

**Ep #264: Trevor Maurer - Saving Private Practice
Through Group Leverage**



Full Episode Transcript

With Your Host

Dr. David Phelps

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

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

You're listening to the Dentist Freedom Blueprint podcast, powered by Freedom Founders with your host Dr. David Phelps, where the word retirement is bad and true freedom can be secured in three to five years or less. You'll get anti-traditional advice to maximize the value of your practice and multiply your transition options. Create safe and steady wealth building through highly curated real estate and build extraordinary freedom for what matters most to you without depending on the volatility of Wall Street. More at FreedomFounders.com.

David Phelps: Good day, everyone. This is Dr. David Phelps of the Freedom Founders mastermind community and Dentist Freedom Blueprint Podcast. Today I have Mr. Trevor Maurer, the president and CEO of Smile Source. Trevor, welcome to the Dentist Freedom Blueprint Podcast.

Trevor Maurer: Thank you. I appreciate being on the show.

David Phelps: Just a little bit of background about Trevor and then we'll jump into what Smile Source does. I think you know where the relevance is in today's industry, Trevor, but just let me give our audience a little bit more information about you. You are a graduate of the University of Saskatchewan. You were recruited to Proctor & Gamble where you became their top sales rep in two years. You spent the next 12 years of rapid and successive promotions in both sales and marketing at P&G and Novartis in the US and Canada.

David Phelps: You then rose to CEO positions in both venture capital and private equity-funded healthcare companies. You currently serve as the president and CEO of Smile

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

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

Source. You're also actively involved in youth sports in your community coaching travel hockey programs for over a decade. That's awesome that you give back. You have family members in your own family that are obviously involved in youth sports and hockey?

Trevor Maurer: I do, yeah. Of the five kids, they're all pretty actively involved, some still involved at the college level. It's a pretty busy household for sure.

David Phelps: That's what it sounds like. Now, are you in Canada or the US, home base now?

Trevor Maurer: Home base for Smile Source is Houston, Texas.

David Phelps: Very good. Yeah, just outside of Houston. That's right. When did Smile Source first come onto the scene and were you part of the inception of that? I guess you were if you're president and CEO. Were you also part of the founding?

Trevor Maurer: Actually, no. I came in 2012, so seven years ago. It was a wholly owned subsidiary of a sister company, well I guess parent company you would call it, Vision Source prior to that. It launched commercially in 2010, so a decade ago. I can't believe the time flies. I was actually working over the Vision Source side of the business. We had a lot of success in optometry. We developed 4,000 franchise locations in optometry. We were the largest group practice, well I guess in the world for eye doctors. A group of dentists approached us I guess maybe 2006 and asked if we could do the same thing in dentistry because they had the same pressures from competition of large corporate groups, same pressures from insurance

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

providers, same pressures of increasing costs and confusing marketing, hard to attract and retain patients.

Trevor Maurer: We said no, because we were really focusing on optometry. We gave them basically the blueprint to use one of your words. They went away and came back a year later and said, "Hey, we think we really still need kind of a corporate overview presence versus a group of us just running this out of our staff room so to speak." We took a really good look at it and we realized dentistry and optometry are very, very similar at the professional level, right?

Trevor Maurer: They're owner-operated. They have a health care professional license. They have the same kind of number of staff, same kind of revenue and overhead model, same issues. We realized that we could literally reapply the principles that expanded Vision Source to the largest eye doctor group in the world to Smile Source. We launched it in 2010 and got into the market.

David Phelps: Was this a group of doctors, actual dentists that came to you at Vision Source?

Trevor Maurer: It was.

David Phelps: It was. I'm just curious about this group. I'm curious about how things get started. Was this a group of how many? How many and how did they come together, essentially the origin story?

Trevor Maurer: It was a group of around 15 locations in Phoenix. Phoenix ironically today is the highest penetrated state in terms of corporate dental locations. They were already seeing the pressures and kind of the writing on the wall that dentistry

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

was going to become more corporate and dentists were going to become more likely employees than business owners.

Trevor Maurer: They came to us because they wanted to maintain their independence, but they knew that they needed to work together in some fashion to succeed at that in a profitable, meaningful way. One of them had a friend that was involved in Vision Source, but when this eye doctor told this dentist what Vision Source was up to, the dentist had the foresight and vision to realize it made sense in dentistry. It took us a year to figure that out, but they figured it out right away.

David Phelps: Let's dive in to just some of the higher level talking points and you already alluded to them in general. But the state of the industry today, most dentists or healthcare providers in general know what the trends have been over the last 10, 15 years. We feel what they are today, but why don't we just elucidate those a little bit and realize that Trevor, as we both well know and our audience knows, there's different pathways to be in practice today.

David Phelps: But if you want to take a choice, put your stake in the ground and say, "I want to be this." Particular, if you want to remain in private practice, there's definitely a place for that. But the ability to be in some kind of an organized fashion to be able to leverage against the insurance companies, to still have a place to position yourself with all the corporate money, the private equity money that's also in play. Why don't you elucidate that a little bit because I know you'll do a better job than I will? Then we can dig into exactly how Smile Source is positioned.

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

Trevor Maurer: Sure. I guess it comes down to the dentist's decision of do they want to be an owner or employee. Because with an employee comes certain rights and privileges. With an owner stake comes certain rights and privileges. Even if you look at the research today, 90% of grads last year say upon graduation that they do not want to own a practice. That's a big change from 10 years ago.

Trevor Maurer: However, that number changes as they get into practice and they see the benefits of being an owner or they realize that some things are more important to them than others. They might not want to work on Fridays. If they're the owner, they can make that decision. If they're an employee, they can't. They might want to work in a specific neighborhood. If they're an owner, that's where they can put the practice. If they're an employee of a multi-site group, they may not always get to decide what location they worked at.

Trevor Maurer: It's different rights and freedoms in terms of who gets to make what decision. There's a freedom decision. Then there's the satisfaction decision. Then there's the money decision. Dental owners make, I think the latest numbers I saw are 26% more annually than dental employees plus they have the asset of a practice and if they're wise with their money, they also own the building. You look at that when you want to retire, that's a \$2 to \$3 million swing at the end of the rainbow. Versus if you're an employee, you've already made your income and there's no asset behind it. It's just really choice.

Trevor Maurer: I think one of the things that you'd agreed to is in the schools today, there's not really a voice telling the students, "Hey, you can make it as a private practice

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

dentist, as independent owner," voices in the schools. Now, you'd said nicely earlier, and I agree, no good or bad, right or wrong, there's lots of different ways to do dentistry. But the voice currently in schools are corporate dental locations that are in there and talking to them about coming to work for Heartland or whatever it is. Those are great companies, but they are certainly not pushing the students into owning a practice.

David Phelps: Yeah, you're exactly right, Trevor. I think certainly a big problem that we can acknowledge exists today more than ever, more than it has decades in the past is the debt load that most of these graduates are coming out of school with today. I think that plays a big part into not just their ability, but their desirability in maybe risk-taking in terms of realizing that they have a huge nut they have to crack every month in loan repayments. Can they make it happen out there in the real world?

David Phelps: The other piece too is because you know as well as anybody that healthcare, whether it's dentistry or optometry or veterinary medicine, it's a business today. Business more than it ever has been back when I graduated in the early 80s, you really didn't have to be a business owner or have a business hat much at all. If you were just a pretty good technician, you could run a whatever size shop or office or clinic you wanted to. Unless you were totally not astute at all with finances you know you're going to make it. Today, there's no margin for that. Wouldn't you say?

David Phelps: The margins are a lot tighter. You add that to the debt load. A lot of these students are becoming young graduates and they're entering the reality. Then of course,

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

corporate also does a really good job of being in the schools. I mean they have a presence there. There's a lot of things that are pushing back against the private practitioner. I think that what you're doing and others that are helping kind of save the positioning of private practice for those who want it, those who desire it, those who get out of schools and you said it, they may start to see the advantages. There is a way to do this and I want to start moving our conversation in that direction, but anything else you want to say in that regard?

Trevor Maurer: Yeah, certainly. First of all, the student debt is higher than ever for these guys coming out of school. You can argue what it is. Just land on \$300,000, it's probably a pretty simple number to agree on. But what's happening is people are telling them that, "Hey, that's too much debt. You can't service that and buy a practice." Which is not true because if they were to buy a practice, specifically an existing practice, that practice income will service the debt to buy that practice.

Trevor Maurer: The bank is going to lend on the value of the business versus its ability to pay it back. Not whether or not the student has what I would call in the market we call good debt. If you have student debt to become a dentist, that's good debt, as long as you're reasonable. But if you have debt on a Corvette and a beach condo and you're just graduating dental school, that's bad debt. I'm not going to lend you money because you're not going to make good decisions.

Trevor Maurer: I think they can still get it done and lots of banks will do it for them. No one's painting that picture. I 100% agree with you that in today's business, the margins are just too tight

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

to simply crank up production if you want to make more money. It's not as simple I think today in a competitive marketplace to cover sins by just rising the tide a little bit.

David Phelps: Good points.

Trevor Maurer: I certainly agree.

David Phelps: I'm a dentist and maybe I've been in corporate for a few years and I'm starting to feel the urge. I'm starting to hear from other people the benefits of ownership. Maybe my clinical skills are better because I've spent some time in whatever environment. My speed, my diagnostic capabilities are better. Probably in a better position to consider going to practice, but the support systems out there today, certainly they're there in the corporate arena, but in private practice, you feel like you're a soloist.

David Phelps: Even though you might be connected on Facebook forums and you go to CE courses, it's all great and all good. But when you're in your office, Trevor, and you know this because you talked to dentists all the time, you're there, unless there's another doctor there with you that provides some camaraderie, otherwise you feel like you're really isolated. I think there's a big fear there that you're isolated. You're by yourself and the insurance companies and corporate, they're just kind of like your enemies or they're just so big that the big Goliath out there. How am I going to compete with that? Let's talk about that aspect a little bit.

Trevor Maurer: Yeah, for sure. There's so many people with their hands in dentist's pockets. Even if you look at the ability for a dentist to retire. There's an amazing statistic that 2% of Americans retire with enough money to sustain their

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

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

lifestyle that they had while they had an income. Dentists beat that number, but it's only 4% of dentists. One in 25 dentists retire with enough money to live at the same level after they retire. Clearly there's some upside for how we help these dentists be more successful.

Trevor Maurer: It is hard for dentists if they have an issue to go to their staff and say, "Hey, maybe you guys can brainstorm this problem I'm having with staffing." You're not going to do that. You don't always want to bring all your problems home to your spouse. What we do at Smile Source that we think is really important is we have these local groups where, obviously NDAs are signed, and the group gets to decide who can be in the group or not. They are usually trusted peers. They literally will mastermind business issues that you're having in your practice.

Trevor Maurer: Yes, they'll talk clinically because they're good clinicians and that tends to come up, but it gives them a "peer advisory board" on a frequent basis. In some markets, it's as often as monthly. We have 55 of these markets around the country where they'll get together and meet on things that are important to the health of their practice so that they can make better revenue and expense decisions to add more to the bottom line and feel more fulfilled and not feel like they're on an island.

Trevor Maurer: The other piece about being careful about how they spend their money or how they generate revenue is we'll give them guidance on a formulary so they don't have to spend their time, the time is more well spent doing clinical dentistry and working on leadership in their business versus negotiating the price of cotton rolls or negotiating it with a marketing vendor. They leave the negotiations to

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

the professionals, which is us. We leave the leadership and the clinical skills to the professionals, which is them.

Trevor Maurer: When you marry those two powerful elements together, you've got a winning strategy at an independently-owned private dental practice that parallels, and I would argue based upon our results at the practice level, exceeds the output of a corporate dental practice. Because I would always bet on the owner, the entrepreneur to work a little harder, stay a little later, be a little bit more creative than the employee.

David Phelps: I always kind of laugh when you said as the owner you can take Fridays off. Yeah, you can. But sometimes as the owner you've got to work on Fridays too. You're absolutely right.

Trevor Maurer: That's right, but you can choose to if you want to.

David Phelps: Yes, you can make a choice. Well said. Just as full disclosure, I did a little bit of research. I want the audience to know that Trevor, you and I have never met in person. In fact, this is our first chance to meet. But my job is to find resources, people, vendors, groups, whatever it is that help our practitioners in my opinion live the life of their goals and dreams. I did some research. Vision Source goes back, you said your number of years Smile Source goes back to a, I think you said 2012 right? Or 2010? You came in 2012.

Trevor Maurer: 2010, and Vision Source was 1991.

David Phelps: What's nice is if there's a company, a vendor, a platform, whatever, that has years running, then you know there's going to be data out there. That's what I like. I like this. I

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

went and I went on a bunch of forums, I went back in history. I would say the no depth preponderance of the messages that I saw were people that have been a part of a Smile Source were very, very positive and favorable about culture, about results, about what you just talked about in terms of the community.

David Phelps: It's like I love mastermind groups. People that know me know I love mastermind groups. That's what you're talking about. A place where you're bringing together the best minds. It can be a very diverse group, different sizes, types of businesses, but you bring together diverse minds. To me that's always been the best benefit for me. I'm just being real here, Trevor, I'm not here to sell, I don't have an affiliate with you. We have no financial benefit whatsoever. But I saw that.

David Phelps: There's always going to be a few outliers. Just like when you have five-star reviews and you've got a few of those one-star reviews. For some people, it doesn't work out. That's always going to be the case, but I just have to say that I saw time and time again people that said, "This has been a really good thing for me." With that in mind, can you explain for our audience today, Trevor, a little bit about how the Smile Source model works? Then maybe how it differentiates against other types of beneficial group leveraging efficiency models that are out there?

Trevor Maurer: I'd be happy to. Thank you for that. When we did our little five-minute talk when I was trying to find a quiet place in the airport to sit, I didn't even know that you were in Dallas. It was kind of nice to get to know you here today, David. The way our model works is what you'd like to, and also if you compare it to other things in the market, many

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

dentists that are practice owners and they want to retain their independence will join what's called the buying group. What a buying group will do it'll negotiate some discounts on supplies and labs and stuff like that, which is wonderful, but I think that they can do better for themselves. Meaning you can't save your way to prosperity.

Trevor Maurer: If you look at the production of a practice and the overhead costs that are in labor and facility versus supplies and lab, those are pretty minor things. It's important to have your costs under control. However, it's more important to love what you do and make sure your revenues maximize. We do all three things. We have a formulary so your costs will be in control. Your supply percentage and your lab percentage will be lower than when you were an independent because we have the buying power of 758 locations in the US today. We do a really good job of encouraging our docs to want to use our vendor partners. They don't have to because we legally can't dictate what they have to do.

Trevor Maurer: By the way, they want to remain independent so they can do whatever the heck they want. By using the formulary of heavily-discounted and heavily-supported with educational benefits and programs, our utilization rate of our key vendors, whether it's our dealers or our manufacturers or our labs, is higher than most corporate-owned practices. Because if you think about it, our doctors want to be here. They said, "Hey, what can I change and do better to be more successful?" We'll use obviously great national and international brands like Dentsply and KaVo Kerr new and Shine Dental, BSG Labs.

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

Trevor Maurer: We've got these great partners and many more that we've negotiated corporate pricing with, with independent dentists. We do that, and by the way, I can't share legally the exact percentage because our model is based upon collections because it is legally a franchise, but I can see our average fee is around \$1,000 a month. If somebody out there is wondering what does this cost? That's kind of the average fee, which is really nothing. That's a crown. Then if you look at what we do is we focus on practice growth. Our rate of growth of our practices consistently outpaces the market by 5%.

Trevor Maurer: If you look at that and apply it to our average-sized practice, our average Smile Source practice is \$1.2 million in collections growing 5% faster than the market. 5% of \$1.2 million is an extra \$60,000 of top line revenue. You're going to save 3% off the bottom line. Add that 30 to the 60 in top line, that's a \$90,000 swing by participating in group practice where you still get to make the decisions on if you want to work Fridays or not.

Trevor Maurer: We put that all together with now that you've saved money on what you buy, now that you've increased your revenue by whether it better leadership, better case presentation, introducing another discipline like sleep or ortho into your practice, whatever it is, better marketing, then we help you with your business acumen and your leadership with not only the local meetings I talked to you about where we peer mastermind, but we have closed private online groups which are really, really peaceful and supportive.

Trevor Maurer: There's a lot of great online groups. There's some where you feel just terrible for somebody that asks what you

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

might think is a stupid question. They get jumped on and embarrassed and literally bullied. That doesn't happen in our group. Our guys are paying to be in our group. If the idiot shows up, we ask them to leave. We'll kick them out. We've done it before. Because this has to be a place of comfort. Literally our tagline is, "Community over competition." It's a community. There's strength in numbers. We can support each other as business owners.

Trevor Maurer: I mean the model works. That's why there's all kinds of places for different businesses to get together. Whether it's CEO of Vistage, business owners at Chamber of Commerce, it's good to get like-minded people together to be more successful. It's not invented in dentistry. We just are doing it in dentistry.

David Phelps: I can't agree more. Trevor, it's a franchise model. Could you tell me who this model, for a private practitioner, who this model might not be for? In other words, I know because you want to have a solid community of like-minded people. There may be some dentist that's reaches out to you and your team with your experience. There may be certain practitioners where it would work. Who might that be? Just to be clear.

Trevor Maurer: Sure. Well, I'll tell you what we don't look at, is we don't look at practice size. It doesn't matter if your practice is \$300,000 or \$3 million. That's great. That's on you. That's your goal's bench. We're not chasing just big practices or a little practice, any of that kind of stuff. We have a couple of strict criteria. Criteria one is, would one of our existing dentists raise their hand and say, "I respect this dentist

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

clinically and I would send them a referral." Someone has to vouch.

Trevor Maurer: Coming in and an unknown is really tough because we don't have an accreditation system. Dentistry is small enough that somebody knows somebody. If somebody approaches us that we don't know, we'll ask our members, "Who knows this dentist? What do we know about them? Would you refer a patient to them?" That's literally our very thorough clinical skill assessment. But number two is, "Do you trust them?" If we're going to go into these peer meetings on a monthly or quarterly basis, whatever the local market decides, "Is this somebody that you can share your best and your worst secrets with relative to your business?"

Trevor Maurer: Honestly, some of these things, that the relationships are very strong. They'll talk about very, very personal things and these as well to get advice. Let's say if I get a divorce, how's it going to affect my practice? What does that look like? There's three people here that have gone through it, please share your experience. That stuff even gets emotional. But the group has to say that, "Okay, that person is willing to help and willing to learn." Because every community has the person in whatever business you're talking about that thinks they know it all and they have a scarcity mentality. They won't help you and you can't help them. We don't want that personality. That never works.

David Phelps: That's good. That's good. As a franchisee, what's my lock in or I get into this agreement with Smile Source. Say it's good. I'm liking it, but what's the out? What's the exit? How's that work?

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

Trevor Maurer: Sure. As long as you own the practice, you can continue to renew in five-year increments at the prevailing rate you came in at for as long as you own the practice. If you sell the practice, you're out. You can't sell the Smile Source piece of the franchise to somebody else without approval from Smile Source and the local group. If somebody acquires your practice and it's somebody that the local group didn't want in or someone that nationally we didn't want in, then they can obviously buy your practice, but it can't be a Smile Source practice. It can't transition without that approval.

Trevor Maurer: When you join, your first agreement is five years. But there's an 18 month money-back guarantee. In the first year and a half, if you haven't, and I told you I'm not a big fan of buying groups, but if you haven't at least saved more than your fee, you can get any difference in that back and you can exit. Other than that, it's every five years. The benefit to you is you're able to keep that rate. Because our rate goes up at least once a year, but it doesn't increase for any existing members ever.

David Phelps: I love it when there's a program, and we do the same thing with Freedom Founders where there's a guarantee and kind of a vetting on both sides. I'm sure you have the same ability on the other side that if someone comes in and doesn't meet the mark based on your culture and criteria, you can also ask them to leave on the same basis. It's got to work both ways.

Trevor Maurer: It does, yeah. Those are hard conversations, but it's best for the larger good to try to make sure that people remain positive and helpful to each other and not combative.

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

David Phelps: What's the best way for someone who is interested in finding out more, maybe starting the process of investigating to see a Smile Source would be for them. Where do they start with that, Trevor?

Trevor Maurer: If a dentist wants to be considered for entrance in the group, they would just go to joinsmilesource.com, all one word, joinsmilesource.com. If you forget the join part and just look for smilesource.com, you'll get there too. You'll find us. Give us your contact information, we'll have the right person in the right area of the country contact you or I am super happy to share my contact information. People are welcome to reach out to me. I'll get them to the right hands. My email is [tmaurer](mailto:tmaurer@smilesource.com), so T-M-A-U-R-E-R@smilesource.com. If you want to put that in the show notes, I'm happy to do that. My name is Trevor Maurer. We're going to preserve private practice dentistry.

David Phelps: That's awesome. We will put that in the show notes. Again, I think you have such a long run rate in the industry. It's easy for anybody who's thinking about, "Is this is a good thing for me," to do some of their own vetting and due diligence. It's out there folks. I did it. I would start there and definitely see if this would be something that could be of a benefit. A lot of people have. I witnessed that myself. Trevor, thank you so much for your time today. It was a pleasure.

Trevor Maurer: Thanks, David. I appreciate you putting up with me trying to find a quiet place, but I think we succeeded. Hopefully you didn't hear a lot of flight announcements in the background.

David Phelps: I think it worked out well. Thank you so much.

Ep #264: Trevor Maurer - Saving Private Practice Through Group Leverage

Trevor Maurer: Hey, David. Thanks to you.

You've been listening to the Dentist Freedom Blueprint podcast. If you're tired of trading time for dollars and you're uncertain that Wall Street has your best interest at heart, then take the next step to more cashflow, security and ultimately more freedom. Text the word newsletter to 972-203-6960 to receive David's monthly online newsletter for free or text the word book to receive your new free copy of David's book From High Income to High Net Worth delivered right to your home. Text 972-203-6960.

More@freedomfounders.com.