

**Building Your Freedom Plan - Utilizing Your Practice
as the Economic Engine to Freedom (Part 1) -
Christopher Sands: Ep #426**



Full Episode Transcript

With Your Host

Dr. David Phelps

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Welcome to the Dentist Freedom Blueprint, a podcast about freedom—freedom from expectations of society and the traditional path to success that has been ingrained in us from our early years, I'm joined by mavericks, renegades, and non-conformers to discuss an anti-traditional path to financial freedom, freedom of time, relationships, health, and ultimately freedom of purpose. My name is Dr. David Phelps. Let's get started.

David Phelps: Hi all, David here. I'm setting up a conversation with a good friend of mine, recently met Mr. Chris Sands. Chris comes from a network of people that I hold to a high degree of affluence and influence in the marketplace.

Chris is a non-CPA, part owner related dental CPA firm called Pro-Fi 20/20, more about his background coming. We broke this conversation into two weeks because it was so good.

This first week will concentrate on what Chris does with his firm in helping dentists build and optimize the current practice, which is the engine, it's everything that brings you forward.

We'll talk a little bit about managerial cash flow accounting versus the traditional tax reporting, historical data points. We'll talk about also his advice to young practitioners, so those of you who are earlier in practice, still getting your feet wet, boots on the ground, this will be a great conversation.

The second week, we'll pick it up more on other aspects of managing your business, your practice, the opportunities there, and end up with some great conversations with Chris about

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how he has been building alternative or multiple income streams in my favorite asset class, real estate.

So, enjoy this week's conversation, I'll be back on the back end to set you up for next week.

Good day everyone, this is Dr. David Phelps of the Freedom Founders Mastermind community and the Dentist Freedom Blueprint Podcast. Today, I think it's going to be a fun discussion with a gentleman that I met through, really, a mutual group of other people that are very like-minded.

We'll talk about who some of those people are in somewhat context, but this is really the way that I found my way through people that I think are innovative, they're influential in different segments of the industry.

And what this gentleman and I discovered when we talked is that our network is our net worth, and I think that really comes to play in discussion we'll have today. So, I've got Mr. Chris Sands with us. Chris, how are you?

Christopher Sands: Doing Great, David, it's such an honor to finally get to hang out with you and chat on your podcast.

David Phelps: Well, it's an honor to have you too, and as I mentioned, we've studied with some different people, we collaborate with some other people in our industry, but also outside the industry.

And I think that's what kind of a holistic approach to life, to business, career practice in this case for our dentist and professional practice owners, and then the wealth building and wealth maintenance and what does that all mean?

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And we'll dive into that because you have a lot of background experience in all these areas and I think that's what gives you a lot of context in the clients that you helped today, but relates back to really me a lot and to the people I help respectively in Freedom Founders.

So, let me give a little of your background, Chris. Chris focuses today with his company Pro-Fi 20/20, and remind me if I don't say it, but I'll tell people what Pro-Fi stands for, that was very, very good.

But Chris focuses on counseling dental business owners as a result of his firsthand experience, and this is key; firsthand experience working in a dental practice. This will be part of the story we'll get to today, you'll love this.

His goal is to help them, the dentist grow and understand the importance of being fiscally responsible in their business.

Chris helps educate doctors as to the importance of having accurate business accounting records and a proactive relationship with their CPA to develop tax strategies for both business and personal finances.

Chris is active in the dental industry where he regularly lectures at conferences, study clubs, professional association meetings, and workshops, publishes articles on business and finances within the dental industry.

Chris says that more than educating, it's the empowering of doctors, it gets me excited to go to work every day. I get that so much of what I get to do, Chris. I mean, it gets me up every day because ... well, know you feel as I do — we're really transforming lives in such a productive way.

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There's so many things that we don't know individually as we go through our career and our pathway we're kind of inside this box, this lane. And no one ever shows us there's other aspects and I know that's what you're bringing in talking to you.

To own a business is no small task, to own a business without any training or business or finances can be daunting, no question about it. Bringing doctors into the light when it comes to how things work, such as cash flow, debt, interest, accounting metrics, taxes, risk management and so on, is extremely gratifying because I get to witness the lasting impact.

There it is — that it has on the improvement of their business, themselves as business owners and stewards of their finances. And what I know this does, Chris, is it gives these doctors, these hardworking professionals a peace of mind that parlays into their personal life as well.

And we could probably do a whole segment on that. We probably won't do that today, but I know what you do, somewhat what we do in getting that peace of mind, than the family, the marital relationships often work a lot better.

Risk mitigated conversations that doctor, whether it's male or female, has so much trouble having with the spouse because the doctor's supposed to have it all together, they're supposed to be out there slaying the dragons and they're supposed to be bringing home the money.

And by golly, you're a doctor, so you shouldn't have any problems, right?

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Christopher Sands: Yeah, the business life and your personal life are not independent of each other. They are coexisting in the same ecosystem.

David Phelps: Totally, totally. So, Pro-Fi 20/20. So, the name Pro-Fi, 20/20 is a play on the words Pro-Fi, proactive-preventative and the financial piece. So, Pro-Fi 20/20 vision — I assume that's the vision part, right? Okay.

Christopher Sands: Vision and clarity.

David Phelps: Clarity, so like an x-ray. So yeah, see, I'm figuring this out as we go here, but it makes total sense.

So, giving that clarity to the companies and individuals financial pictures. We'll talk about you and your partner and again, your backstory as to how all this evolved. But you are not a CPA, you're not an accountant guy, are you?

Christopher Sands: Not an accountant, not a dentist, but I've worked in both of those business models, and I can tell you, David, that they are almost identical, they're very similar.

So, a lot of the things that go into the types of people and the process and the interactions with patients or clients, very, very similar in working in both of those businesses.

David Phelps: So, you started out and I guess I didn't finish reading it, that's why I failed to finish reading. So, this is where we'll just pick up your story, but you have a Bachelor of Business Administration in Real Estate and a Bachelor's of Business Administration in Risk Management and Insurance from the University of Georgia.

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You're also an accredited Wealth Management Advisor, you're also a member of the National Society of Certified Healthcare Business Consultants, you volunteer with the National Multiple Sclerosis Society, Dentistry from the Heart and Dentistry for our Vets. So, you obviously give back a lot.

But you've got degrees in a lot of different areas here, which again, that's where I'm kind of talking about you in terms of having this holistic approach to looking at finances and business.

We have the commonality in real estate, you have the exposure to the traditional financial retirement planning, we'll maybe have some discussions around that a little bit.

But let's go back to your first degree, which allowed you to go into insurance. You were, as I recall, your first position out was selling disability insurance to dentists, doctors, and you spent time within schools and speaking in different forums or study clubs because getting the disability insurance on the forefront, which is an important part of our risk management, was one of the things you focused on.

So, why don't you pick it up from there and kind of take us through the iterations and then we'll get into how you made the foray to the internal business aspects of dentistry.

Christopher Sands: Sure, I'll even back it up a little bit further, David, to that first degree in real estate. So, I was scheduled to graduate on time in four years with that real estate degree in 2007. And I got a seat basically in the incubator. At the time, University of Georgia was the number two real estate program in the nation.

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We did a lot of projects for large companies that donated to the university. These projects were to — like we had a development project, we had to find lending, we had to put the entire cost of the project, forecasting all of the income that the property could create.

And in that final semester or two, all of the numbers were just coming back very upside down, like things we could not make the deal work, and looked around at our classmates, everybody was asking themselves, “What's going to happen? Are we going to fail this course?” I said, “No, they're not going to fail us, the market's turning, and we got a front row seat to it.”

And so, I was scared at the same time. I wanted to go down the development track myself and decided to go to the advisor and say, “I'm worried about the economy and what's going on in the real estate market. Let me see if I can get an additional degree with the least amount of classes.” And so, she recommended this risk management insurance, and I had no clue what it was.

There were really two components that I liked. There was the insurance component, they taught me to be an actuary or an underwriter, and I just knew that I couldn't be chained to a desk, I had to work with people. So, I wasn't sure I was going to do that.

And that's what got me the most job offers, and there were definitely, sales jobs and I'll talk about that. But the other part, the risk management component, we also did some work for some Fortune 500 to Fortune 100 companies that we were like another incubator.

And I learned a whole lot about dissecting businesses for their risks and their opportunities, and that's what played into my little

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experiment that changed my life. So, ended up graduating at '08 with the risk management degree, and got hired by an insurance company, specifically to go do lunch and learns at dental schools and sell disability insurance.

Traveled as a team up to 14 different dental schools, built a huge network of clients that were all just entering the workforce. Couple years of later, they would be buying practices, began going and networking.

Here in Atlanta where I'm based, we have the Hinman Dental Conference, walked all the aisles, got to know all the people on the business side of dentistry; the brokers, lenders, practice management, consultants, all of that.

And I was referred into a doctor buying his first practice in a small town near the Alabama border. And after getting the insurance in place for him to secure his loan, I approached him, and I said, "Hey, would you mind if I just came and sat in your office one day a month?"

And he thought, "Well, what do you want for that or what are you going to do?" I said, "I'm learning a little bit of practice management, I've sat in some courses keeping these Excel sheets, it's something that interests me. I really like the risk management of what I did in college. And I just want to see if I can apply any of this and learn on the fly real life experience."

And I said, "I'm not going to charge you anything and there's no guarantees we'll make anything of it, let's see what happens."

So, started out one day a month, that turned into a three-year run where I was eventually there a few days a week. And we grew the practice from 600,000 collections when he bought it to

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about 1.7 million in about two and a half years in those four chairs.

And I learned a whole lot. I mean, I did everything except for the dentistry, obviously on the clinical side, and I never really messed with any insurance company stuff. So basically, just everything from marketing to documenting processes, to hiring and firing everything we could and learned really quickly how to grow.

And then, I said, "It's time for you to diversify your risk, doc. We've done really, really well, but you're the company's strongest employee and its weakest link, if something happens to you, this all goes away."

So, I talked to him about getting an associate, he wasn't ready just yet. I decided, I thought I was going to do practice management, I had another calling. Well, during those three years, I dealt with the CPAs in the practice. And I fired them every year, two out of the three were dental-specific CPAs.

And I just learned that, number one, I couldn't always get things timely. They had a lot of clients, they were busy, they were behind. I wanted monthly financials so I could use those financials to make predictions and make changes in the business.

I also wanted some advice. I said, "Can you help go over the financials with me and tell me what to change in the business?" I learned pretty quickly that while they did accounting for a lot of dental practices, that's all they did for the dental practices, they didn't understand or know anything about the dental business.

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They couldn't tell me, "Invest this much in marketing, expect this many new patients, conversion rate on dentistry," they couldn't tell me any of that. So, I basically had to marry the two together.

And I found a CPA that spoke my language, he's now my business partner, Brent Saunier. And little over five years ago, we founded Pro-Fi with the intention to really fill the entrepreneurial void in the space. And that was, I guess another thing I learned, not every accountant is an entrepreneur.

Sometimes they're an entrepreneur by default, like a lot of doctors. Just because they have a CPA and a business degree, doesn't mean that they are great business owners.

And we wanted to fill that space, be growth-minded, work with growth-minded doctors, and help them do the things I think all the time, get ignored: paying down debt, investing in themselves first, investing in their business next, investing in things that create cash flow and build their net worth.

And so, those things never got spoken about to me, at least when I was dealing with CPAs. And that's been our mission.

David Phelps: Well, it's a great story and it just shows that, again, I think it's your diverse background that allowed you to see things differently.

Again, nothing against CPAs and you obviously have a great partner or you wouldn't be partnered, but most CPAs are focused on one lane. And that's really reporting that has more to do with taxes reporting than anything else. And for most of it, it's not their lane to do what you're doing.

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So, your background, your understanding of business, spending time with your client, dentist back in the day and helping him grow so significantly in just a few years gave you a lot of insights into that.

Let's talk for a moment about the ideal client for Pro-Fi 20/20. We both know that we can't serve everybody, you try to serve everybody and you're really serving nobody. So, you talked about growth, what type of practice practitioner would fit the best model for the successes you have with your clients?

Christopher Sands: So, we're certainly working with, again, private practices that have that entrepreneurial spirit. They want to grow, they want to be the best that they can be, and that's not always everyone.

What I learned was that 99% of what is out there in accounting relationships actually gets defined as something called financial accounting. And financial accounting is no more than just the compliance work that I think you spoke of David, like that's just, giving financials and filing tax returns.

What everybody wants is they want advice, they want a little bit of advice for themselves financially, but they want advice on their business. And it took me a while to figure this out, but the term for that is managerial accounting.

So, we have one core focus, one model or one market that we work with, and that is dentistry 100 %. We currently serve ... the count earlier this week was 538 locations and 43 states. It's not about geography, it's about where can we go to the businesses that are really seeking to take things to a new level.

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So, managerial accounting is a greater investment of time, a greater investment of effort and energy, and it's a little bit greater investment of money to get that level of service.

We tend to be the best fit for not your first-time practice buyers, not your startups, but really your established practices that are seeking to scale, that are seeking to grow to either maximize the revenue for their space or to add other offices, definitely practices that are seeking to maximize the value of their business, that for future sale, and that typically is one and a half million of collections and up is typically who's a good fit?

That's just a criteria just to kind of be fair and upfront that. Let me be honest with you, may sound crazy coming from somebody who owns an accounting firm, one of the first things I tell doctors is accounting does not generate revenue.

You have to focus on revenue first, and that's really where you should spend most of your money in the beginning phases of your career and business ownership. The other thing I say is accounting doesn't matter until it matters. And when it matters is when there is a significant exchange of money.

So, that typically can be, if you're asking for financing, you're asking for somebody else's money, the accounting is going to matter whether you get approved for that. It can matter annually when you're paying taxes, if the accounting is not accurate or it's behind, you could get a tax surprise. But ultimately, it's going to matter the most at the point of sale. Any significant exchange of money, that's when the accounting matters.

So, we target to work with the people that are making significant business decisions and life decisions when that accounting is going to matter.

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David Phelps: And that would include for sure Chris, exchange of money would be thinking about bringing in a partner or a partial sale.

Christopher Sands: Any third party.

David Phelps: Any third party that would ... yeah so, critical to have that information. Because we have a wide range of listeners to our podcast and I really appreciate the fact that you have really dialed in and you're specific to the avatar, the client type because you know you're going to help that person be successful.

And I'm sure too, just in talking to you the few times we have that your process is not all quantitative, but there's a qualitative approach you would take, just like you and I are having a conversation right now, we get to know each other a little bit just to see ... and you have a pretty good idea fit from a net standpoint.

But my question to you would be, what best advice could you give to those docs who are earlier in practice that aren't quite ready for that growth, those inflection points that Pro-Fi 20/20 provide?

What should they be focusing on, and what kind of accounting or financial metrics could they access that would be appropriate for them? Because I know that people ask you that question when maybe you can't help them like we do in Freedom Founders. We've got docs that come and say, "I heard about Freedom Founders, and we'd like to get involved and see how we can go into alternative investments."

And just like you do, I look to see where they are in their practice, how much debt they have, and maybe what they

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haven't optimized in their practice as we've talked about, because that's the primary engine.

So, I'll say, "Not yet, do these things first." What advice would you give to those younger docs who aren't ready for you?

Christopher Sands: So, I'll even start with younger docs that are just graduating or coming out of school or entering/getting a job, let's say. They're not even a practice owner. I think in phases of life, the first thing is you always invest in yourself.

And you invest in yourself in the continuing education. I think that if I had to insert my bias, I mean, if you're not a specialist and you're a GP doctor, I think that the days of just being a restorative doctor are over, it's really the super GP is the new standard.

And so, being able to add, surgical skillset, whether that was you taking a GPR residency or you taking your own courses afterwards, I think it's imperative that you build your skillset that will make it easier for you to not have to grind as much and your occupation in dentistry is very physically taxing.

So, having the ability to do higher end procedures and doing less of them and not having to spend as much time with as many patients, can give you longevity and an easier path to higher income. So, you're investing in yourself and you're trying to maximize your income.

My other bias, and this is just my bias, obviously, this is not a rule, anyone can do what they want. But I believe you should prove to yourself that you can be a million-dollar-year producer for somebody else before you fully jump into business ownership.

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You know, once you're in business ownership, if you're by yourself, it's your back against the wall, everything is on your shoulders, and you've got to make it happen. So, just make sure that you build your personal toolbox in your career to prepare you to be successful in at least producing as a business owner.

Once you've become that business owner, now you need to really focus on what are the things that drive revenue. In the beginning, it starts with patience, whether you bought patience from an acquisition or whether you're a startup and you've got to start inviting people to the party.

I think the most underutilized business metric or business tool or business action in private practice is marketing. The DSOs, they're going to run a real business plan and they're going to reinvest at a high rate in marketing to attract patients to the practice because they have less of a retention rate.

Your job is to cultivate a great culture and a great patient experience and connect with people, and you will have great retention if you're diagnosing ethically and you're following the golden rule, and taking care of people. But you got to invite enough people to the party or you may not financially make it.

David Phelps: Alright, I hope you enjoyed the conversation with Chris this week, week number one. Next week, week number two, we'll pick back up the conversation where Chris will jump in and talk about the most underutilized business metric, why it's important for you to understand taxes at least from a high level. Also, why the traditional financial investing or retirement model does not work.

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And remember, Chris, comes from a background of understanding all these elements, he was in that arena for a number of years. And then how Chris is building right now his own freedom plan through multiple streams of income through real estate investment (one of my favorites). I'll see you next week.

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