The Evolving Dental Industry: The Future of Private Practice

Steve Parker: Ep #548

Steve Parker

So that's the evolution that I see is dentist-owned practices. They're learning things from what DSOs have done and said, no, we can do that. You couldn't do that when you graduated from dental school, David. It didn't exist. I can definitely feel an evolution back towards private practice dentistry. I think the resources and the career paths are the thing to focus on. It's a different world, different landscape.

Dr. David Phelps

Decades ago, I hustled to grow my dental practice and real estate empire. Society patted me on the back and every new deal and patient reinforced the success they said I had. Then my daughter Jenna was diagnosed with leukemia. Nine years, several intense chemo treatments and years of epileptic seizures, my daughter was given one more miracle, a life-saving liver transplant. In that hospital, I realized I wasn't successful. I had money, I had real estate assets and a business, but the only thing that mattered was time with my daughter.

In that hospital room, I decided to sell my business, leave active income and sustain my lifestyle with my real estate assets. Now, Jenna is healthy and all grown up and me, I am teaching others to do what I did. And I continue to uncover the principles, strategies and lessons we can apply in business and investing to create ultimate freedom for what matters most to each of us. Welcome to the Freedom Founders podcast.

Today, I'm joined by Steve Parker, editor in chief of the Profitable Dentist and a visionary reshaping dental business education for the modern era. Whether a practice owner, industry veteran, or a young doc thinking about what's next, this episode delivers a candid look at the shift from legacy continuing education in meetings to a digital first dental ecosystem, the rise and restructuring of DSOs, and how private practitioners can still do better.

Why networking and niche events matter more than ever in an isolated digital age. The real scoop on succession planning, equity traps, and growing your practice successfully. Steve's Transparent Insights offer clarity of what's changing and what will never change in the

business of dentistry. Please welcome Steve Parker.

Well, Steve Parker, it's always great to have you back. And we were just chatting a little bit before we started recording. And it's a pleasure to have a chance to talk to you. And I told you the reason I have a podcast is because it gives me a reason to reach out to people like you. And I feel like I'm stealing your time just to catch up and chat with you by saying, Hey, Steve, we're gonna do a podcast. Then you'll say, sure. I'll schedule that. And I can just I told you I still about 20 minutes of your time on the front end to find out all the inside stuff about you and what you're doing and the cool stuff. And some of that we could certainly bring out here to our to our audience.

I mean, there's nothing barred here, but we're just talking about the fact that it's fun when we can have real conversations like we're having right now, we're gonna have, and where our audience just gets to listen in, kind of like looking over our shoulders and going, hey, what are these guys talking about? And that's why I brought you back. How's that?

Steve Parker

Thank you. appreciate likewise. And David, you could, you could call me and say, Hey, we come over and help me build a deck. And you know, there are a handful of people that sure, you know, well, you've had a good enough history. You sort of seen ups and downs. You've seen businesses evolve. They're just good people. You're that guy for me. So anything, any ask you have, I'm in whatever it is. So, but I really appreciate you having me on here and love what you do. And, ■

ready to dive into it.

Dr. David Phelps

All right, let's let's jump in. Well, just, you know, get a little bit of backdrop. And I think a lot of people, most people in our industry know about the profitable dentist and some people know about your backstory. Some don't. For my generation, I'm saying, my boomer generation grew up with the profitable dentist. I remember back in the day when I was in practice that I get Woody Oaks and Travis, their newsletter. They were really the the impetus of really I'd call class A information marketing back in the day when they're

They were it and really built a strong platform, the Profile of Dentists, the Destin Seminars, the annual seminars that were held for many, many years. Just really, know, Woody's platform. And you conjoined and really took over to take the Profile of Dentists from where Woody took it and to take it really, I guess, to the next generation. You want to fill in anything you want to fill in there? And I'll ask you some additional questions, but you know, in any blanks there or take it from there. Like, where do you see?

the problem of Dennis going. I know there's stuff going on right now that you're laying out, you know, coming on board in the near future.

Steve Parker

say that, you know, what I did, I've been in a lot of different businesses. I've been an entrepreneur my whole life. When I came along, Woody had, you know, he had really pioneered a lot of things. Woody and Travis and, you know, a handful of people over the

years. We used to be in the mail every 10 days. So you would get a card and it would have, you know, it would have Dr. David Phelps and I'm sure you remember David. I should have dug up some pictures that are coming here, but you would come out on the stage at Destin and you have the big chain around you.

And I mean, it was a great prop. I still have people ask me, see behind me like pictures of our aid players, you're one of them. But that was something they remembered. And that was the only way you got information other than your state dental meeting. So Woody and Travis tried to make it fun. It's the Spring Break seminar. What I really did was brought those forward. We kind of call it the profitable dentist 2.0. Our strategy became

really going into COVID and through is digital first. So it's very expensive and difficult to put together and print, do a print magazine. If you're a dentist and you've been practicing, you know, as long as you have years ago, you would get, I mean, your mailbox would be inundated with magazines. Now they're just not there. It's too difficult and expensive to print them. Even meetings, putting 1200 people in a room in Destin, Florida to get CE.

Uh, was great when it was the only place you could get it. Um, now you can get a lot of other places, getting it off the DVDs from that every year, you know, this year's DVDs of speakers at Destin used to be, you know, the other only place you could get C and E now, you know, you don't need to get a DVD. If you got one who can play it. I'm not, got a warehouse full of them. You know, we can't play them anymore. So, and then we would do what he called them the tape of the month club where we started to just do a conversation over the phone.

and then send that out for a subscription. And docs would drive to work, put a cassette tape in their car and listen, we evolved to CDs. And then now, I mean, how many YouTubes can you get that have really good information for docs? that's what I really did was evolved it to digital and really brought it forward and said, okay, this is how the...

education of a dentist owner works as opposed to a dentist after they graduate from dental school, find themselves in the position of owning the practice and don't really know what to do. The access to that is just exploded in the last 15 years. So that was really my mission is to bring it forward. Don't abandon it, but just bring the brand forward and sort of leverage what Woody and Travis and those guys started.

Dr. David Phelps

Take

off from that point, that junction point, because as you said, information is accessible everywhere today. mean, got everywhere to take our phones, we've got access to that. We don't need the DVDs, the CDs, we can just plug in YouTube, we can download downstream podcasts. I mean, it's all there, everything you could possibly want. And that's good because access to information is great. But let's, you and I talk just for a minute about the...

the camaraderie and the live connection that we don't get when we live in a digital world. And certainly with generations that have been and are growing up with the digital age, that's not my age. I had to enter in and clumsily enter into the digital age. Probably to some degree we talked about earlier about the technology can be a little bit difficult, but we have to go there to some extent. But I think you and I, there's a certain genre of us who still really enjoy

to some extent, getting together. Getting together, you know, again, whether that's a trades show meeting or a more eclectic, different types of groups, mastermind groups, there's different sorts today. What do you see, what do you see, let's just start with the trade association meetings. I don't go to them anymore. I don't practice clinically, so there's not a lot of relevance for me there. But what I sense, what I hear is, you know, a diminishment in that arena. Has that been the trend for some years now?

Steve Parker

call it more of a restructuring or re-engineering or an evolution maybe. know, just as, ■ you know, print used to be the only way. mean, if somebody wanted to get a message out, they would call us up by, ■ you know, a print ad, ■ that went out once a month. We would put it in 75,000 copies of the magazine, shotgun it across the country. And I couldn't tell you anything that happened to it. So it, you know, I can't tell you who read it, who didn't read it.

in evolving to digital, I can tell you all kinds of things. So I think I can tell you who clicked on it, how long they were on it. If it's in fact in our digital platform, if it's a three minute read, you ever notice when you go to an article it says three minute read? So on the back end, I can measure and match it with the engagement. So if it's a three minute read and an average two minutes and 57 seconds engagement, people are reading that article.

37 second engagement, they're not reading that article. So on the back end for us, the algorithm says, they're not getting it, let's push it to the bottom. They like it, let's push it to the top. So we have so many more tools to do that when it comes to because that's how people consume it. So to parlay that into meetings and live meetings and events, you said the word networking. We suspended our Destined Spring Break seminar after 30 years during COVID.

We lost money every time we did it. It was great, but dentists didn't want to pay what it took for us to be profitable. Profitable. It's practically our middle lane, David. So if we can't run a meeting and be profitable, we're sort of not true to what our. And so I would take my own advice and say, let's back up and see what's wrong, what we can fix. So we need to either needed to charge a lot more for the meeting and attendees would say, we're not paying that. Or we need to start cutting costs. We needed to cheap up the meeting.

Dr. David Phelps

Exactly.

Steve Parker

And I didn't want to do either one. So our meetings have evolved to a couple of things. One, it's very focused. There are very few big tent events, I call them, where you go to meeting for a long weekend and you're covering all kinds of things and you're taking your team and those are expensive to put on. So we brought it down to usually a topical meeting. Like we just had one that was for digital scanning, digital impressions, and had all the iOS scanner people there.

They had a captive audience who came specifically to research and or buy an interaural scanner, impression scanner. And the second thing is we don't, I mean, we'd love to have 1200 people, but I would much rather have 200, 250 people that paid enough to make a little break even, make a little money and sponsors who said, we really want to be there because

these are people who are buying our product. So I see that evolving. The other thing is networking.

even the bigger events, they're very networking driven. Not just show up, you don't, mean a lot of them now don't even offer CE. You can get CE so many places now. So I see them mostly as networking, your events specifically, I love them. It's a great group of people. They're for one, for a particular reason and they meet each other. Everybody seems to know each other. I've been to a few of them and that's what I think.

meetings are for in the dental space now.

Dr. David Phelps

You remember the moment you were sitting in your office.

Patients lined up, calendar packed months ahead, the numbers looked fine, but something inside you whispered, is this really freedom? Now imagine walking into a room of people who've asked the same question and found a better answer as the conversation sparked something in you. They're not about grinding harder, they're about building smarter, replacing earned income with predictable cashflow, creating margin and options in your schedule for your family, your purpose, your life.

real stories, not sales pitches. And for the first time, you see a clear path forward, not someday, now. This isn't theory, it's a blueprint. And it's built for people like you, high achievers who are done waiting for retirement to live free. The next Freedom Founders event is coming up this October. Your seat's waiting. Will you take it?

Ad

Learn more and register by scheduling a call at freedomfounders.com slash discover. That's freedomfounders.com slash discover. Well, with these changes in the environment and it's not, it's not just the dental industry. It's, it's overall, think we're speaking of just general trends that technology has advances to in general. There's, there's just, there's less connection in this world anymore.

I mean, you're not connected. I mean, we're connecting here today on ■ a live stream that allows us to see each other. And that's pretty cool. That's pretty cool. But we're not in the same room and we're not with other people. And it seems to me that society, not just dentistry, but society has lost a lot of camaraderie and connection. And maybe in one's community, you're connected to ■ business groups, could be Rotary or you may be affiliated with your local church or, know, there's certainly ways to stay connected, but like in our industry and dentistry.

It just, seems to me that we're more isolated. And one thing I didn't tell you I was going to ask you this, but I know you've got an opinion. You know, when I was growing up, you know, the major lobbying industry for us, the platform, the American Dental Association, the ADA. Well, the medical association has theirs too. I mean, everybody, every major industry has their lobbyist group. And I think we're seeing the writing on the wall that these ones may be legitimate, valid.

lobbying groups for specific industries, you know, played a part and we're seeing, I'm sensing a lot that the participation, the membership in, not just industry, but across all industries is dissipating. If that's the case, then who carries the flag if there's somebody to carry the flag for industries that are going to continue to be pummeled by big money, insurance, private equity. ■

And that's kind of what groups always had lobbyists for, I mean, right? To try to protect our interests. And I think we're seeing big money play a part, again, not just the ADA, but across the board. What do you see happening there? What's the trend? Who's gonna look out for us? Or is there anybody that's gonna quote, save us from the issues and the challenges that we know are out there today?

Steve Parker

Great question. I will answer that sort of in two parts. One is the ADA. So, you know, the ADA has been around for, I don't even know how many years, a lot. ■ To change the ADA is re-steering, know, think of a cruise ship or giant ship. To re-steer that ship, man, it takes a lot, a lot of energy, a lot of time, a lot of movement, a lot lot of just stuff.

So ADA has to unlearn things that they've built over decades. That's a hard thing for them to do. I do know at the Academy for Private Demo Practice meeting the end of the year, I spent some time with Dr. Brett Kessler, who's the president of the ADA now, younger guy. Years ago, not too long ago, I would have said, yeah, he's a middle-aged guy. Now he's a young guy. Good guy.

He genuinely, he convinced me, I mean in our conversation, he is genuinely interested in two things with the ADA. One is ■ private dental practice. They understand that they got a little sideways when DSOs came along and they were probably wooed, there were probably a lot of corporate lunches with DSOs. So suddenly DSOs are great. ■ They're fine, but they're a different bird.

They're full of MBAs, not DDSs. And I have my opinions about, you know, the peak evolution to DSOs, but we're probably getting close to it now. We're within five years, I think, of the peak shift to DSOs. So they've understood that private practice will be a force in dentistry. It's very unique. Dental industry is very unique. Practice ownership, business ownership is very unique in dentistry. So one is private practice. The second is oral systemic health.

They're starting to understand that there are ancillary products, we'll call them, and services to plain old bread and butter, restorative dentistry, driven by hygiene, that private practice docs can do that DSOs largely can't do. So I do a talk, when I speak, I do a thing called do what they can't do. And one of them is if you love oral systemic health,

And, you know, there are a lot of organizations. We work with AYOSH, American Academy of Oral Systemic Health. Dentists doing oral DNA, dentists doing all kinds of oral systemic treatment, because they can. So if you go to a meeting, fall in love, get motivated, you can come back to your practice Monday and start doing oral systemic treatment. For 150 office DSO to do that, they have to retrain dentists on stuff they did not learn in dental school. They have to re-steer that ship.

And it's just hard and unlikely that they're going to do that. So even if you're a 12, I know a lot of 12 dentist practices that are there in our strike zone and they're a DSO, but the difference is they're dentist owned. So that's the evolution that I see is dentist owned practices. They're learning things from what DSOs have done and said, no, we can do that. They're joining a group purchasing organizations.

They're buying supplies. They're negotiating better insurance reimbursements with, know, across the spectrum, PPOs and just straight insurance. They've got education platforms that say, hey, if you decided to be a practice owning dentist, here are tools and people that focus on that, as opposed to these big companies that are chasing DSOs. Because they have one sale, it's 150 dentists.

It's easier to do that than call on 150 separate offices and have 150 sales. So the evolution of that, I think, is happening. I think we're at the very, you know, we're probably, what do they say? The journey of thousand miles starts with one step. We may be three steps into that. But I can definitely feel an evolution back towards private practice dentistry.

Dr. David Phelps

Well, that is a good sign. And that's the kind of information that I like to glean from someone like you who is very well connected in different aspects of the industry. I'm to say I'm pleased to hear you say what I agree with is that the peak in private equity backed DSOs, I believe, has peaked. don't even think it's got, I think it's peaked and I think there's going to be some fall off. Well, there is fall off today.

I mean, it's not like there's going to be, there already is. You know what, I know it. I keep my finger on the pulse. And to your point, it will never go away. It's just like, I'm not negating commoditized stores like Dollar Tree, Dollar General, Walmart. mean, there's a place for everybody in the economy. But I think the fear factor of just a few years ago was that DSOs were gonna gobble up 70 % of dentistry, way,

exaggerated. And you and I are both agreeing. And so this is where I knew we'd get together here today. I didn't plan this. just I knew this is what happened. I want to get trends because trends are important. have all of our colleagues, our dentists out there who we both love. mean, that's why we're here. I've been one. You got an industry and you love entrepreneurship. And we just love to see those who want to remain in that position.

to be able to sustain that. And I know the headwinds in the last number of years have been strong. I mean, let's go back, let's just go back to COVID. I mean, as a big beat down and the great resignation and yes, there's labor issues today and there's hygienic shortage and overheads up and being a private practice owner, it just seems like, you know, that's a crushing blow every day. you know, what I want to do is not give any false Pollyanna, but with someone like you, just like, like, if that's what you want, hold steady.

Don't give up the ship. To your point, if you don't want to be in ownership, you don't have to be. And you get to choose today. And I understand the massive debt we both do of young docs coming out of school. It's tough, it's tough today. And having to find a job with benefits, ■ oftentimes corporate, is where you go. Okay, if that's what you need to do, but that doesn't have to be your life, if you don't want to be your life, you can be a stepping stone. What advice do you have then, Steve, for young docs who are

in school, coming out of school, how should they look forward? Again, I know there's different aspirations of what they wanna do, but what advice can you kind of give in general as they're looking out and maybe feeling like, it looks terrible out there. I mean, it's a war zone and it's like, what am I gonna do?

Steve Parker

So I would, and again, great question. And I get asked that a lot. I get a lot of emails, David, that are, I'm graduating next year, what should I do? And I'll frame it this way. I used to teach at a very well-known dental school in the Northeast. I did a course, a friend of mine who's a doc who graduated from there, and they talked him into putting together a business program for fourth years. And it's a great concept. But we did it for,

maybe three years and the fourth year they came to me and said, all right, what's the curriculum? What's this look like? And I said, I'm going to make you a deal. I'm not doing this again. And here's why. These are fourth years who you were a fourth year dental student. They need to get their clinical skills in order. They are focused on getting through the, that exam. They are focused on getting out of dental school.

And if they got some knucklehead from Louisville, Kentucky, standing up there talking about EBITDA and accounts receivable, they're not listening. And if they are, they're giving me token attention to get through a test. So they're probably sharing all the answers and they're helping each other. They're going through the motions. It's a waste of everybody's time and money. said, but here's what I will teach. First of all, get your dental degree. If your dental school says you're good enough, you're good enough. Then get your license. If your state says you're good enough, you're good enough.

But your clinical education is fundamentally kind of over right there. What you need to decide is if you want to take that and go to work for a DSO, you've got, you know, 400 grand or more now in dental school debt. If you met your, love of your life in dental school between you, got none of that. You haven't seen the first patient and then you go to a dental, you know, not naming any dental supply companies that would do this, but you know, low finance, $600,000 build out for your first year. Now you're

a million six, seven, eight in debt. You haven't seen one patient. I promise you that is not going to end well. And, you know, you both got a new Tesla because you're doctors now, so you need the doctor car and you buy the big house. ■ That's why it doesn't work out. So I would say if you if you're if if you're not comfortable with conflict, I promise you, once you have employees, you're going to have to learn.

Because you're going to get really great employees and hoping they're good isn't good enough. You're going to get some who just you've never had to deal with. It's your money. It's paying your bills. And if you're risk averse, about three or four or five months in, can you imagine the debt load? You've burned through all your cash. Now you've got a whole 50 patients on your books. That is what you need trained to do.

how to make that decision. So I'll teach a course on the goods of practice ownership today, work for a DSO for three years, four years, pay attention, learn what they do. You can't grow into a 700 million or a billion dollar DSO by being bad with your patients, for having crappy processes, for having crappy dentists. You can't do that. They're doing something right. Pay

attention. Spend four or five years

live in the same apartment you live in now, aggressively pay down your debt, now you got some breathing room. You couldn't do that when you graduated from dental school, David. It didn't exist. Learn where to buy supplies, learn how to hire and fire people, learn how to be a manager first at the DSO and then say, this sucks, I'm going home and I've started drinking. And you know, you don't need to be an entrepreneur. You think it's bad if you're going home drinking when you're the manager of an office.

Dr. David Phelps

No, not at all.

Steve Parker

What happens when you're the owner and you get that first 941 that says, hey, you know, you're behind $80,000 and you're in a particular payroll tax you've never even heard of before. So I think what dental school students have today that they did not have, you know, when, when we were of that age is a lot of resources. They have a lot of choices. They have multiple career paths, lots of them. And I think dental school students understand that. I would say focus on getting your

clinical strength there and your confidence there, make a decision, an intentional decision on your path to either being an employee. I know employees that make a million bucks a year. They're an employee of a DSO. Clock out at five. And if an office manager quits, okay, there's another one there to walk. If supplies go up, somebody took care of that. Or say, okay, I think I'm comfortable taking that on and plan your

transition strategy to being an owner. But I guess to answer the question, they should be understanding what they're getting into instead of making an assumption that dentist means practice owner and practice owner means dentist, which we've done for decades. We've done it since the beginning and it doesn't necessarily. David, the Harvard MBAs, fewer than 10 % of Harvard MBAs start a business and 50 % of those fail. They have a degree from the best college in the United States.

on business and half of them still fail. Yet dentists are shocked that they get into this in this day and age and struggle with their business. you know, what gives me encouragement is the resources that exist that didn't exist really even 10 years ago.

Dr. David Phelps

If you're ready to break free from the conventional financial treadmill, the Path to Freedom newsletter is your roadmap.

community of like-minded entrepreneurs

Ad

and practitioners who are choosing the road less traveled, sign up today at freedomfounders.com slash digitalnewsletter1 and start your path to true freedom. That's freedomfounders.com slash digitalnewsletter1. The business of everything today, including dentistry, has evolved so much over the last four decades that I've been in dentistry. Even if I came out of school today,

with let's say no debt because my parents paid my way. Great, awesome. And let's hey, some other benefactor set me up with a practice, no debt. I would still say don't do that because you've got, because your speed into profitability, which I want to talk about next, is going to be not your GPA or how well you did on the boards. It has nothing to with that. It's all the other skills. Yes, and clinical speed, efficiency.

Communications, staff, staff conflict, treatment planning, treatment presentation. mean, all those skill sets, you would do so well, even again, if you had no debt at all and you had money in the bank to go start a practice, a practice, I would say don't do it. Find, as you said, find a great mentorship. It could be private, it could be a DSO, either one. But go interview for the environment.

Steve Parker

Be an associate somewhere, ■

Dr. David Phelps

interview enough for the environment where there's going to be mentorship and yes, put your ears in there and man, you do that well, you'll come out and then your options are wide open. Then you have time to decide, do I even want this ownership? If you do, you'll know clearly you do and what it takes and if you don't, you'll go, hey, I don't wanna do that. I'm just gonna stay in the best environment where I can just be, use my clinical skills and go home at five o'clock.

Steve Parker

You'll make smarter decisions. Absolutely. And there is no shame. So one last point. I'm always struck by dentists who are even during COVID. I mean, we literally shepherded dentists. I helped. mean, it was double digits from they were suicidal. I get very regularly dentists who file bankruptcy and think they're a failure. And, you know, they are, you know, having a lot of personal issues and

divorce, alcoholism, suicide, ■ over a business failing. ■ It doesn't mean they're terrible person. It doesn't mean they're terrible dentist. Again, their university said you're good enough, their state said you're good enough. It's just that business is not their thing. And understanding that recognizing that in yourself is the first big step. And there's no shame in saying, one of my best friends, David, ■

12 bankruptcy twice, I introduced him to a good friend of mine who has a DSO that's, I think they're probably $300 million now. He's one of their number one producers. He takes home a

million to a year as a paycheck with a ESOP, or employee stock ownership plan. He'll retire with way more than he ever would have doing it on his own. He's just a production machine and he likes not having the burden of everything else.

which used to weigh him down and distract him. So, you know, he'd be the first one to say, it worked for me. Doesn't work for everybody. And he had four kids and he wanted to be done at five and go to tennis practice. And he became a dentist in the Navy, hardworking guy. Entrepreneurship just wasn't his thing. So again, those exist now. They didn't exist, you know, when you graduated, you kind of have one career path and that was it.

So I think the resources and the career paths are the thing to focus on going forward. It's a different world, different landscape.

Dr. David Phelps

Well, the other aspect that you sort of started to kind of allude to with the doc who could go home and go to tennis practice and be with his kids because that's what he intentionally desired to have is also that, again, I'm not trying to talk people out of not owning a practice. We're not doing that. We're just saying, but don't dismiss the side that gives you clues that you shouldn't because the other side that we both know, and I didn't mean to bring this up necessarily, but I'm going to bring it up because the stress.

of ownership of a business, a practice today, that stress can lead to what? Relational, personal, marital problems, which we've talked also about, peep colleagues we know that have gone through one, two, three, four marriages. That is a destination for disaster. And yet, aspiration to be the owner of XYZ, whatever your platform was, was so great that

everything else was given up. And of course, nobody goes into it like that. Nobody has intentions to that. Nobody does. It's like, I can do all of this, but maybe you can't and maybe you shouldn't. And I think getting clarity about who you are before you step out into any direction is the key. I think that's what we're really both saying here today is just understand who you are and then the resources are there to provide that pathway. Just, you've to have awareness about the blind spots you don't see because none of us see those blind spots when we're young.

We take on the world with exuberance and excitement, which we should. I mean, when you're young, you should be excited, but you also need to be cautious and get some mentorship, some coaching from people who have your best interest at heart and can show you the blind spots so you don't just trip and make the same mistakes that many of us have made. Don't do what we did, right? I've got the stories, you've got the stories, we've all got stories. And if we can give back and just keep them a little bit more aligned into where they wanna go, if we can save the day for some and.

knock down the suicidal tendency that people get into because you're trained to be a perfectionist and always be good because you always were good at school and all of sudden you get out there and you stumble because you it just you didn't have the extra skills not that you can't do it but you didn't have the extra skills because you didn't understand any of those skills and they'd always come naturally to everybody.

Steve Parker

It's hard, It's competing mindsets. So, you you went through dental school, you spent four years, you're a methodical introvert. You're a left brain methodical, step one, step two, step three, step four. As a dentist, as a practice owner, you're kind of right brain, spatial. You've got a fur ball out of nowhere to the head. And suddenly, you know, you've got a tax bill or you've got your key employee left.

or who knows what happened or a pandemic comes along and you're shut down for six months and you don't have any, you don't have cash reserves to cover it. Those are things that you didn't plan on. You're going to work your butt off until you sell your practice and then retire. And your entire retirement is wrapped up in your practice. Well, now that just blew up. And you think you're a failure as a human being and as a dentist when what you're struggling with is things that are outside your

A, your comfort zone, and B, your knowledge and mindset.

Dr. David Phelps

Here's a quote from you, Steve, and it kind of fits right in with what we're saying. You said, dentists don't just need better margins, they need better mindsets. That's the shift we're helping make across the profession, Steve Parker, the profitable dentist. You know, my visual of that, the dentist, we've got our 7X magnification loops on, right? So we're just, focused in on the microcosm of what we're working on. And all around us, there are fire bombs going.

■ And we're totally oblivious to it. that's what we're trained to do. It's like going through school. Yeah, focus right here. Step one, step two, step three. Nothing else matters. And then you get out in the real world. It's all a sudden like, yeah, you have to both look in the loops and have peripheral vision on everything else. That's what we don't understand coming out of school is that's what it takes. And it takes some additional adaptability, nimbleness and skill sets that we didn't think we had to have. So there you go.

So I've got to get to profitability because that's what we're about. So we've kind of been talking about that, but we haven't really nailed it down. I got to ask you one question and we can go all day on this, which I'd love to do. But the profitable dentist and really Steve, your mantra is in profitable leadership. Now in the context of a dental practice, can you just define what that means and make it like real to me as the dentist who's hearing this? What is profitable leadership? Because, oh yeah, I want profit. I've heard leadership. There's tons of books on leadership.

Give me a break, man. What do mean?

Steve Parker

What I find interesting is dental school almost sort of ingrains in you that you care about the patient and profit is some kind of a dirty word, that you shouldn't be focused on it. And if you really believe that in your heart of hearts and deep down in your soul, you need to be an employee and you can gripe about your employer just caring about the money while you're taking home, you know, a nice big fat paycheck with retirement and benefits and you know, all the things that come with it.

But at end of the day, you're in business to make money. It's that simple. That's the measure of a healthy business. You already know the measure of a healthy mouth. You know the

measure of a healthy patient. You know, if you were a physician, could do all the, here's your blood pressure and your cholesterol and your heartbeat and all these things. That's the measure of a healthy patient. And you know all the things, all the levers to pull to impact that. On a business, there's one measure. Unless you're a nonprofit and there aren't many of those.

It is profitability. Now that doesn't mean you're taking advantage of people and doing treatment you don't need to do. And all the things that practice-owning dentists sort of feel that it means, and I would challenge them to question why did they think that? Too many docs think profit means I just broke even, I met payroll, I paid some bills, maybe I have a little money set aside in case the compressor breaks or...

you know, a staff member quits and I got my office manager quits and I got to suck it up for six weeks until I find a new one. That's just getting by. And, um, and I'm trying to think of the, the ADA a few years ago did a survey that said 94 % of dentists aren't financially prepared to retire at age 65. David, I've got brothers that work at Ford. Uh, they got a couple million dollars at a 401k working at Ford. The average

retirement savings of a dentist, according to the ADA, ADA is $24,000. The number one thing that they're going to use to fund their retirement is the sale of their practice. So they're barely scraping by hoping that when they get to 67 or 70, they can sell their practice. But as we've talked about, DSOs have changed that dynamic and your practice just isn't worth what you need to retire. I literally see it every day. Emails,

I get emails every day that say, hey, here's where I am. I can't get anybody, no associate wants my practice. ■ How do I sell my charts? How do I do these things? Basically, how do I get out of this alive? And honestly, today it's hard, if not impossible, for life.

Dr. David Phelps

Yeah, it's hard if you didn't start with the discipline at the very beginning, you the compound effect of just making a small incremental ■ discipline, taking chips off the table, you know, the profit, right? then it somewhere, because you're right, I think there's a mentality, unfortunately, that ■ in a profession, definitely trading time for dollars pays way better than the average wage in any profession, because you went to school. And yes, you can make a good living, but unless...

Steve Parker

every

Dr. David Phelps

But since you're responsible for your financial future, no one else is taking care of it for you. If you don't do it, there's this thinking process that there's always more time and look, we're living a great life and make a lot of money. I'll get to it, the retirement, get to the savings program, the outside investment program. I'll get to it later. And later becomes later, later, later. And you're right, all of a sudden you've got docs that are in their mid 60s going on 70. Physically, they're breaking down.

Steve Parker

always say pay yourself first. like my, for example, one of my brothers that works at Ford, his paycheck right off the top goes to 401k, period. And then he goes home and he pays the house payment, he pays the car payment, and he goes out to eat, and he pays all these things. But before he gets his check, he maximizes what he can take out of his, what he takes out of his check to pay his future self. And doing that for 30 years, he's a millionaire. There's a lot of them.

So I would say profit wise, profit is not a bad word. It's the health of your business and it's income. It fuels your wealth and your assets and can be used to fuel your assets. And I know you do a good job in your programs of teaching the difference between income and wealth. You have a great income and if you spend it all, when you need your asset and your wealth to retire, you don't have it because you spent it all.

That would be a great course in dental school right there is understanding the difference between the two and not relying on a practice sale 40 years from now to be able to retire and then finding out that you you can't you can't go back and start saving 30 years ago, but you can start to what do they say if you want to sit in the shade the best time to start to plant a tree is 20 years ago. That's right. Second best time is today and I think a lot of docs would

would be good to heed that advice. That's kind of your thing, so I don't want to step in.

Dr. David Phelps

No, right on track, right on track. think financial acumen across the board has been greatly lacking in our country, our society.

in public education. It's something that everybody needs to have a basis. ■ High income does not exclude you from the necessity of understanding how money works. Anyway, Steve, just, really appreciate you being here today. It's always fun to catch up with you and if someone has too many threads, we could go down. I'll just need to have you back and we'll dive into some more because I had like a whole list of stuff I knew I'd never even begin to cover it all, but we covered such good chunks today. So we'll get back and do it again.

Steve Parker

Well,

I appreciate it. you know, anytime, and you know, if you need help building a deck, I'm your guy.

Dr. David Phelps

All right, well then the next show will be due will be out on my deck Steve here live and we'll do that do the deck recording. How's that? Thanks, Steve. I spoken frequently in the last year or so about the fact that we have reached have been reaching the peak of the DSO multiple sale market. What happens next? What are the other options besides DSOs? It's definitely time to reassess the big exit. The big exit played some

Steve Parker

You got it, Dave.

Dr. David Phelps

big dividends in the years past, but that era I believe is behind us. And the promises and the performance of some of those big exits through DSO private equity backed sales and aggregations will not continue forward, unfortunately. So does that mean that the sky is falling, that life will never be the same? No, of course not. We're always going through changes and evolution in the market dynamics, the market cycles. We're just going through a major shift right now. And I always look at what hasn't changed.

rather than what is changing. What is changing is you have to be aware of, but what hasn't changed is where the fundamentals come into play. And that's where playing the long game and I think building really a business or practice model that you can engage in and stay engaged in for a number of years, perhaps a career with evolution within that model, such as learning to lead and bring on associates, you being the mentor, eventually those associates may become partners in a financial component. They may actually become buyers.

in your practice and that model I believe is where the market's going. The days of the quick flip, get in, get someone to pay you multiples on an exit and get out with big bucks of equity off the table. think have come to an end and I think the sooner we realize what's happening in that marketplace, the better off we'll be. Doesn't mean there aren't still needles in a haystack, but you just have to be more discerning in the current market. and I also talked about

the advent of the digital age. And certainly we saw a big proponent, big propulsion of the digital online connection during COVID when the ability to get together and meet in networks and conventions and seminars was off the table in many jurisdictions for well over a year. That created the online robust synergy that we had. And that was good for a time. Unfortunately that's lasted. And I think a lot of people because of

elements because of the cost and just the drag of travel are not as willing to hop on a plane or get in a car and drive to a meeting as we did in the old days. Now, I'm not saying that that's the only way to connect. I'm not saying that the digital age is not something we shouldn't bear down on and utilize and we do. But what's lacking when we don't get together in communities and events, we miss that what I call the hallway talk, the conversations that happen.

at breakfast, at breaks, at lunch, at dinner, ■ the conversations and the friendships, relationships that really bond when you're alive together. Yes, you can do it to an extent in the digital age, but it's a lot tougher. It's really a lot tougher to have those connections and that vibrancy that being on site really give us. Digital means that we're really usually not plugged in on such events. We kind of...

move in and out. We've got other things going on. We don't stay engaged as like we do. just realize that not going to live events may be hurting you and maybe be more discerning about which events you should choose and try to be there in person might be a good use of your collective brain power. The best resources I had in gaining my traction and gaining my experience in everything in life, whether that was in dentistry or real estate or anything else I was interested in really came through people.

Yes, I was always a great reader of books and study, and today you can get information anywhere online, and that's there to YouTube and forums online, et cetera. But it's finding the real people who have gone down a path ahead of you, ahead of us, who have established some principles that if we listen and really connect with, we can learn those and take those to

heart when we are establishing what we want in life, what's really important. There's nothing like real connections, I think, without attending real meetings.

Ad

Young docs are doing themselves a disservice. Hey, thanks for watching or listening. those interested in learning how to create replacement income that allows you to step back or exit entirely from practice, then schedule a call with my team at freedomfounders.com forward slash discover. That's freedomfounders.com forward slash discover. We'll dig into your financial situation and let you know your best next steps. And as always, be sure to hit the subscribe

Ad

subscribe or follow button wherever you're watching and listening so you don't miss a single episode of the Freedom Founders podcast. I'll see you next time.