

Finding Freedom through Practice Evolution -  
Creating Margin Right Now, Without Waiting for a  
Mystical Someday – Alastair MacDonald: Ep #465



**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:** I'm interested in, and I know I don't want to take the rest of the call on this because other people have thoughts, but since you asked Alastair, you said right out of the gate, you're at the six almost at the six-month mark and you've been quote “absentee” from this group, not because you don't love this group, but because you've been following, some aspirations in your own life that heretofore you have not been able to do because you've been in the grind, right? In a certain model that got you to where you were, no doubt successful, but not fulfilling all the other aspects of the four freedoms that you so much and everybody, I think, wants to do. And the fact that you made a transition that so far is going well, I'm pumped for you. What you said was, and I'm not getting the words exactly right, but the feeling I got from you was a lot of burdens have been lifted from you.

You're still in the game. You're in the practice at a different position than you were before. And you're enjoying the heck out of that right now and having these other freedoms to do these other things that you have been putting off for a long time. You've expressed that here in this group to me, to other people. And again, this is something we all feel. So could you just give us a little bit more of what's given you the, I guess the permission? Is it feeling like you do have a backdrop of an infrastructure now that you didn't have before because it was all on you, and you really feel like your DSO partner has come

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

## Finding Freedom through Practice Evolution - Creating Margin Right Now, Without Waiting for a Mystical Someday – Alastair MacDonald: Ep #465

in and backstopped a lot of the things you used to worry about, and you can take your foot off the pedal a little bit and take some time off? What exactly is it? If you can put some, put a finger on it for us.

**Alastair Macdonald:** Yeah, I think it really is that back-end support because especially when it comes to insurance and collections, the HR processes, the recruiting, all of these things are components that although I did have people on my team working on them, I was ultimately responsible and had to hold people accountable. And so they brought a level of structure and accountability for it, which is similar to what I was doing, but they have more people on their team. They have people who are dedicated to marketing and billing and collections, and they are picking up on the small, the claims that were not sent with the correct attachments or all the small nuances with regards to, HR benefits and whatnot.

So all of those things used to eat at me at the end of a busy day. And a lot of times I couldn't get to everything and neither could my office manager or whoever else I hired. So, it's really just so nice to have that back-end support and a dedicated team to be able to do each of those functions.

**David Phelps:** It releases you to go to a higher level in the things that you want to take on, whether it's in the practice in the business or outside, right. So my question back to this group and Alastair and everybody here has outstanding practices that are also moving forward: how can any of the rest of you or us create that same feeling without necessarily going with the DSO? Not saying the DSO is a bad move, not at all. But that's kind of what Alastair says. It's like you've got choices here. What has changed for him to allow him to do this while he's still in a business setting and still doing some of the things he loves to do, but not the things he didn't like to do?

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

## Finding Freedom through Practice Evolution - Creating Margin Right Now, Without Waiting for a Mystical Someday – Alastair MacDonald: Ep #465

That's my big question. And there's some smart people here. I guess that's my question. I'm not saying he has it all. All right. But he's achieved a great move forward. How else could other people get there? It's my thought.

**Speaker 3:** We have like, I don't have to be fully responsible for a hundred percent of everything. It was always a 50-50, but then when we hired a really good human and trained her with like massive intent, she then helped us build like infrastructure and then redundancies. So I think I have the feeling that it has, but it's because for example, I have a billing manager and I have an administrator who supports my billing manager. So for me, if I could reduce it, it's just having individuals become more of the responsibilities of the practice become increasingly more dependent on individuals of the practice and two, having redundancies.

**David Phelps:** So to bring that caliber person in, did you have to get to a certain point in revenue profitability, or did you bring that person in on faith that person, the right person can help you get there? Which comes first?

**Speaker 3:** I think it's that desperate need, having profound intent, like there's nothing else that matters in the world than finding a good person and then giving them all of your attention and all the resources and the accountabilities to train them up, clear out all of the omission errors and do it week over week to just build that first person. And then by training them and then supporting them, we do it then outwardly to successive people to eventually establish the infrastructure.

## Finding Freedom through Practice Evolution - Creating Margin Right Now, Without Waiting for a Mystical Someday – Alastair MacDonald: Ep #465

**David Phelps:** And to do that, because I know you've got young ones at home, it's as Alastair says this is all reinvestment back in the business to get you to another level but you have to create some margin to be able to do that, margin in taking yourself out of the chair a little bit or in revenue where you can pay other people or you bring associates in but again that's all a big reinvestment or you just sacrifice for a certain period of time and just grit it out 'til you get there. What was it for you?

**Speaker 3:** Well, we kind of, actually, it was my provocation that Alastair then clarified, but it's you got to continue to build like the roadway infrastructure if you're going to build the city.

So, it would be grit, financial resources, time, and reducing our personal expenses to give us the spaciousness required in order to create those successive layers of management.

**David Phelps:** That's beautiful. Thank you for that. That was awesome. That's perfect. That's what I was hoping to hear and you just confirmed it. Thank you.

**Alastair Macdonald:** Yeah, I think my biggest challenge was I was never able to find that person. We work extremely hard to build that foundation. And like, as you said, you need to build the roads first before you can build a city. And as we were building roads, we would get roadblocks. Things would crumble, rebuild, and that's okay. I was willing to sit through and wait for that. But I did have that intense desire to be able to kind of find the COO kind of role, the integrator role. For me, it's partly the area, partly who knows situations, circumstance, and it came to a point where I'm like, you know what? I just, it's not the right (...) That's what was missing for me. And I think

## Finding Freedom through Practice Evolution - Creating Margin Right Now, Without Waiting for a Mystical Someday – Alastair MacDonald: Ep #465

had I had that, I would have been in a different situation. So absolutely, I agree with that.

**Speaker 4:** Despite efforts and hiring others to help find them, it didn't land for you.

**Alastair Macdonald:** Yeah, I was just gonna say, just to piggyback on that, and I would add to my answer to you, David, and I have to give a big shout-out to you because now, having been in Freedom Founders for two years, and following all the investment strategies and seeing the cash flow come in, a big part of my relief, with personally and also within the business is just the fact that I finally reached a point where the passive cash flow from my investments is meeting and exceeding my expenses and then some, and that has been provided such a profound shift in my attitude, to the business and to my life and so I cannot leave that out that. That has been a major part of it.

**David Phelps:** Well, that was the big turning point for me 17, 18 years ago was realizing that if I just had enough of a base in cooperational income, it could be from dental practices. If that's what someone has for me, it was real estate, had enough to give me that margin to do what we're talking about here. Enough margin to lift myself up. For me, it wasn't to sell to a partner or, I sold completely, but I still could have come back. I still could come back. I just need a margin, right? I just need margin. I think what I see is when people, when you start to have enough margin, then you give yourself permission to take some quote risk that we otherwise wouldn't take because we're afraid to take risk.

## Finding Freedom through Practice Evolution - Creating Margin Right Now, Without Waiting for a Mystical Someday – Alastair MacDonald: Ep #465

And this whole group is about not taking unmitigated risk, but it's about being on a frontier and doing things differently than everybody else and getting to whatever you define as your four freedoms, your success, whatever it is that you want and not following the traditional model, which it was never worked before, it's not going to work in the future. And there's many people that are on a hamster wheel right now. Any stage of their career, young people coming out of school with all the debt, mid-career feeling desperate and did I miss the last train out with the DSL? And I don't know what to do. And then Anders who a lot of times I get on calls with them and they've worked their whole life and been really awesome clinicians and done well with their family and all that's good, they've got nothing left and they've still got debt up to here and it's like, that's a better place to be just because they just followed a model that never took them to where they wanted to go, even though they were clinically probably very proficient and did great work and serve people on a very high level.

**Speaker 4:** This is all extremely powerful. And we're pulling at strings that speak to critical concepts for all of us to just stay in contact with in our day-to-day lives in reverse order.

But as a tip to David, you've been able to do that in one of the most tumultuous real estate environments since 2006. And that's entirely because of the shepherd that is David. I can assure you that there are many others that have not navigated this period at all the way you have. And so I say that out of stoke and joy for the privileges that you've created for yourself and the shepherding and leadership that David has and continues to give as he completely dominates intellectually, in my opinion, and morally and ethically dominates his space.



## **Finding Freedom through Practice Evolution - Creating Margin Right Now, Without Waiting for a Mystical Someday – Alastair MacDonald: Ep #465**

For those of us, maybe, that don't necessarily feel, and we think that's wonderful and it's aspirational for us, they want to be there. The privilege that is afforded us, confidence, the not having to deal with stuff that you previously had to deal with that is afforded us when our basic needs are met is a superpower and it doesn't require 10 million dollars.

If you have the capital, beautiful. Figure out how to replace your income and watch your creativity, risk tolerance, enthusiasms, energy explode. Self-discovery, deepened relationships, because the fear is gone, the fear is reduced, and out of that comes our courage and our expansion and creativity. But it is not confined only to those that have said 10 million dollars. It is also available to those of us that are still earning our income. And it is a matter of, as I've shared many times, the percentage of your income that you live on. If you're living on 99 percent of every dollar you make, you will be living in a heightened degree of concern, fear-based operating.

If you are at 15 percent, your entire life looks different. And you look different. You lead with more power. Smaller things don't get to you anymore. You don't sweat the small stuff. You make smarter decisions. And you're afforded opportunities to invest, not just your capital, but your time and energy and attention in new, bigger frontiers and endeavors. This is available to all of us.

We're speaking about replacing ourselves. One of the biggest breakthroughs in my life was understanding that there are things that I'm terrible at or that I hate, there were more often than not the same thing, that other people actually love doing. I mean, I was a grown adult when I realized this. When I hired my first bookkeeper, it was many years before Lila and I, before she changed my life, I couldn't believe that someone actually likes reconciling accounts. It sounds torturous to me. Just absolutely horrendous. But I did. I

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



## **Finding Freedom through Practice Evolution - Creating Margin Right Now, Without Waiting for a Mystical Someday – Alastair MacDonald: Ep #465**

chipped away at it, but I was proud for doing it, probably doing it because I learned functional skills. I can do it. That means that I don't want to. The same is true in all aspects of our practice. If you are still doing payroll in your own practice, let it go. If you are doing the marketing in your practice, let it go. If you have a great system for payroll or marketing, great. Let it go and give it to someone else. Give them the system, give them your magic. You cannot afford to do these things. And it's not just on a per hour spent of your time doing a case or doing clinical versus doing marketing.

No, you can't afford the drag that it's placing on your well-being. Just because you've tolerated it for a long time says nothing about it being worth doing. It's not. What I'm trying to do here is to splice apart the component pieces of the magic. You don't have to worry about these things anymore, but because we have, we continue to. That is not a qualifier. It's no different than putting my hand on the stove, deliberately burning my hand, and taking—someone says, “Why are you doing that?” Because it feels great when I stop. That's effectively what we're doing. We're all doing this. It doesn't make any sense. There are things that you are still doing that you should let go of.

This gets to the point of partners. You can have a non-equity partner. We can have non-equity partners in our practice, and they can be incentivized, any one of the myriad ways that we've covered in great length. The critical point as well that runs throughout the conversation that we've had today, which I've absolutely loved, is the point of foregoing short-term benefits for long-term value.

He's choosing deliberately in a reinvestment phase to forego temporarily the greater income that he could earn if he could just duct tape his ex-partner to the chair and force him to work. He could continue to make the same income

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

## **Finding Freedom through Practice Evolution - Creating Margin Right Now, Without Waiting for a Mystical Someday – Alastair MacDonald: Ep #465**

plus more from having earned the rest of the equity. As part of his reinvestment, he is foregoing that additional income now to reinvest in capacity, the capacity of space, individual skillsets, team, equipment, et cetera, et cetera, training, and so forth.

Our need for money, see the same themes, they're all connected here. Our need for money, because we spend \$101, for every hundred we make, which is almost what the national average in the United States is. National savings average today is 6%. Americans spend 94 percent of every dollar they make. Do you wonder why we spend our lives in therapy and medication and depression, and anxiety, whether or not these things are causative or correlative they're definitely a part of our lived experience, and we're not doing what we can to lighten our own mental health burdens. I have partners. I have partners in my two practices, soon to be three, by the way, we're opening up number three on November 1st. I'm going to go out there and I'll report live from the age of my own frontier.

I have two critical partners for me. And it's not just critical because they're Canadian. And it's not just critical because they're good guys. They're also docs. In Canada, I can't own a practice on my own unless I'm a dentist. They fulfill two critical roles: operations and clinical oversight. The rest of the stuff I can share and handle, and I can do it from afar. As I've shared in the past, almost not a month goes by that I don't check in with my partners. Are you getting what you love me for? Do you want to let me go? Am I worthy of their partnership? Because they are incredible guys, and I want to stay qualified.

If we can foster that same environment in our team, they don't actually need to have equity. They just need to have buy-in and they are not the same thing. And you know that because you have seen or given away equity and

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

## **Finding Freedom through Practice Evolution - Creating Margin Right Now, Without Waiting for a Mystical Someday – Alastair MacDonald: Ep #465**

not got buy-in. The difference between commitment and obligation cannot be overstated. I am committed, but, or and my commitment is so compelling that I have yet to take a penny out of this business. I'm playing the long game. I don't need the income. What I need is the long-term asset growth. And that's exactly how we get the exact, the freedom that David has beautifully and provocatively invited us to splice apart. If you're still doing these things, stop doing it, choose to give up a bit of income. That'll make all the difference in your world.

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