

Ep #252: Josh Cochran - Determining Your Path in a Disruptive Market (Part 2)



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Dr. David Phelps

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David Phelps: This is the second half of my interview with Dr. Josh Cochran. This week, he'll continue on with his story about how he made his turnaround from kind of mess to success, and some of the key principles in getting through those turbulent times. One of those keys is, he didn't try to do it alone. Enjoy.

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David Phelps: So point number one is having that why. It's got to be more than money, 100% agreed. Number two, you've got to have that peer group. So I agree, that's critical. So help us out here. Who put that peer group together, of 30 other active stars and how did you come together?

Josh Cochran: So there are some legal, I'm not involved in the legal things going on right now, but there are some legal things. I probably shouldn't mention specific names.

David Phelps: No no, I don't need names. Just kind of generally, did somebody facilitate this group and did you join this group that was already there, or was it organic? Because people are going to try to figure out, you know, where's my tribe, how do I find my tribe? And there's different ways to do that. So give us that construct.

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Josh Cochran: Yeah. How do you find the tribe? That's a, that's a great question. So this tribe is a Facebook group named Bacon Floss. And we were kind of brought together by a mutual consultant and all of us, most of us, have since left that group. But what it did was it filtered the most high character, hungry, humble, smart guys into one group. And so we just have absolute trust in one another even though most of us have never met in person. So I don't know how to recreate that, those events that created this group. But I will say that the closest group that I'm also involved in, which has been great, is DSN.

That's Mark Costes' group. Tim McNamara, it was really his idea originally, and Tim and David Bender and David O'Malley from Colorado were the founders. And so those were all good dudes. So if you have good dudes, having a vision, they filter out a lot of the riff raff. And so if anybody's interested in a good online forum to do this, that's probably where I'd send-

David Phelps: Okay, so we've got... First key was have your own why, second is your team? So that was two. So three was the peer group. We got the numbers right there. I'm trying to follow you. Is that correct?

Josh Cochran: Yeah. Two, I was really focusing on having a peer group.

David Phelps: Okay.

Josh Cochran: So the team is, is definitely part of that, but before team I would say bathe yourself in learning. So listen to leadership books, listen to David Phelps' podcasts, you know, like on your car. I just listened to stuff. And just by having that on, eventually, even through my thick skull, those words of wisdom start to find a home. So you got to

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be constantly listening and learning. It's hard. You know, when you're starting a dental practice, you've got three kids. It's hard for a lot of us to sit down and read at night. We just don't have the time. But most of us have some sort of commute. And then that's why I mentioned podcasts or audio books is a good way to bathe yourself in knowledge. Once you have the knowledge... Should we talk about Traction in the EOS?

David Phelps: Yeah, perfect. I was going to lead you to that. So, to your point. You carve out brief chunks of time, like you said, particularly when you're commuting, so it's not time you'd be with your family. When you're home, because you're putting your headphones on, you're ignoring your family, your spouse. But this is the time when you're in the car anyway, or just gap times, and you're always listening. And even if you've got 10 minutes, you pick up one thing, one nugget somebody says, some resource, some book, some idea, some concept, and then it gives you the opportunity to dig deeper. So obviously, I'm just guessing, I say obviously, I'm just guessing, that that part of what you're listening to, or maybe from the Facebook group you heard about EOS. So, yeah, let's talk about that. Because we use EOS at Freedom Founders so we're together on it. So tell everybody what it is, how you found it, and what difference it's made for you and your team and your practices.

Josh Cochran: Absolutely. So I'll tell it in parable form here. So once I got over the hump, let's say I'm at the beginning of my third year. We're starting to do well. Maybe our practice, maybe my wife has having out one day a week. I can't remember exact details. But maybe we're on pace to collect 1.8 or two million. So if the average practice is

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around 800,000 or whatever, and like the solid dentists they do about 1.3, and we would do about 1.8 to two. So we were above the norm at that point. But now we're growing, so I have 13 team members, so I got new challenges. And I know the problems, but I can't figure out what the heck's going on. And the person I ran into, you may know this gentleman, and I have very much respect for him, was John Meese.

David Phelps: Oh yeah, absolutely. Yeah, good friend.

Josh Cochran: Oh my gosh, what a smart man. Smart man. So I started going to the team training institute. So I did a year with them, and John was very good at helping me identify where, I guess you would say where I was stuck, I was going to say where I'm an idiot. So you can say where I was stuck. He's very good at pinpointing that. And so, one of the things is like, yeah Josh, 13 team members. I mean if you read books like Extreme Ownership other books, they do typically talk about the ideal number of people for one person to manage is four to six, right? So if I'm at 13 obviously there's reasons I'm having problems. I didn't know that then. So he introduced me to Traction in EOS, and so at that point I self-implemented EOS, which looking back, I would definitely hire a coach. For anyone else listening, don't be like me, be smarter than me, less brain damaged than me.

So EOS is, you get up to a certain number of employees, it's no longer the dental model of one dentist with a couple assistants, a couple of hygienists, a couple of front office staff. That normal model doesn't work anymore. So you have to implement some sort of structure. And so the Entrepreneurial Operating System, which is described in

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the book Traction, and they have a whole bunch of coaching on the Entrepreneurial Operating System, but Traction is like their main book on it. It'll walk you through all the parts of a small business, really turning what you have into a business.

You read the book. So you have to really clarify your why. You have to clarify your mission, your values, your goals. So you have to build a leadership team where you identify the right people, and then help them become the best version of themselves, so they can help their teams. The front office team, the hygiene team, the restorative team, however you decided to divvy it up, so they can help those teams become the best versions of themselves. And I think this alludes to your point at the beginning of our conversation, is, as you move on in life, yeah there are some hats you have to wear. Maybe it's legal, maybe it's banking, but a lot of the other hats, it's more you are coaching and growing people. That's your main job. And so that was a shift in thought, a shift in mindset, and how I view the world. And I think that led to the partnership idea.

Do you want me to dive in on that?

David Phelps: Yeah, I'm going to cover two more things in maybe the next 10 minutes here. So, two key things. Let's go to the partnership, because I think this is a key element in determining how dentists today are going to see what model they want to run. And I'm with you. I think it's very difficult to keep that associate model going, and you'll talk about what you found there. And then I want to get into a little bit of the passive income in real estate, one of the things that brought us together. So let's do part a pathway to partnership next. Yes.

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Josh Cochran: Okay. So, pathway to partnerships. So, economics in the dental industry. DSOs are growing rapidly, and rightfully so. They have economies of scale, they have reduction in basic cost structure. They have specialties in house. They have negotiated insurance reimbursement rates. They can maximize their marketing efforts. They have more capacity, days and hours, right. So all of these factors. Maybe they don't have the relationships yet, but they're going to win. For all these factors. And so we as dentists need to look at what happened in medicine, and we need to make a decision. If they have all these advantages, we can just continue to practice in our silo and make a living as long as we can, or we can take a proactive approach, grouped together in different ways. Whether that's a merger or an association, and there's lots of different models out there, grouped together in different ways so we can provide the type of ideal service, convenience, relationships, quality of care that we want to see in dentistry.

So you can either be a victim and let it happen to you, or you can be proactive and try to form it in the way you want it to be. So that was the guiding principle for me. I saw this coming. I'm like, well, what am I going to do? Also, my practice was growing rapidly. And I didn't like the associate model. I wanted people who were bought in, and I'd always played sports growing up, football, basketball, baseball, tennis. It's like I wanted some wonderful people that I could do this with, right?

David Phelps: Sure.

Josh Cochran: Synergistically. So I started looking around at the different partnership models that were out there. I looked at

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Comfort. I looked at Pacific Dental Services, Heartland, Mike Abernathy. I've never met Mike, and one of my friend's practices near him and says he's wonderful. But just listening to the guy, I'm like, this is a good dude, you know?

So I researched all that, and then took me about a year to research it and start interviewing people, and built a model that was similar but different than those, and found a wonderful doctor, ironically an ex Comfort Dental doctor. You know, when you start and you're doing all your own hygiene and all your own treatment plans and everything. Like we come into a busy office like mine, it seems like heaven. Right. A lot of people would be overwhelmed at my office.

David Phelps: No big deal for them.

Josh Cochran: No big deal. So we just found a Saint of a man, Morgan ball. My wife and I are just so thankful for him, every day. Just such a good dude. Such a hard worker. And that was our first partner. And you've got to figure it out as you go. You can't have fear about it. You've got to have abundance mentality, right? You got to do your best job. And we brought on him, it worked wonderful.

And then we were ready to bring on a second partner, and I interviewed a few people, and there's one man, is a really nice guy, lived about two hours away. Very clinical, focused. A good dude. I had some concerns. In my brain, there were a couple alarms going off about a couple things. One thing were, his kids still lived two hours away, even though he was divorced. He's like, yeah, I can visit them on the weekends and stuff. And I think he's optimistic, I'm optimistic, but looking back I knew that

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wasn't going to work out. And so that one didn't work out, but we still keep in touch. I think he's set up an expanded function dental assistant, to follow our expanded function dental assistants, a couple of weeks ago. Just a great dude.

And then we found our most recent partner, Josh Lansing. Just a really, really great guy. A little younger, so he's learning. But gosh, he's got a great attitude and a great work ethic. Hungry, humble, smart.

David Phelps: We could spend a couple of hours or several days on the path to partnership model. I think the key thing is, I know that you're building a community. You said you're doing some consulting on this. I think it's very important. So let's just get in right now. What's the best way for people, other dentists, doctors, who would just like to learn more about what you've learned about the pathways. How would you like them to contact you?

Josh Cochran: Yeah, so I'm going to say this, David, and whether this is the right or wrong call, maybe I'm just young and dumb, but you can contact me. My cell phone is area code 206 755-6436 you can email me, river R-I-V-E-R last name Cochran, C-O-C-H-R-A-N @ gmail.com, and I have been coaching over the last two, three years, but what I've realized is I have some very strong goals that I want to achieve. I don't think we've talked about this yet, but that group of guys who is our core across the country, I'm trying to build, in your words, financial freedom for them, through taking a few chips off the table through an investor over the next five years.

We don't know what's going to happen. We're all been working our butts off for the last five years, and maybe I'm

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willing to work my butt off for another five years, but I don't want to be in a position five years from now where I have to work my butt off anymore. And I don't want to have a heart attack at 50. My wife and I joke. In a couple of years I'm going to go introduce myself to my children.

Yeah, maybe I could do this for a long time, but me and a close colleague, we made a commitment to be financially free by January 1st, 2026. So that's my primary goal. And so I really try not to coach anymore, because I love coaching, and maybe after financial freedom that's what I'll do. My dad was a coach. I love that stuff. But right now my real focus is achieving this goal, for my colleagues in that group, and then also my partners. So that's what I'm trying to build for the people around me.

David Phelps: You know, there's a saying, Josh. Do for five years what others won't, and live the rest of your life like others can't. And that's essentially what's right. And you're right, you need to have deadline milestone dates by which certain things are going to happen. It doesn't have to be, financially free by 2026. Awesome. Then you back that down though, into smaller goals, and take those freedom steps, financial, time wise, practice wise, and break it down into steps. Because if you just say, I'm going to be financially free in five years, five years are going to go by and you may be a little bit better off, but you may still be on the hamster wheel. You've got to get really intentional and really define that. Otherwise, you're right, your kids grow up in front your eyes and you look back and go, what the heck happened?

And you may have a lot of money at that point, but you missed the best years of your life. So I love the way you

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think. All right, so let's take a few minutes here. This has been great by the way. Thank you so much for giving so much value today in so many different areas. Again, we can talk a lot about real estate. That's what we both love as well. So, you're in finance school, and obviously you're learning things about finance and you see real estate, capital assets, and businesses or real estate, passive cashflow. And that was something you put on the back burner for a while, because you knew you had to get through school, get the practice thing going and all that. You've done that.

And real estate now is become, not maybe a first and foremost focal point, but you're not letting that lie dormant. You like commercial, as you said a minute ago, commercial. Yeah, you could make money, and income and wealth in all asset classes in real estate. We know that. Commercial is a little trickier, because you're dealing with people who typically have been out there, they understand the markets. I started with single family, and used that as a pathway to get into other things. You kind of went right into the commercial side. You're doing in a market that's been pretty kind to us.

Josh Cochran: Yes, true. So true.

David Phelps: Because there's another side of that. But again, I'm guessing, I don't want to put words in your mouth, but you were very good about finding mentors, and a network, and researching, and curiosity podcast, reading books. So would you say again, just like you've done in dentistry with the tribe, the peer group you had. Real estate's a lot the same way, would you say? What was your foray, your pathway, into real estate? I'm sorry.

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Josh Cochran: Yeah. You know, David, I would say in a large part, you and your podcasts, you know, just listening to. I think I must have, it was about two years ago, I think I probably listened to a hundred of your podcasts.

So what I got from you was real philosophy. A lens to view the world. So I listened a lot there, and then when I come to a concept, I usually meet with three to eight people about every concept. And so I'm just very curious. So I had a question about leasing. I'll meet with three to eight brokers. I have a question about financing, I meet with three to eight bankers. And then I just keep asking questions until I have a 360 degree view of a concept. Because I've asked eight different people. And maybe it's still not 360. Maybe I still have a narrow lens, but it's wider than if I just ask one or two. And so there are lots of layers. I've probably spent, I think, 1100 hours on real estate this year.

David Phelps: Wow.

Josh Cochran: And that's just getting me to this first development that we're doing. I think we're starting construction in a month or two. And takes a lot the first time. But once I build my philosophy, my model, my team. Each deal is slightly different, but then I can just hit replicate. So the first one is commercial retail. But my advantage, and you talk about challenging commercial because it's competitive. These are professionals. But my advantage is I am a dentist who grew his practice rapidly and has the best reviews in town. Right? Largest, best reviews in town. Right? And so when I talk to other small business owners, they can relate to me. Right? I can talk to the chiropractor. Yeah, I'll go next door, right? I'm not a broker trying to sell

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them something. I'm them. Right? And so every single person who wants to be in the building with me also wants to invest.

It's just kind of weird. I thought I was going to like tap my dental network, all my buddies were like, "What do we do with this extra money we're making?" And I wanted to give them a solid return, better than the stock market, tax advantages, all this for them. So I started talking to them and the last few conversations I've had with them, I was like, "I don't need you to give me a room on this one, right?" But maybe on the next one, right? We were also looking at apartments by contractors. A young guy like me, his skill sets in retail, but it's also in apartment. He's doing a 500 unit apartment building right now. But it's really with his dad is kind of the lead on that. And his dad's colleague is the one investor, right? And so that's one generation. But Mike and I, my contractor, and the next generation, so we'd like to do two of these a year, whether it's retail or apartments or whatever. It's just leveraging our strengths, the synergies we have.

David Phelps: Yeah, and that's the key Josh. I mean that's what you've done. You've leveraged a lot of things here and I would say you've leveraged who you are, your why, your bigger vision. You've leveraged creating synergy network, having tribes. You've leveraged your learning capacity or curiosity, your three to eight people. I love that because you're absolutely right. You're exploring an area, an idea, an opportunity. Talk to three to eight people you know and get that wider lens. You've leveraged understanding what leadership looks like and empowering and lifting up other people. When you have that mindset and that vision about how would you do things with other people, you

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learn to collaborate. There's a bigger pie. Most of us I think to our detriment, we grew up with people patting us on the head and the shoulder and saying, "David or Josh or Johnny, you're so good at doing that."

Whatever it is and there's no sharing or collaboration in school. You take the test yourself, you score yourself. We don't learn that and you have team sports, you said team sports teach that. So we use a lot of sports analogies, right, about that's really what life is. So, just kind of saying in summary, what you said, last question for you. You mentioned better returns from stock market. Do you put any investments in the stock market, Wall Street, 401(K)s any of that stuff? Or are you like me just totally, I'm doing this myself?

Josh Cochran: I just keep shifting. At first I was finance. So stocks, long term or index funds. And then, listening to you, I was like, okay, syndications. Okay, once I start making a little bit of money, you start doing syndications, right? So I'm in a couple of syndications, but now I'm like, okay, you can get a good return on there, but by far the best return I'm going to get, is grouping up my buddy Dennis, trying to get a 10X for all of us. Maintain the control of your practice. Like I don't want control of your practice. You do what you do. If I can bring us together on a centralized platform, we can all get 10X. Now we can build that financial freedom for our families, right? Then we can have that freedom.

So I'm like, okay, that's got to be a priority, than putting money in syndications. And then two, the development. On my first building that I purchased. It wasn't a development, but I purchased it. I think my returns were in the twenties, 24% I think, 22% to 24%. I'm like, okay, so

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it's good to invest with others, especially if I want to do it passively, but if I really want to get the highest return, and this is a key thing here David, for the listeners here, is it's got to be something you're passionate about. Don't say, Oh my gosh, Josh is really doing good. I like that partnership idea, I want to do that too. Or Oh, a real estate. I am passionate about real estate. I am passionate about partnerships.

There's a ton of other models to retain associates. RSU model, profits interest model. Ton of other ways to retain associates and there's ton of other ways to take the extra money you have and invest it. And maybe that's not even a passion of yours, right? Just put it in a syndication. Get a great return, a great tax benefit, and let it run. And focus on coaching your kid's soccer team if that's your passion. Like you don't got to do what I do. I'm just giving you examples of what's possible. And you know, I became an IRS real estate professional this year. I work one day a week as a dentist. It's very easy for me to argue, hey, I spend more time on real estate. And so now there's advantages there.

David Phelps: Oh, I get it, I get it. That was a lot, but Josh, I'll just say you're wise beyond your years. You're absolutely right. Don't model your life after other people. Find the other people, so you can interact, compliment, intersect, create synergy with them. Do the things that you're passionate about, be the active role in the things you love. Because the active role, doing it right, whether it's practice or real estate, whatever, that will earn you a higher return, but you've got to put the time into it. You've got to be passionate. There's other areas you are interested in, but you don't want to like put your whole life into it or you

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don't have the time. Then find other people and take a participation in whatever that is. But again, right people, right place. Leadership, integrity, core values, EOS.

Also, I hope people, they get a lot out of this interview because we covered a lot of things in our short period of time. We can take rabbit holes down every one of these and do a deep dive, but hopefully gave enough overall context that people will grab some of these nuggets. I'd say listen to the whole thing twice, because they'll hear different things the second time they listen to it.

Josh Cochran, I appreciate you so much. This has been so much fun for me because I got to know you a whole lot better than I did just from the Facebook community where we connected in the past about real estate.

Rivercochran@gmail.com Dr. Josh Cochran. It's Dr. C Family Dentistry. Got that down. Spokane Valley, Washington. You're amazing guy. I'm going to be watching you, a lot of people will too, just to see the amazing things you do and how you live your life with your values, your vision, and how you are already impacting other people. You'll continue to do so on a big scale. Congratulations.

Josh Cochran: David. I briefly want to say thank you for the positive influence you've had on my life over the last three years, and even though we talk about a lot of the things that I've learned over the last few years, I really feel I know about 10% what you know, and I will continue to follow you and try to grow and learn and stay humble. So thank you.

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David Phelps: Well, just pay it forward, my friend. Like I know you do. All right. Thank you so much. Have a great day everybody. We'll see you next time.

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