

**Understanding the Builder Mindset - Martin &
Debra Crombie: Ep #491**



Full Episode Transcript

With Your Host

Dr. David Phelps

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Martin Crombie: *I remember Deb was going over the finances one day and she just kind of turned to me and said, "I just don't know if we're going to have enough in our retirement." Because we had had a meeting with our financial advisor and it was the whole traditional stock market-based retirement plan of gradual depletion and all that stuff. And we're looking at this and we're going, "Wow, I don't know if this is really going to supply what we pictured for our retirement."*

Debra Crombie: *The anxiety was pretty high. It was overwhelming. It's your life's work. It's the biggest financial decision you're going to make in your life. And there were a lot of sleepless nights because I just couldn't believe that we were actually going to do this.*

Dr. David Phelps: Good day, everyone. This is Dr. David Phelps of the Freedom Founders community. I'm really pleased today to bring a couple of our Freedom Founders members to this podcast to have a conversation about their journey over the last little bit over a year as they look to transition out of their practice, both doctors in their practice for many, many years in Northeast Ohio. So sit back and enjoy this episode of the Freedom Founders podcast.

Intro:

"David was of course a dentist, but he was a very sophisticated real estate investor. He had run with a circle of probably the most sophisticated housebuyer types in the country."

"David is a student of the game."

"I would never say this about most people. I would get in a foxhole with David."

"His knowledge is unreal. I mean, it's off the charts."

"This is not some person in front of you going, 'Yeah, just give me your money and I'm going to invest it in real estate.' It's way more elevated than that."

"He speaks truth. He really cares. He's committed to this group like it's a family."

"You can't get higher integrity than David. If I named Top 10 smartest, most informed real estate investors I know, he's in that list."

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"The most common message I get, I want to thank you so much for introducing me to Dr. Phelps because my wife and I—we went to Freedom Founders. We're on a path. We're going to be financially free. We are going to retire sooner. We are going to be happier. This changed our life."

Dr. David Phelps: When selling a business, selling a practice, you don't get a do-over. When you decide to pull that rip cord, when it's time, it's always a little bit scary. You're thinking, "Well, we want to do it. We've worked long enough. We should be able to do it. Aren't we kind of entitled to have some freedom?" But then you start to think about and go, "Yeah, but what if?" And you go through all the scenarios of how this could be done wrong, badly. Maybe the timing's not good. What about the staff? What about the patients? We have stakeholders that rely on us and what do we do with them? And we start having sometimes some remorse and guilt feelings. And the emotional part of all this, did you ever step back and go, "Well, maybe not now," or were you pretty much focus on, "We're going to do this. It just matters of how we do it or who we do it with"?

Martin Crombie: Well, yeah, there was a lot of emotion that went into it. I mean, when we started looking at our timeline... Because I wanted to be out no later than 65, and Deb actually wanted to be out a little bit earlier than that. And then it was like, okay, well, we started talking to some of the initial groups and they're like, "Well, we want a solid five years out of you minimum." And we're thinking, "Oh God, we came to the table too late." And so that was an emotional concern for a while, but-

Debra Crombie: Didn't end up-

Martin Crombie: Didn't end up being an issue for us in the long run. We found a-

Debra Crombie: We found we exactly what we wanted.

Martin Crombie: We got exactly what we wanted.

Dr. David Phelps: Well, you're saying you were able to negotiate that time period down?

Martin Crombie: Yes. Now there were some groups that were really not willing to negotiate that time period. And so obviously they were narrowed out of the final. But if you look hard enough and you are persistent and I think tactical in your negotiations without being unreasonable, then you can get what you need.

Debra Crombie: And I think early on the anxiety was pretty high. It was overwhelming. It's your life's work. It's the biggest financial decision you're going to make in your life. And there were a lot of sleepless nights because I just couldn't believe that we were actually going to do this, but knowledge is power. The very first Freedom Founders' meeting, we went to, just right out of the gate, Freedom Founders was so receptive to, "Hey, if there's a question, let's see if we can get you

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some answers." It was just amazing. And the information that we gathered from you and from the networking that we were hooked up with were instrumental in the sale.

Dr. David Phelps: I'm glad for that. And that's what I love to do. Well, it's no different than what you love to do for your patients. You've gone and taken all the extra training you have in so many arenas of ortho and sleep apnea and implants because you want to help people. I mean, the more we know and the more experience we have, the more we can bring resources to the table. And even if we can't help somebody directly, well, we probably know somebody who can. I mean, that's the other side of being connected.

And the dental community has a dental community and your community and Freedom Founders has a community, and I think that's a big part of what I enjoy about good communities. You're just very few degrees separated from somebody or resources or information that could be applicable to you if we just know where to go to get it. Usually in a group or a tribe, somebody's going to know something that we don't know and we're just stuck because we just don't happen to have that connection. But somebody does somewhere. And so whenever we can help with that, that's certainly one of our goals.

Martin Crombie: And then I think Brian had picked up that we were looking at DSOs and he right away was like, "Oh, I got to introduce you to Tommy Reed." Tommy is... He went through the MB2 route. "And now I got to introduce you to this guy." And so he did that. He facilitated those introductions, and that just opened up all kinds of questions and it was just a fantastic, fantastic resource. So that is the power of the Freedom Founder community. We talked to several people who were either going through or had gone through the transition already,

Debra Crombie: Absolutely instrumental.

Martin Crombie: And I think it should not go without saying that Mike Abernathy was just an absolutely tremendous help. I mean, I sent him documents, he reviewed them. I called him on the phone, talked about them in detail. He had notes written. I mean, just a phenomenal, phenomenal resource.

Dr. David Phelps: Well, I think we're talking about the power of relationships really. It's interesting that we're doing that right now, because earlier today I did a separate conversation with somebody, not in Freedom Founders, but somebody who I know well in the real estate space, and he's also a person that has decades of time in a certain segment. But our focus was on relationships and the power of those relationships and what that can bring to our own discernment. The advisement we get from having what I call who's your five. You have a core circle of people that maybe is your really trusted mentors, advisors, people that maybe have been around you for some time, and then your next level out. Well, who are the next people out? And then you have that group of people and just utilizing... It's mutual. It's reciprocal. We bring things to the table for some people and vice versa. And I think the adage that iron sharpens iron is no more true when we're going through difficult decisions. Well, difficult than the fact that you want to make sure you land it well.

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Debra Crombie: Knowledge is power. And those relationships were powerful because it was the lack of knowledge that gave us the anxiety because we didn't know what was around the next corner. And utilizing those relationships and gathering the knowledge gave us the power of confidence. And the offer exceeded our expectations. We got everything we wanted. And I will tell you that as it got closer to the sale, I slept. I never slept better. And I found all the paperwork. Both of us, we thought it was going to be this big momentous thing. It's a little overwhelming, as you know. There's just a lot of papers and stuff, but I never looked back because we had-

Debra Crombie: But I never looked back because we had the knowledge on what to negotiate, on what to go after. I never had an ounce of anxiety like a couple of weeks beforehand. I was just really getting the lawyers, getting all the paperwork done, but the fact of the sale, I've never looked back. And for me to be able to say that is amazing, but that's just because of the power of the knowledge that we obtained. It gave us exactly what we needed in order to be able to negotiate what we wanted. It was good.

Martin Crombe: We had built a relationship... You were talking about relationships earlier. We had developed a relationship with the management people and it was a relationship that was based on integrity and trust.

Debra Crombie: Win-win.

Martin Crombe: And win-win. We were looking for a win-win type of outcome. And so I think that they were willing to bend because they knew that we were coming from a place of integrity and they knew the reasons why we were asking for the things that we were asking for. And I think that made a big, big difference.

Dr. David Phelps: Well, the fact that you could look at each other and see through that same lens, I understand what you're saying is in their case, they're wanting to acquire to purchase what they consider quality practices with all the different variables and criteria. They would look at the quality and the essence of quality comes from the people who, in this case, the owners, because everything from there falls down. Everything aspect, your staff and your patients and really what we call the goodwill. We can look at the tangibles all day long, but it's a goodwill. And so for them to see that in you is, well, that's smart business and I would agree.

Certainly one could say, well, business people are come to the table and they're going to negotiate hard and they're going to pull back and maybe give you a few things. But sounds to me like they really appreciated what they saw as they did their due diligence and what down deep and certainly had to do a lot with their meetings with you, the direct meetings, the correspondence, how you carried yourself in that glad that you are working with a counterparty that respected that and were not going to nitpick you and caused maybe ill feelings or maybe even the transaction not to go through. It sounds like smart people on both sides, which that's a blessing. That's a blessing, it doesn't always work out that way.

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Debra Crombie: One of the things that they had said too is that they said in the negotiations, they said, we can either choose to talk through our lawyers and the lawyers are going to go after each other and it's just going to make both of our bills higher. Or we would ask that if you see something that you'd like to negotiate to give us a chance and if we can work together outside of the lawyers and just give them what our decisions are, we would really like to be given that opportunity to negotiate. So we did. And the first time we had to do that just because they were always so above board, we just tried to make sure that everything, as Marty mentioned earlier, was written in a win-win format, benefit procedures so that you can accomplish this. We would like to accomplish this. And they delivered on that by working with them and not going through the lawyers. The lawyers were literally just used to sign the paperwork and put the documents in there.

Martin Crombe: And I think that needs to be underscored because the attorneys really, I don't want to say they were irrelevant in the process, but because of all the knowledge that we had gained from the Freedom Founder members, from the seminars that you put together from all those people, we were able to have enough knowledge to be able to go into the negotiations to know what we were asking for. And so we didn't have to go to our attorney and say, "Oh, what do you think of this thing? Is it to our benefit or not to our benefit?" And even though he's experienced in the arena of dental DSO transitions, it just felt better to negotiate direct. And I think it helped to build that relationship of respect instead of having it handled by a third party, and it was much less contentious, I think as a result of that.

Dr. David Phelps: I think that there's so much wisdom there. And you know me, I a hundred percent agree in respect to the fact that many times in life we do something major, a major transaction, whether it's acquisition of a business, selling of a business, certainly you need to have a team of experts around you, tax people and attorneys that will give you the essence of some of the outlined parameters that are important, but they're not the essence of the deal, the actual transaction. And to be armed with the knowledge and the confidence that you gained and you acquired through your diligence, to be able to have those conversations straight up with the other party, in this case, the DSO, I think it's huge. And not everybody will do that. A lot of people will abdicate that responsibility. I think that's an irresponsibility. That's just my opinion. And not only in regards to a transaction, trying to put the parties together as you did so well with your counterparty, but also in the world of finance and investments.

And again, this is the area that I try to speak so clearly to our colleagues is that with your investment capital, you can acquire the knowledge, the discernment, the ability to be more of a director of where you put your money. You still may want to diversify that and put it in index funds. And I'm not saying that that's bad, but what are your other options and how would you know otherwise if you didn't take some time to learn what else is out there? And then maybe again, through relationships, through a community, through other people, what else have you done? What have you found, that kind of thing?

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Martin Crombe: I remember Deb was going over the finances one day and she just kind of turned to me and said, I just don't know if we're going to have enough in our retirement. We had had a meeting with our financial advisor and it was the whole traditional stock market based retirement plan of gradual depletion and all that stuff. And we're looking at this and we're going, "Well, I don't know if this is really going to supply what we need for our retirement."

Debra Crombie: What we want.

Martin Crombe: What we want for our retirement, what we pictured for our retirement. And then it's the weirdest thing, David, because I had a patient come in, I swear to God-

Debra Crombie: It was about two weeks after that, yes.

Martin Crombe: It was about two weeks after that. I had a patient of mine come in and she said, "have you ever heard of this guy? His name's David Phelps, and he writes books about finances." I have no idea how she found your book. I have no idea whatsoever. But she hands me this book and it was the inflation book, and I brought that book home. And for whatever reason, sometimes you set a book aside, you say, oh, well, it was nice, she gave it to me. But for whatever reason, I just started reading the book. And after I got done with the book, it was hard to put it down. And I went to Deb and I said, God, you really got to read this book. And I started talking about all this stuff. And then that kind of sparked... I think I got on the internet next and I started looking up Freedom Founders and started doing some research on that. And then we had a discovery call and that set the tone for everything.

Debra Crombie: And I...

Martin Crombe: And that set the tone for everything.

Debra Crombie: I think too, the reason that I felt the way I did is that we had always been good savers. We had always lived within our means and we've been very aggressive savers. When I looked at what we had and the sale and everything and to know that we were going to have to have this little budget and hopefully we'd have enough. I never lived that way before and it felt like I was drowning. It was just the strangest feeling, and I knew there had to be another way. And the blueprint weekend opened up. That was the life. If we do everything correctly and learn what we're supposed to learn, that gives us a life that I had envisioned on our next stage, not this guard rail, "Hope you have enough, glad you saved all your money 'cause we're making a lot off of you," type scenario. So I was very grateful to that [inaudible 00:17:03] and sometimes we wonder if there's divine intervention, I tell you, because the timing of that was almost haunting.

Martin Crombe: Yeah, the timing was just uncanny, to have that happen.

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Dr. David Phelps: We're blessed to be able to earn, make the money that we do. Of course, a lot of work goes into that. I'm not saying that it's easy at all to gain the credentials, the licensure, the education, the continuing CE, the risk that we take every day as small business owners, but getting up and going to make that money is something that we sort of take for granted. And you're right, we make a better than average living, when we see that day coming to an end where we are not going to be driving that anymore, we're not going to be necessarily going to work and we'd like to take the fruits of our labor and now, live more freely or have more options, right? Take the chips off the table. That can be a scary moment. And I think that's what I see and hear from a lot of doctors who are like you, thinking about, "Well, is this the right time to sell or look at a sell or transition of some kind?"

And once they start to put pencil to paper many times, and even with their financial advisor, it's like the financial advisor said, "Well, how's your back feeling? How are your hands? You still good for a few more years? 'Cause it might be good just to keep plowing ahead." In other words, the uncertainty, the real uncertainty can cause us even sometimes to prolong making that decision further than we need to. And Freedom Founders says, we often say, "You're closer than you think. You're closer than you think." Once it's just changing the mindset and giving people the confidence that you can take a much more direct role in your investments. And not that we can time the market, not that we can offset the cycles, we can't at all, but there's just ways that we can better hedge those positions. And I know, through my many years, create more predictable, reliable, sustainable income that will replace what we used to go earn or replace enough of it so we can live our life and not be afraid that we're going to run out.

Debra Crombie: There's something to be said for the learning curve because whereas the convenience of having someone else manage that for you, you pay dearly for it because your potential lifestyle is X and so there's, I mean, I won't deny that, there's a lot to learn and appropriately, so you get out of life what you put into it, so it makes you work even harder.

Dr. David Phelps: How does it feel now? You said really kind of the same thing in regards to learning through the various people and Freedom Founders and the training and some of the resources about how to best navigate a practice sale transition. And you learn that, and learn enough to carry with a level of confidence, those conversations with the parties of the DSO. How are you feeling now a little over a year in the journey on both the practice, but also with the focus on how you can better direct some of your future financial assets and investments? Are you gaining somewhat the same level of confidence? There's always more to learn. I mean, we never quit learning, something we want to learn, but are you gaining that confidence or is that coincided with the close of the sale of your practice this last month alongside and giving you additional confidence that this is going to work well and you don't have the feeling of anxiety that maybe many people do?

Martin Crombe: Well, I think from the stamp, obviously, the additional proceeds from the sale open up more options for us in terms of our investing and make our overall portfolio look more attractive. I think the challenge is right now, as we all

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know, the economic conditions right now are challenging and different from what's been going on for the last, what, 15, 18 years since 2008. So the challenge now, I think, is in not only learning the investments but doing extra due diligence because there may be some things like equities where they may not be as attractive right now or not as attractive right now, and so we've got to avoid. So I think we just have to do a lot more due diligence at this point before we decide where to invest the money and we have to focus on capital preservation as well.

Dr. David Phelps: Well, thank you so much for sharing this time this afternoon and just sharing your journey, which is, it's always fun for me because I get to ride along and see what you and other members are going forward with and what you're learning and taking action on, which is the critical part, doing something with it. And you both have been very good stewards and shepherds of what you have and what you're going to in the future.

Debra Crombie: Thank you, David.

Martin Crombe: Thank you.

Debra Crombie: Thank you very much.

Dr. David Phelps: In Freedom Founders, we have the privilege of working with many, many professionals, healthcare professionals, business owners, and their spouses, and that's really the fun part. But we're not clinical. We don't go into the idiosyncrasies or the technicalities of a business per se, although we talk about business. But what we're really about is creating a lifestyle based on the assets, the technical skills, the training that one has and one brings to the table. I speak to a lot of dentists who are in the considerations of selling or transitioning out of their practice, and perhaps, I think, gain some freedom.

That's what it's all about, isn't it really? About freedom. While you're in the midst of owning, operating, managing a business or a practice, there's a lot to do and it's part of what we have to do in life. We have to create enough income, active income, to produce the lifestyle and future wealth that we need to take more time off.

It's all about time in the end. How much time do we get today, tomorrow, the next day, and do we feel guilty if we're not working hard enough? I think this is why there's such an enormous amount of consideration today for people at all ages considering selling those businesses or practices or selling them in tranches, whether it's to a private buyer or it's to a private equity firm.

Here's the problem. There are so many considerations to look at in making that decision. And yes, you need good counsel on the legal side. You need good counsel on the tax side. I'm assuming that you have that. You need good negotiators. You need an ability to do the due diligence on the person or company or private equity or DSO to whom you might be selling, and what are the considerations or obligations on the back end look like? Which, as you know, many times there are. Do you want a clear sale to just walk away from or do you intend on staying in the game and staying on to continue to produce and be a producer in the practice, even though you may or may not still have-

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Dr. David Phelps:

Produce to be a producer in the practice, even though you may or may not still have the controls. A big, big element I think that a lot of people miss besides everything I've just brought up so far, and that's just the beginning of the considerations, is what do I do with the equity, the after tax equity, the net worth from the sale of the practice, whether I sell the whole thing or I sell part of it, what am I going to do with that money? Because in your hands, what you do with that money is going to be critical to your future. Whether again, you are at the younger stage of your life, late thirties, early forties, early fifties, or you're more at the end in your sixties perhaps. What you do with that money to make it work for you is going to be critical.

Because as long as that equity, that capital has been in your business, in your practice tied up there, you've been running that engine, you've been making it happen, whether you've done a great job or an okay job, but you've had the controls over it. Now you're at a point where you take that equity and where do you put it? Yeah, do you put it in the stock market? Probably not. Not today. Do you go out and try to invest it in Bitcoin or crypto? Yeah, maybe a little piece of it, but that's not a game for a person who wants long-term sustainability. What about real estate? Well, real estate's always been good until we go through our market cycle. Then what do you do? So all these considerations come to play. In Freedom Founders, we dedicate a lot of focus and time and energy to this very question. We have people that have the experience in the tax and legal side and on the negotiating side and the due diligence side of what this looks like, and perhaps the biggest piece we bring to the table is, what do you do with that money?

We don't tell you what to do, we don't make those choices for you. But we open up the door and show you the big picture so that you can be discerning about what you do. There's a great universal truth, and that is whatever problem, challenge, or hurdle that you're facing, somebody else has already figured it out. How to solve it? If we continue to try to do what we've been taught to do since we were very young, that is be all we can be, be the John Wayne Rugged Individualist, take it all on our own back, which is the way I was for so many years of my life, and that's not a bad characteristic up to a point. But the problem is we think we have to figure everything out because we have to be the strongest, the most personal with the most perseverance. That'll only get us so far. And again, I'm not dismissing that characteristic because it does take those characters.

But to get to where you want to go in life, to solve the enigmas, the problems and challenges that we just oftentimes can't see. We're really good in a lot of things. Every one of us are good in certain areas of our life. But there are areas that we just have blind spots. It's just natural. We can't be good at all things. We can't see everything for what it is or where the possibilities may be. And what I found is, it's so important to have a tribe around you, a tribe around me, a group of people. It could be a small group, a board of advisors, not necessarily formal, informal. It could be a group, a community. I love the word community or tribe, a tribe. Having a group of people that are like-minded spirit who collaborate together, who will give authentic, unbiased advice or ask questions of clarity. That's what I've made my biggest moves through some of the barriers and challenges and ceilings that I've faced in my life, and I've faced plenty, and I know you have too.

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It's frustrating when we're good in certain areas of life and we seem to be doing what we've been told to do. The certain model, taking the education we have, building a business or a practice, and doing that well, but still not feeling like we're completely fulfilled or we haven't crossed over to that freedom and options and choices that we always wanted. Because isn't that really what the dream was about? To have more freedom and options and choices, not be dedicated to a schedule that's built out over six months and to try to get away for even a few days. It's traumatic and difficult. See, this is what I was facing when my daughter, Jenna, this is over 20 years ago, when she was facing a life challenging, a lifesaving, if you will, liver transplant. She was in end-stage liver failure. And I'm torn. I've got this business called a dental practice, and I need to be there, because it's the only way I can serve people.

It's me, it's me. I'm the doctor. I'm the licensed person. I have to be there. I've got support staff, but without me, things just aren't going to run. But my daughter has needs. And the problem is I just didn't know how to solve that until I was given some provocations, some good questions about what was most important in my life. And I gave up, or I should say, I killed some sacred cows, some things that I always thought to be true, when they weren't true. How many of those do you have, sacred cows, limiting beliefs, that you have right now in your life. And what would it mean to you, to you, your spouse, your family. If you were to break through even a couple of those living beliefs, the things that are holding you back, the things that are keeping you from living the life you want to live, the memories you want to have.

In Freedom Founders, we give a lot of clarity to people who have done very well in life by a society's definitions and standards, but have not broken through to feel that peace, that if you're trying to do it by yourself, whatever it is, it's going to be a lot harder to stay on that road. You find yourself with a group of people, mentors, coaches, community, tribe, there's going to be somebody who's already figured that thing out. The thing that you're trying to figure out right now, they've already done it. You just don't know who that person is yet, you haven't made that association. You've been trying to do it yourself. You've been trying to hold your head up high. There's nothing about asking for help, that means you're a lesser person. It means you're actually wise. You're actually smart. You're pulling hill. The concept of the mastermind is where that all came from. So focus on that.

Freedom Founders is a tribe that I love to lead and facilitate, because I see the transformations that happen in people's lives. It's not all about the money, it's not all about the ROI, it's about the mindset change. It just needs a few tweaks of the dial, and you can have the same thing. Remember, stay focused on your freedom. I'll see you next time.

I hope you've enjoyed this episode of the Freedom Founders Podcast. I invite you to request a free copy of my recent book, Inflation The Silent Retirement Killer. Also, if you are a practitioner who is ready to fire your financial advisor, get off the Wall Street rollercoaster and use real tangible assets such as real estate to take back control of your investments. I invite you to schedule a call with my team. They can answer your questions about Freedom Founders and help you see what is possible in your future. Just go to freedomfounders.com/discover. That's freedomfounders.com/discover right now to book your call. The future belongs to those who are willing to adapt, ask the hard questions, and take personal responsibility through education and decision-making. If that message resonates

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