

Ep #275: Dr. Brady Frank - 5 Recession Rebound Strategies



Full Episode Transcript

With Your Host

Dr. David Phelps

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David Phelps: Good day everyone. It's Dr. David Phelps of the Freedom Founders Mastermind Community and Dentist Freedom Blueprint Podcast. Got one of my great friends back with us today. I'm so excited to have Dr. Brady Frank here. Brady, how are you doing sir?

Brady Frank: David. I'm doing great. Even though we're in the midst of not just our country breaking down a little bit here but the world, right? Unbelievable, unprecedented time as we've heard.

David Phelps: And probably my biggest issue right now Brady is I got to get my hair cuts in or like I said I'll have to be putting this thing up in a man button in another week. So all kinds of issues out there, but in a serious note we are in a very different timeframe that probably we'll all look back at this.

David Phelps: I know the history books will be writing about this time period forever and we're right in the middle of it. So it's very historical, you and I are both people who have dealt with crises in our own lives and I can think of health being a big one of those that just comes out of the blue, kind of like the virus did.

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It's nothing you can predict, people get sick, they get cancer, things happen.

David Phelps: It happens on a basis to a lot of people and you find out really the way you react to those is really how you go forward in life. And it's never easy, right now a lot of people are suffering and going through I think a lot of mental anguish and trying to figure out what are they going to do. In all levels, at all levels of the demographic spectrum, all levels of income.

David Phelps: It really doesn't matter, people are really in a state of confusion. And what I love about you Brady is even in times where there's been I know stress in your life, you've always been a positive spokesperson for not only who you are but in this case for our Dental Community. You've always been a person who's always been on the forefront as a thought leader, a visionary and boy we need visionaries right now more than ever before.

David Phelps: Who have been through tough times, who know the lay of the land and can help give some guidance to the hard working colleagues out there who want to get back to work and get back to "business as usual" as much as that's going to be. So let's kind of go back in time a little bit Brady. You've been out in the workforce, I don't know what year you graduated, like I said earlier today when we were talking, I'm a few years older than you are by probably like 20 years. But you've been through a few downturns yourself, right?

Brady Frank: Yes. So I've gone through three recessions. I consider us similar in age, although you're saying 20. I don't think it's quite 20 years, the difference-

David Phelps: Maybe not 20.

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Brady Frank: I've been through the 9/11 recession, the Subprime recession and now our friend the COVID recession.

David Phelps: Obviously there's things that we all learn going through those. I mean they're character building. We learn lessons and it doesn't mean it's that much easier to deal with another one. But when you've seen something before, you can come back and say okay this is what I learned the last time. And I think that's one of the real benefits of having you on the podcast today.

David Phelps: Where we really talked about five recession rebound strategies that you've already implemented. You're a thought leader, an influencer and someone who has dealt with DDSO aggregation, putting together group practices, private practices. You and I have both been involved in real estate because we believe in the multiple streams of income, whether it's in multiple practices or in real estate that we like.

David Phelps: So we share a lot of those commonalities. That's why it's fun to do this with you. So let's talk about where we are today and I also do want to mention ... let me do it a couple of times, right the upfront that you do have a new book that just came out. It's DSSO Strategies Investing in Dentistry.

David Phelps: And for those who would like to get a copy of that, you can text D-D-S-O, again that's D-D-S-O to 31996. 31996, we'll put that in the show notes as well. And I'll repeat it one more time. So people that are driving, I don't want you to have a wreck here, so we'll come back to that one again. But let's talk about other strategies that you know well and how you're adapting and shifting during this time when we are going through a fundamental time in history, economic massive change here Brady.

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Brady Frank: I think that'd be great. And you're right, there are some rebound strategies and I just going to kind of go back in time and let's just kind of do some sharing we both seem to be true with recessions. So I got out of school in 2001, we hit the 9/11 recession and then we went up, right? Then boom we crashed again because the Subprime recession and that lasted from 2008 to 2010.

Brady Frank: Then boom the Trump economy and then oh! Right down again the Coronavirus and then boom now whenever ... who knows when you're watching this but we are kind of cresting out of it appears this recession. We don't know how long it's going to last, but in my life, I'm just going to go over David kind of the keys that I found for myself and then I'd love for you to share how you've gone on a similar path and I know you have.

Brady Frank: So I got out of school right here about five months before 9/11 and I bought one practice, bought another and had gotten good deals on those practices. And then boom, 9/11 occurred and during time kept the practices going and the whole country was shut down. If you think the Coronavirus is bad at that time, they shut all domestic travel for airlines for at least two, three, four weeks.

Brady Frank: And so let's go over the patterns David. I know we've chatted before about wholesale versus retail investing. So right here on the calling out of the recession, this is where I got into what you talk about, why we get along so well. We think residential real estate is one of the very best to asset classes most predictable out there. So I bought eight houses, happened to be in Phoenix at the time because of the deflated market and about five to seven practices in the first five years and some medical dental buildings.

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Brady Frank: And so I was in the buying mode at that time like we talked about previously David. You make your money when you buy the asset. Right now when you sell, and then I sold six of the eight houses getting toward the top of the market because I could sense that we were pretty, pretty high up there. And then held two of them, I had to hold two of those houses all the way down the Subprime recession. And then all the way up toward the Trump economy, right?

Brady Frank: So anyway, you can never time it perfectly, I don't think which is why I love what you espouse David in your plan B. Hey you can't plan your whole retirement in one year, it's a gradual pathway to doing it. Which I think is so true and looking back on my life, it has certainly been there. And so I'm going to go over five rebound strategies coming out of recessions that I found to be really, really, really important for myself.

Brady Frank: Number one, buying assets and value added practices as we're coming out of recessions. I bought five at this time. From 2008 to 2010, I bought a number of them for myself, but I had already built a group by that time and so helped probably about 485 dentists buy in total maybe 3 or 400 practices right there.

Brady Frank: And we were buying them from the bank at 20% of their normal values and we were buying those practices wholesale. Which we spoke recently about David, which is awesome because in your folks have been doing a lot of private lending versus buying at the height of the market. And so now that we've hit a recession. Hey, it's time to buy again. So you and I agree on that for certain.

David Phelps: Brady let me add this piece too, because I think this is very important for people to understand. That we're able to do this or people like us because we deal in what I call an inefficient marketplace. Capital assets, which are just what

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you're talking about, businesses, practices, real estate, capital assets it's a very inefficient market.

David Phelps: I can't do this personally in the stock market. I know there's people that claim to do it and maybe they are, they are the whole better than I am. But we're buying assets based on the value add and understanding the metrics of how those assets produce what? Cashflow, revenues. In a business, you manage those because you know what that industry looks like, you know what the marketplace is. A dentist knows those very, very well. Real estate to me is as simple than a business but there's a place for both.

David Phelps: You can be as active or as passive or in the middle as you want to be in the whole spectrum, but the key here is you can do this in an inefficient marketplace. You can ride the big waves. You can catch the wholesale portion because it doesn't happen like the stock market where with high speed trading. I mean that market can drop in a heartbeat and there's no way you can catch it.

David Phelps: You can't catch that and be a longterm investor, it's more of a trader's speculation game which that to me is like going to Vegas to gamble. It's just not my ... That's not what I like to do, I like something that's ... nothing's ever a sure thing Brady, right? But gosh! With the understanding of the markets and understanding the cash flows of the asset we're investing in, it sure gives you a lot higher odds of making something that's going to work.

David Phelps: And as you said, you carried a couple of those practices down in the next downturn, but you didn't lose them because you have the sustainable cash flows in place. You weren't over leveraged, you weren't speculating at the height of the market.

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You had a run rate that you could count on and that's the key. So anyway I want you to take it from there.

Brady Frank: What I liked about what you said earlier, multiple streams of income, right? Multiple buckets, not having everything you have in one thing. And I have always had residential real estate as one of my kind of rock solid foundation. So there's all these other parts. And I want to go over kind of five things that I've done and if you're passionate about it, it might be something you add to it, take money from that, reposition it into residential real estate which will be there longterm.

Brady Frank: So right, going back to this era was buying assets right here on the way out of this recession. And then boom, was buying those assets and harvesting equity right here and then rode the recession down and buying assets or building businesses. So right here was buying dental practices, dental buildings, residential real estate and built a dental manufacturing, implant manufacturer company and training company.

Brady Frank: So businesses are great to grow as you're coming out of recession because right now dentists want to learn new skills. They want to learn implants or clear liners and so dentists attend those CE events and all that good stuff. And so did that, and right here is the time to sell once the economy is getting toward the hype.

Brady Frank: You and I spoke about David previously, that you knew intuitively because of your past going all the way back to 1980, that now was not the time to buy. It was the time to start capturing that equity, which is awesome and which is why I love groups like Freedom Founders and other groups that network together because they say that a plethora other advisors creates good decisions in one's life.

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Brady Frank: And so right here I was selling assets, selling partnerships in my dental practices, selling dental practices, selling residential houses. I sold my implant company to private equity, right? All that before this and then thankfully right at that height David, you've mentioned that before. You said, I know we're ready for a rebalance, a recession.

Brady Frank: I didn't know it was a virus. It could have been anything, right? Oil prices, some North Korean gentlemen is blown, right? Shoots off another rocket that happened to have some nuclear matter. Who knows what it is, but it sets off a recession. So what I want to focus on today is this red area. And that's what to do on the rebound because I believe when a recession occurs there is the greatest wealth transfer of any other time.

Brady Frank: Mark Cuban recently said, 30 multibillion dollar companies born of this recession. And I believe that's the case and I want to give you as dentists some specialized knowledge about the industries that are in dentistry that are working right now for investing. So first of all, if the practices that I network with, many of them early on from a video I put out, started branding themselves as emergency centers.

Brady Frank: So on April 2nd, a gentleman in Kansas put out a video and this is what the video said, I want to show you guys how to do this because not many people are listening to radio because we're not driving as much. But what people are listening to is social media, Facebook. So we put it on Facebook, \$500 ad spend and I'll show you the targeting.

Brady Frank: But here's how it is, so if you're watching this near a doctor and it is still the recession and we're not out of. Who knows when your listeners sees it. Hey, this is Dr. Frank. I just want to say this is a Corona dental uptick. Number one, we are

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seeing dental emergencies, two dental emergencies, whether you're a patient or record or not a patient of record.

Brady Frank: We maintain the most rigorous sterilization and disinfection procedures per the ADA and per the ADA we are seeing emergencies. And if it's something that can wait, we will schedule it later. But we'll get you out of pain right now with antibiotics, painkillers, yada, yada. So it says, so once again to give us a call, come on in and we'll be able to see your emergency. So April 2nd, we're toward the end of April now. Within two weeks, that doctor had 39,000 views in Kansas and he's only in a town of 50,000.

David Phelps: Wow.

Brady Frank: Another week and a half later, he had over 52,000 views in a town of 50,000. This whole town saw it., he's been covered up with emergencies all day. But on the emergencies day producing more than he was before the virus.

David Phelps: Nope, kidding.

Brady Frank: Right now all the treatment plans that get scheduled because he can't he can't fit even a new patient in, other than these he's emergencies till August 4th. Believe it or not, I go over that in the book, how to put that together when everybody's going this way, you should go this way. That's why the ADA statistic I believe is true. Only 6% of dentists retire with financial abundance.

Brady Frank: That's why you and I, David, get along so well together because you're bringing the folks in your group to total freedom through a variety of means, one of them residential real estate and that's my heart, that's my passion as well through a few

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different things inside dentistry, doing things on the implant, clear aligner side, merging practices, all that good stuff.

Brady Frank: So number one, during these times when you're coming out of recession, I believe it's the time when you should market the most and you shouldn't be having to spend a lot of marketing. If you text that, David said, it will also shoot you if you want some videos. Some example videos of what doctors are doing are around the US, we've got about 22 doctors right now doing that campaign all super busy and most of them had hired all their staff back and it's here in April right now.

Brady Frank: Marketing is one thing to keep strong. Hey, think if we had 10 CEOs in the room and those CEOs were asked, what is one thing, if you could wave a magic one that you could have right now, one thing that would give you an advantage. I bet you most of the CEOs would say well, shut my competition down for two months. That's what's in essence happened, right?

Brady Frank: So the dentists that are here ... Here's the crazy thing. The dental office is staying open and treating dental emergencies that go state by state. Whatever your state says you can do, that's what you should do. But the ones seeing dental emergencies that are getting calls from the ERs, calls from nurses, left and emails thanking them almost like there were 9/11 first responders. So that's number one marketing.

Brady Frank: Number two, DDSO strategy, mergers and acquisitions. So it is anticipated right now that we're going to lose 20% of all of our practices. And so residential real estate is such a great place to park your "Equity and money" because it's always going to be there for you longterm. Everyone needs a place to live.

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Brady Frank: Dental practices are much more volatile. Like right now a lot of dentists are closed down and those practices are going to be gone and you can take them over, right? Which is a win for the seller who doesn't want to deal with the future of wearing N95 masks and all this other stuff.

Brady Frank: And obviously the bottom of the cycle you'd be buying them wholesale. Do a few things, right? David, you work with some of the most successful dentists in the US, you guys listing know what to do. Put management systems in place and good marketing, good docker too and that's increasing. So right now mergers and acquisitions, this is the time to buy if you're into that, implants and the lines as you know and as I spoke about just a moment ago.

Brady Frank: Yes in the last recession I started an implant company. It grew through the economy, sold the private equity somewhere right up here. But what I learned is that a lot of dentists who play in plants want to teach others. So in the book DDSO Strategies I go over how to create income doing what you love, teaching implants or teaching clear liners or creating another profit center, building your own 3D printing center for aligners.

Brady Frank: Why are aligners a great thing to get into and why are implants and aligners the two best clinical things? Well number one, Clear Choice has marketed to patients so much for implants that patients are asking for implants. Number two, Smile Direct Club and Invisalign just broke up recently even though Invisalign still owns a good part of Smile Direct Club. But together they have marketed tens of millions of dollars annually. So patients are asking about clear liners.

Brady Frank: So now is a better time than ever to get into clear liners. And in the book DDSO Strategies, there's five examples of doctors who have built 3D printing centers and have gotten

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their cost per case from 1950 like with Invisalign or nine or whatever the fee is with Invisalign or ClearCorrect down to about \$52 a case for aligners. So those are a couple of them. Go ahead David.

David Phelps: So this is really piggybacking on marketing influence that the big companies have already created for us. Just a little bit like Proctor and Gamble would talk about Listerine, your bad breath, halitosis, gum disease, piggybacking on what's already out there and offering the consumer, the patient what they want.

Brady Frank: You're absolutely right. And so what we've done is we've built funnels and we ethically hijack the traffic off those ads because with Facebook, Google ad words and so many others, you can actually slide your ads in, right in with the other ads from all these clear liner companies.

Brady Frank: So for a very low dollar amount in ad spend, you can actually ... with all the ad spend they're doing, take your corner of that. And so just the market is supposed to grow by 3.5 billion over the next couple of years. And so you don't obviously if we're watching, need 1 billion of that market. You'd be happy with five or 10 million of that market, right?

Brady Frank: And if you love aligners, then you're doing what David talks about, right? Having time freedom, doing what you love. And if you love aligners, there's some great business models, not just clinical, but business funnels, 3D printing centers you can get involved in and do that type of stuff.

Brady Frank: So mergers and acquisitions, marketing and so right before the Covid hit a gentleman, Dr. Steve in Lake Texoma, Texas, just North of you, David. I've gotten the pleasure of testing out every implant marketing idea out there. So he put a

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radio ad just North of you David, out there on implants and he started seeing five new implant patients a day and he went from doing 40 implants a month to about a hundred a month.

Brady Frank: And so I can shoot you over implant ads so that you're ready when we crawl out of this recession when folks are doing implants, again I'd be happy to just text you or have my team texts you that exact radio commercial. So marketing a biggie. We talked about implants and aligners. So one of the coolest things we're doing, David, is we are certifying aligner techs and so right now a lot of people are very happy with these aligner companies who are doing mail in, right?

Brady Frank: And they're opening in kiosks. And so what we've done is we have a very large database of practices because I'm in transitions and have been for 15 years, only 5% to 6% of these practices do aligners. So we have a certified aligner technician, go to these practices and do scans. And so they take all the aligners for that whole month in the practice that doesn't do aligners and they schedule them and just three days a month. So on average we're looking at three to five starts per day.

Brady Frank: And so it's like an Uber or Airbnb practice. So some of the things I don't like about dental practices are the lease, the bricks and mortar.

David Phelps: Right.

Brady Frank: The big staff and dealing with that. And so there are some incredible models that have come out of this. And one of the things I go back to this that I did coming out of the subprime recession was I went to a Let and had independent contractors go to 11 different practices, just doing implants. We didn't have the overhead of the practice. We just had the revenue instead

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of the ADA average 69.5% overhead, it was 29 to 39% overhead.

Brady Frank: So we started doing that right here coming out of the recession and the aligners going in to other practices, much like an Uber driver or Airbnb. And so that's been wild recently. So I think that's the biggie by converting your liabilities into assets, looking through each line item of your liability and converting it into an asset.

Brady Frank: So David I think you're going to have something to say here because everybody's paying a lease or maybe they own their own building in dentistry. And so if most of us dentists have a 70% overhead, some of us are paying a bunch to a dental team. In the book DDSO Strategies, I broke down what I did with one of my practices that went from 0 to 8.3 million in just about four and a half years, was because of the staff driven practice.

Brady Frank: Meaning a lot of doctors are trying to push their team to do what they want them to. With a staff-driven practice, they're incentivized to put all the systems in place. So converting your staff overhead liability to an asset-

David Phelps: Asset. Yeah.

Brady Frank: After practice. The lease that you're paying, residential real estate or commercial real estate, starting to instead of just letting that cash go out the door to rent your dental facility, converting real estate into an asset. Obviously those watching this I'm speaking to the choir, right David, so I'm not going to go deeply into that one. What's your spending in dental implants taking that like I did in the last recession, turning that into an asset.

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Brady Frank: I built a manufacturing company. So instead of losing money buying implants, start earning money buying implants. So now I don't teach implants anymore, I teach people to become teachers and I teach people how to have a manufacturing arm for their implant practice. I just happen to have the manufacturers that I've already set up deals with.

Brady Frank: So you can actually have a product side to your teaching, creating multiple streams of income in the implant expenditure area of your overhead. Converting that liability to an asset aligners instead of just spending money with a lab, building your own 3D printing center or having your own brand of aligner that creates a residual stream of income. And so the list goes on and on. But taking the liability of your overhead and turning those into an asset.

David Phelps: CPAs or a financial controllers would love that, because what you've done is you've just taken the balance sheet. The assets liabilities, and you're taking the liability side which is what takes away from the net worth. You just flipped it and taking those liability flipped them into assets. So those people, the financial officers would love this program because they and bankers, they like strong balance sheets and-

Brady Frank: So should you.

David Phelps: So should you as an owner, a lot of people don't get mixed up in the needs of P&L as a balance sheets. But when you understand what you just did Brady, it's very, very strong. What you just did. No, I love that aspect of switching from a liability to an asset.

Brady Frank: So let me ask you a question David. So I think I know the answer but I've never asked you this before, but you achieved kind of freedom right outside of dentistry, outside your own

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clinical hands. And I watched you teach folks and I know that financially you could be sitting at home watching tennis or football on the boob tube, but instead you're pounding the pavement.

Brady Frank: And I've watched people that you've groomed and brought up and mentored for Freedom Founders achieve what you've achieved. And would you say that even though you could just sit at home like a trust fund baby, that being able to teach what you've learned and help others is one of the pinnacles of what you've done in dentistry?

David Phelps: Well it's what gets me up every day, Brady. I know you have the same passion. It's when you've learned something, when you've gone through times of life that have tested your character and tested some of your belief system. And I got involved like you did very early in capital assets besides the practice which is obviously, I did that very strong for many years.

David Phelps: But also on the real estate side, when you have a belief system and you follow it, then it's actually tested. Tested through these downturns and recessions, a personal crisis. You see, aha! It actually works. Then you think okay, there's so much misinformation out there in the world today. But you have to do your life and your business and your career this way because this is the way everybody does it.

David Phelps: So you got to follow this path and see ... You said Brady, there's a reason why only 6% are able to actually quote, live their life with true dental freedom, true options in life because they followed a different path. And it's all we're talking about here is you've just got to follow a different path.

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Brady Frank: So David, that's perfect because you and I are living our dream teaching others. We don't want to sit at home like a trust baby. So if you're watching this, I believe you have some specialized knowledge where you could teach others. That's what I did with the CE part. I started teaching implants, I loved implants. I started teaching them.

Brady Frank: So obviously you don't have a past like David or mine, but you've got something that you can teach to dentistry. Here's the three major ones, I'm going to go over these David. Implants, aligners or mentorship. So number one, implants, number two aligners on the clinical side or mentorship. Mentorship is you've probably got a successful practice right now. I did 11 of these in one year and it was at the base of the recession, the last recession.

Brady Frank: So what I did is when I got out of school, I bought a practice the day I graduated, another six months later and more. So what I started doing was mentoring younger doctors into practice ownership. And I used one of your strategies David, you ready for this? I remember when I still had the freedom to go travel while I was a trusted advisor at Freedom Founders before my wife had the tumor and the three surgeries and I couldn't travel as much anymore. But during that time you were speaking to your elite group of folks and you were talking about joint ventures, right? Doing a 50-50 deal, right?

David Phelps: Right.

Brady Frank: And so they say that the very best business models and the up and coming business models in your industry, ideally would be taken from another industry, right? Joint ventures, in fact, Alan Trammell, who became a billionaire in real estate out of Dallas, all he did was 50-50 joint ventures with contractors.

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David Phelps: Right.

Brady Frank: He did the investing David, right?

David Phelps: Yes.

Brady Frank: In residential real estate, they do it all the time. So this is a concept that was exported from real estate and poured it into dentistry. Here's how it works. And I wish I had like a TV up so I could show you. It's in the book, the exact model. But the senior doctor that's you who wants to teach like David and I love to do teach a doctor to own their first practice.

Brady Frank: You are the passive investor, the young doc is the active investor, right? So you bring to the table 10, 20, 30 years of experience. You've spent tens of thousands on practice management, you've got an incredible team that can mentor their team. You understand marketing now, you've got some clinical skills that young doc doesn't have, right?

Brady Frank: So they'll actually come and mentor under you at your practice and learn on their practice. You take one of these value added practices that we spoke about, these one of these mergers and acquisitions, which is one of the five opportunities during a recession. You at 50-50 with nonrecourse debt, usually seller financing and now here's how the income split works. Very easy.

Brady Frank: Half of the dental practice is based on the sections say half of the dental practice success is based on business knowledge. Half of the dental practice success is based on the clinical part. The doctor, all he brings to the table is a license and the ability to practice. Here's how it works, all the expenses are in one bucket, the profits in another bucket.

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Brady Frank: With the profit, you take half the profit and that goes in the business bucket. The other profit bucket goes into the clinical bucket. He gets a hundred percent, he or she gets a hundred percent of the clinical bucket and you split the business bucket 50-50. The average cashflow for those I did back in the day was about 7,500 right now it's more like 10 to 12,000 on average.

Brady Frank: It is not passive income like residential real estate, it is active income. Even though you're passive investor not doing the clinical dentistry and you can go on a couple of days, which means you get a little slip of the clinical bucket if you're going in there and doing a day of implants a month or doing clear aligners, right?

Brady Frank: It is an active form of investing. But here's the deal, David and I are doing what we do because we would not want to sit at the couch at home. We love it, It's why we get up in the morning. So if you feel like you want to help bring down the DSSO's, bring down the corporate groups by increasing private practice dentistry, 99% of dentists right out of school go into the DSSO's.

Brady Frank: If you want to help doctors go into private practice, joint venture with a real estate concept and use what you've learned in Freedom Founders in that respect also. And then watch this, I'm bringing it back full circle David, If we can. And then when you equity harvest, like David said, he did recently and what I do after we get out of it.

Brady Frank: When you equity harvest from that mentorship practice, invest it into true passive streams of income in residential real estate, which is going to be there long, long, long term for you. So that's kind of what I think a lot of people listing right now, David, would enjoy, which is what you and I enjoy.

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David Phelps: And so here's the opportunity. I mean, all those opportunities are right in line. What I love about the mentorship is just think about it right now. There's a lot of doctors, Brady, who have that 20 or 30 years of experience and some were actually anticipating transitioning or selling their practice in the near future.

David Phelps: Well, the dynamics have changed. Not that they won't be able to sell, but to sell to an outright buyer right now to anybody is probably going to be difficult. So they're thinking, gosh, I don't want to have to go back and do this all myself. Bring the price back up, yes. And now also Brady, how many young dentists are there like you said, they're coming out of school right now and they're getting their eyes wide open like a deer in the headlights and they're carrying these debt loads.

David Phelps: They've got the choice, they can go DSSO, and I'm not going to rain all badly on DSSO. But the opportunity is there for you as a senior doctor in a private practice to now combine forces, do the mentorship and having now a pathway to transition, which you can set up to be the way you want it to be. I mean you meet the expectations of the other side of course, you designed it.

David Phelps: But that model, I think it's perfect, but right now because the DSSO's aren't going to be coming back and paying those multiples, at least not anytime soon right now. So we got to look at the dynamics. And in every crisis, and you know this so well Brady, every crisis brings new opportunities.

David Phelps: So it's changing, okay. What we knew two months ago is not the same as it is today. Does it mean it's bad? No, it just means it's different. So change your model, change your outlook and change how you bring what you bring to the ... I call

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it what you bring to the table. Everybody brings something to the table.

David Phelps: You just showed that, the young doc coming out of school doesn't bring a lot, but they bring a desire, a license and desire to be productive. You bring the other things and now it's just about breaking down and making fair equitable splits.

Brady Frank: See, you're so right, David. And the reason I bring this up is because everything that folks learn at Freedom Founders and on your podcast, those same skills, all you have to do is move them over and buy these value added assets, right? They already bought a manager practice, right? All you have to do is take those skills. It's the same thing and move them over.

Brady Frank: Here's the four things. If you're going to do a mentorship practice that I'd recommend you pay attention to, number one, build into it a student debt re acceleration repayment program. They're scared to death of student debt. If you can build that into there and there are a bunch of ways of doing that, that's number one. You're going to have too many young docs that want to invest with you.

Brady Frank: Number two, if you want to own the real estate and the two of you do the practice 50-50 and then do a 10 or 15 year lease and at the eight year mark, right? Allow them to buy into the real estate 50-50 or to sell the real estate. That way David, right? We've talked about there's always somebody to rent a house to, but there's not always somebody to rent a commercial property to, right?

David Phelps: That's right.

Brady Frank: So that's one opportunity. You can own a hundred percent of the real estate right off the bat. So students, every

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payment program own the real estate. The next biggie is this, you're teaching a dentist, really? So I've seen it happen too much. A dentist wants to own four or five practices, right David? You've seen them come through Freedom Founders over the years.

Brady Frank: To do that and now their profits go down, their lifestyle goes down, they have a bunch of debt, and now they can't even invest in the things that are truly worth investing in residential real estate, right? So here's the deal, when you do it in a way like I heard at Freedom Founders, a joint venture, right?

Brady Frank: You're able to do what ... David, you started out right as an active real estate investor. Then once you had the knowledge, you became a passive real estate investor, right?

David Phelps: Correct. Yes.

Brady Frank: So you listing on active dentist you're using your two hands, right? All you're doing is following the same curve that David has followed, that I followed and you go from being an active dentist investor, a passive dentist investor, and instead of you buying a practice and putting an associate in that would be active all your time, all your effort, all of your risk. You instead are mentoring a doctor to do that.

Brady Frank: There's a big difference. You're not doing the admin, you're not going through the 243 point checklist to closing. You're mentoring them to do it. That's a huge difference. David does that ring a chord with you? Because when you did active real estate investing, you were all over it, right? And the lifestyle decreases slightly-

David Phelps: Yeah absolutely.

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Brady Frank: When you're doing it active. But when you became a passive real estate investor, right? Does that make sense, David, the difference between a mentorship and just buying a practice?

David Phelps: Look this is my whole premise of life today, Brady. Is finding people you can collaborate with and do joint ventures, but the problem is it's not natural for us. It is not natural, it's not in our DNA, we were taught to be competitive, to strap it on and do it ourselves to get through school to earn the grades and the license and do it all ourselves, so learning to put these together.

David Phelps: It's an art form and there's certainly a legal contractual construction to it. But the art form is actually the fun part, is finding the right people, setting the terms, the expectations. I mean, to me it's so much fun when you do things with other people and you've got different goals. The goals aren't going to compete, they've got to be aligned so that there's this transition.

David Phelps: You've got the young doc, the old doc their goals are different. Now, if you want to take a step further and I know we got to close this down pretty soon, but this is so much fun I can't help it. So we going to take a step further, someone who was younger in practice and still had, say 10 years or more of experience, they could be doing multiples of these. That's kind of what you've done. So you stable up-

Brady Frank: Yes.

David Phelps: Right? someone might just want to do this once and call it a day. Great by putting your money in real estate and be more passive. Or someone would say, you know what? I'd love to mentor more young people. I have a gift for that, I love to teach. And now you build a joint venture that has multiples of that. You can do that for many, many years as you want to.

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Brady Frank: See David, you're hitting the cord that I really wanted us to all get on today, which is, I've reached this point where I've helped so many dentists retire, right? And they email me or they call me back and they say, I want to now be an associate. I'm like Oh! You just retired now you want to ... They don't know what to do in retirement.

David Phelps: Exactly

Brady Frank: It's true David, when you find what you love and you're passionate about, you'll never work another day in your life, right?

David Phelps: That's right.

Brady Frank: And so if you can just latch on to some of these things that David and I have talked about, whether it be the mentorship deal or teaching people implants. Like I've done a lot or our teaching aligners and that's in DDSO Strategies as well. You'll never work another day in your life. And so here's how it happened in my life David, after I bought those eight houses, after I got commercial properties, I bought these all right out of school, right?

Brady Frank: Those investments increased. I sold them before the whole market tanked in 2007. I reached total dental freedom six years after getting out of school, right? I actually, most people don't know this, I retired from dentistry for a year clinically and I didn't know what to do with myself. I was like, I got to be doing something. I think there's a purpose for me, but it's not sitting here at home and it's not sitting there going in Costco with my wife.

David Phelps: Actually I think it was your wife that puts you back out to...

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Brady Frank: So that's when I did 11 of these deals, I've never had more fun. And that's when I realized I love to teach and that's why I started the implant teaching company and the aligner thing. And so more than anything, the book DDSO Strategy, David is about finding your passion in dentistry, outside your two hands and how to monetize it. So that you're doing what you love, but you're not doing it for free and you're converting the liability of your overhead into assets.

Brady Frank: And so anyway, it's been great chat with you David, I know you gave the text up there for folks want to get the book. It's under 10 bucks. We did it ... just the cost of our digital team to put it together but super fun.

David Phelps: You can text the letters D-D-S-O to 31996 to get the book. Brady this has been fantastic because you're inspired like I am. I so much love to show our colleagues and demonstrate these different pathways. It doesn't have to be my pathway. It doesn't have to be your pathway. But when you learn that these constructs and the ability to form joint ventures are the basis of really what makes life fun and now you can dial into what you love. The piece that you love, the part that you love. I like to break down the anatomy of a deal for real estate. I show the different pieces of the deal. I'll say in the old days I did all four of them.

David Phelps: It's like, well that worked, but it was a lot of work and I wasn't as efficient. Now I take a piece, a part of one of those aspects of it. That's what you're showing here. Take the piece that you bring best to the table and bring the other people in. The collaboration is so much fun and you can ... look you're solving problems. You're solving problems in the marketplace. What better way can you live your life than that? And like you

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said Brady once you're doing things like that, that you love, you'll never work another day in your life. It's the absolute truth.

Brady Frank: And with you David, just ... We talk about going from an active real estate investor or an active dentist to a passive real estate investor or a passive investing dentist. We're not saying you become a trust baby. We're saying you find your new self. The self that's always been there that's never been allowed to go free.

David Phelps: That's right.

Brady Frank: So David whenever you and I get on the phone, we talk about all sorts of wonderful things. So I apologize to anyone watching this. If I skipped over some of the stuff that you would have really liked to have heard. So you can go to ddsstrategiesbook.com for a video of a lot of this stuff if we went a little fast. But it's been great being with you David. Thanks for being on our podcast. Because we always have people emailing saying, do you guys do some of what David does. And we say actually they are the masters at residential real estate creating your foundation so we send them your way.

David Phelps: But that's why it works well because we compliment each other. I mean that's what it is. There's so much complimenting and that's what I love is we find our own lanes, we find our swim lanes and talk about what we love. So this has been great. I got a notice from Zoom, they said they're going to up my charge because we use so much bandwidth today with it. They said way too much energy, you guys we're going to have to hit you for the premium. So I said okay whatever. So Brady, we have to do this again. So we'll call this one good for today, but I think there's probably another episode or two we could probably do, I'm guessing. I'm just guessing.

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Brady Frank: Sounds good David. Have a great one.

David Phelps: Thanks buddy, will see you.

Brady Frank: Bye guys.

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