. So some would say that we put people on a pedestal and think, "Well that guy or that gal, they're just so way beyond me. I could never do that. They're just like got magic."

Would you, just for the benefit of the people listening, just tell a little bit about the fact that your story from transforming from clinician to more business owner wasn't a straight shot, that you had to go through some things that taught you a lot of great lessons, which makes you who you are today, and a great thought leader, and a leader in what we do. But just so people don't think that

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you just are a boy wonder and that you never had any trouble with anything.

Dr. Scott Leune: My first year out, I had to hire an associate by month six, and I had three associates by month 12, and everything imploded. I didn't know how to have an associate. I barely knew how to run a practice. I barely knew how to cut a crown. And every time I brought on an associate, we had staff problems. We had drama, we lost money, we lost patients. I was a terrible person to work for back then. I lost associates. And just when we seemed to get it all right, then we opened a second location and nothing works in the second location. And I lose more money.

I ended up building a call center because I had so much patient volume. We were seeing 400 new patients a month in the first practice. I ran out of ops. I thought, "Let me open a call center so I can put all the front office people in the call center. I can add more ops." Well, the call center was such an implosion, and so expensive, that I was going to go bankrupt. I had to open two more practices as soon as possible, just to pay the fixed costs of the call center. I ended up selling those practices to Heartland and did very well on the sale. I built seven more practices, and those practices on nearly every number you could look at, were doing very well, except the profit number. And they were losing 120 grand a month combined. Every month, 120000 dollars, because I wasn't leading them correctly. I was in new models, absentee owned, as associates.

And a week after my third child was born, I had to leave my family temporarily in San Antonio, and moved to Dallas for three months to try to prevent bankruptcy. I've

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had many of those steps in the history of my organization. I've had lots of failures, and what's interesting, is when people come to my seminars, a lot of them do much better than I did, right? I got a doc that in year three, took home 1.8 million, in year three, of his startup. We've got docs that have multiple locations that have turned into DSOs, and some of the consultants, some of the top podcasters, some of the DSO owners all came at some point from my seminar, and they've done much better than me.

So I should not be put on a pedestal. I'm more the guy that had to go fail and figure it out, and the really driven people are taking my lessons and skipping those failures. They're going to have their own failures, but they're going to skip the big ones I had to have on their behalf.

David Phelps: Yeah, so true. We should always leverage the experiences of other people. That's why being around people, having mentors, people that can lay it on the line and show us how to mitigate some of those risks. Because, look, life is risk. You either decide to take some risk ... or the greatest risk of all, I say, is not taking that risk and just kind of putting your head in the sand or treading water, which is not going to work. I don't care what industry you're in, you've got to be able to step out. But if you do it with other people that have gone there and been there, yeah, you could reduce that. Not to say, as you said, you're not going to have some failures, but that's just part of the process.

So I appreciate you bringing that on because I think that's important. Too often, we just see people ... not you particularly, because you're very open about sharing your

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story. I've heard you share it many times, and I think that's important. But a lot of times we do see people that seem like they're the epitome of success, and they never had anything that was a downfall or a setback. And it's just, anybody who's gone anywhere in life, that's not true. So I just want to give a little bit more empowerment to people listening today that maybe feel a bit stuck, feel like a little bit cloudy, that they don't have the clarity where to go. There are great people out there and you're certainly one of those.

What's the best way for somebody who would like to engage with you? Breakaway, Dental Whale, just start to get in into some of the frameworks and see what's there, so they can start to get some of the clarity they need as far as making decisions going forward, Scott?

Dr. Scott Leune: Well, I love it that you asked the question, but I hate that I'm now going to sound like I'm telling people to give me their money.

David Phelps: Well, yeah, but let me back that up and say this ... and I truly believe this. I've had other people ... I'm the same way. It's like I don't want to like put myself out there, but here's the thing. Someone who's wiser than I am has told me, "If you've got something of value that you can share, provide to other people who need that help, then it's a disservice if we don't put it out there." And so please do it, because that's why we're doing this. People get to decide who they want to follow. But you know what, there's always a way to engage good people like you. So take it away.

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Dr. Scott Leune: Well we've created what we call the Breakaway model, which is the ... I mean, I've got it right here. It's literally ... it's a lot of stuff. And this model goes from a new dentist through a start up, an existing practice to training the office managers, to having multiple locations, all the way to elevating yourself as a very successful entrepreneur. How do you route to you more success? Those are six steps. Each one of the six steps has like three or four hundred pages of all the knowledge exactly how to do. So someone wants to learn from us, from our story, we are one of the few companies that's actually turned all of our knowledge and information into like an intense like boot camp kind of experience.

So the best way to engage with me and with us is to attend one of our seminars. They're all two days long and they're all intense. Of everything that I've touched in my professional life, the seminar company is by far the highest quality thing I've ever done. And people walk away, they're ... It sounds so stupid, but their career has changed, and I'm proud of that. So that's the best way to be engaged. Breakawayseminar.com and go to our events. Of course, I'd love it if people hired us for stuff. But before you hire anyone for anything, get the knowledge first. Knowledge is the key.

Once you have the knowledge, you're not asking the world who you should hire for what ever things. You know what you need, you know the next step, and you will hire the right people to help you if you even need to hire someone. But the knowledge is the key. If I owned a practice and I don't know how to do case acceptance at an elevated level, or presenting finances, patient experience, phones, insurance, billing, profitability,

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metrics, hygiene. If I don't know that stuff, how on earth am I going to achieve higher levels of success without having to learn the hard way? Right? That's the best step, if someone's interested in our story.

David Phelps: Well, I would agree. I had the opportunity to attend one of your Breakaway seminars, maybe it was almost two years ago, and definitely outstanding. Not only is it very well done, but it does change one's thinking about where they are in their life, their practice, what the possibilities are, and the great thing is you've got all these other dentists from all over the countries, internationally as well. They come, and you get to ... Again, this is the community. There's social proof right there. So when you're thinking small, as we tend to do, if we're in our cave in our practice, we just kind of stay there. Getting outside, talking to other people, being in front of, or listening to somebody who's been down that path. It does start to open those doors, and creates some momentum. And that's what people need, momentum. Start taking some movement forward. Figure out what that is, get the knowledge, and then find the people that can help continue to lead you. It's the key to everything in life.

And Scott, you've done that very, very well. So I want to thank you for taking your time to be a part of this virtual summit. I know you add great value and I hope people will follow up with you on whatever basis makes sense for them. Just don't do nothing. Do something.

Dr. Scott Leune: David, can I add just one more thing?

David Phelps: Yes.

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Dr. Scott Leune: I apologize, but you mentioned a great thing. You mentioned momentum. And if we look at a dentist, dentist is surrounded by noise all day long. Patient noise, staff noise, the facility, the server's down, it's a tough root canal, surrounded by noise, physical noise. I'm tired. Right? And then, outside of dentistry, they're surrounded by life noise. And that noise can be deafening.

David Phelps: Yes.

Dr. Scott Leune: And one aspect of kind of elevating up is ... and getting that momentum, is being able, in a very organized fashion to say, "Okay, whatever the noise is of the day in a dental practice, these 10 things are my focus. After those 10 things are done, which I have scheduled in my schedule to actually do, then I'll address the noise." And same thing in the career. "This is my focus. I have to learn how to do these things. I'm not going to let the noise of my practice prevent me and stunt me for years because I just didn't take the little bit of time to learn this." And then same thing in life. "This needs to be my life focus."

So I think this momentum is created when there's a mindset change on what to focus on. And especially if you've got all the tools and knowledge on how to actually do that stuff. We've got to get the noise out of the day, out of the practice, out of the life, so that these easy steps can be taken as early as possible to create success. Not 20 years later, but like the right ... The right time to do any right thing is right now.

David Phelps: That's right. That's right.

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Dr. Scott Leune: So let's not wait. You do it right now. So thanks for giving me that last minute to say that.

David Phelps: Thanks for laying that on. That was perfect. No, thank you so much. You are definitely a leader and you're very inspiring in all you do. I'm blessed to know you and the people that I'm able to put within your space. It's been nothing but a tremendous advantage for them and we want to continue to do that. So again, Scott Leune, thank you so much for being here.

Dr. Scott Leune: Thank you for having me.

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