

Special Report

Smart Moves

Poor Moves

*Most Dentists Retire Poor,
Don't Be One Of Them!*

6

**Useable Strategies To
Make Your Practice An
Abundant Source Of
Retirement Funding**

By David E. Catalano - Finance Geeks

Smart Moves – Poor Moves

6 Useable Strategies To Make Your Practice A Powerful Tool To Build You A Wealthy Retirement.

Chapter 1

I want to tell you a quick story. A true story. A story that could change your life.

Last month a dentist in this area retired. You don't know him. His name is Dr. Poole. But when he retired there was no party, no real celebration. And Dr. P. didn't communicate the event to his staff and patients.

Dr. P. was 64 years old. He had been in practice for nearly 40 years. You would enjoy talking to him, as did the majority of his patients. Some were life long friends. The result of being his patient for several decades.

But the "retirement" I mentioned was not a physical retirement. Not the kind you and I think of. Not the kind where you suddenly have all this free time on your hands and the financial resources to go play and do the kind of things you've dreamt about for years.

This dentist had experienced only a "mental" retirement. You see, in his mind, many many years ago, Dr. P. had "thought" he would retire at age 64. He enjoyed his work, seeing patients, talking to his staff. But he always thought at 64, "that" would be the age where he'd sell his practice, take his windfall and live the good life.

Mrs. P. had expected they'd travel. Go to some places they'd talked about from time to time. Europe, Australia, maybe go south to Florida for the winter and have the kids and grandkids visit. *Unfortunately it will never happen.*

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Why you ask? Well first, Dr. P. is still working. That's right. He still has the practice and is seeing patients. You see he tried to sell the practice for what he needed to get to his target "retirement nest egg". The problem was that no one would buy it. At least not for the price he was asking. And since what he had saved up for retirement wasn't nearly enough to live off of, he HAD to keep working.

Like many dentists, he had picked up somewhere over time that selling the practice was the one event that would fund his retirement years. *Here's what Dr. P. didn't understand or maybe didn't even notice was happening around him for all those years.*

- ❑ The amount of new dentists coming out of dental schools had been on a steady decline since a high, way back in 1982, despite a rapidly growing & aging population. This meant that for every TWO DENTISTS that went to retire, only ONE NEW DENTIST was entering the field.
- ❑ The above decline was caused partially by dental school closings that limited dental graduates, which were the potential buyers for his practice.
- ❑ He didn't notice that more women graduates were entering the field full time but reducing their hours to PART TIME in order to raise families. As a result their LOWER INCOME made them less likely to afford buying or paying top price for his and other practices.
- ❑ He had heard that increased managed care was siphoning off dentists who could now hang their hat without the headaches of growing a practice. These were another source of dentists who would otherwise have been a potential buyer for his practice.
- ❑ Finally, as the percentage of practicing dentists per capita was dropping nationwide, more new dentists opted to START THEIR OWN practice at a fraction of the cost needed to BUY HIS PRACTICE.

Rich Dentist Strategy #1

Rich Dentists recognize early in their careers that selling their practice at all or for top dollar should NOT be the ONLY event or process that drives their retirement strategy. Poor Dentists think there will always be a market for their practice, regardless of the price they want or need to sell it for, in the condition and geographic location the practice is in. Rich Dentists understand this is not the case and early on, **build an integrated master plan to maximize the financial output of their practice.** They seek out specialists and professionals that will help them reach their financial goals, both inside and outside their practice. Building a master plan requires work and planning but is the key to retiring rich.

Action Item 1 – Commit to putting in writing a goal to build a Practice Master Plan. Elements of the plan will include assembling a group of professionals who will help you in specific areas of your practice.

Chapter 2

The Poor Dentist started down his path very early in his career. Once out of dental school with the then typical \$50,000 in student loan debt, the dentist used most of his free cash from his practice to pay down those loans. He was raised in a conservative & frugal family. His father had always preached the “never a borrower or a lender be” and “always pay cash” philosophies.

So in the early years he prided himself on taking extra chunks of money that could have been invested. With that money he paid down his student loans. As those loans were paid off he then took the same monies and started paying down his practice acquisition loan as fast as he could.

He had attended a few seminars where some financial consultants discussed this being a “poor way” to utilize free cash flow. But he never understood how or why NOT paying down debt as fast a possible was a wealth building strategy. **Unfortunately his inability to “understand” ended up being more than a million dollar mistake.**

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Here's why. On the other side of town, a friend of Dr. P., was another dentist. His name is Dr. Roberts. Dr. R. happened to be a classmate of Dr. P. in dental school. As Dr. R. started his practice he started getting the mailings all new dentists seem to receive. One mailing caught his attention. It had to do with financial planning.

If asked Dr. R. couldn't tell you the specifics about the seminar. But he walked away with one concept that changed his thinking. Similar to Dr. P., Dr. R. had always thought debt was bad and paying it down quickly was the best approach. In the seminar however the speaker argued against it.

Rather he talked about how banks make money. He pointed out that at any point in time, a bank will usually offer 2 different interest rates to its customers. To the customers who wanted to keep their money in the bank, the bank would pay them a fee or interest rate in exchange for the use of their money. This was the savings rate.

However to the other bank customers, those who wanted to take money out of the bank, they would be charged a different rate. The borrower would pay the bank fees or an interest rate to borrow the money. This was the lending rate.

The speaker pointed out the two rates were and always are significantly different. Even to a bank customer who might keep their savings in the bank AND have loans with the bank – at the same time. Where the bank might give or PAY the customer only 1-2% on the money in the customer's savings account, if the same customer came in for a loan to borrow in essence that same money from the bank, the bank would CHARGE them 5-6%.

That difference in the two rates or SPREAD, allowed the bank to make money. And as Dr. R. had noticed growing up, the bankers around town seemed to do OK. In fact, he noted he had never really ever seen a poor banker before.

The seminar speaker explained how dentists who had debt could use this concept to build wealth. He said the wealthiest dentists used the same concept to make money. They structured their debt the opposite from poor dentists. They tended to finance debt for the longest possible terms, in some cases paying a slightly higher interest rate than other borrowers.

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They did this because their debt payments were lowered substantially. And this is the key concept Dr. R. remembered. **All other things being equal, the freed up cash that previously went to pay debt was then invested at HIGHER RETURNS than the cost of the debt they were paying.**

The key was the spread on the interest rates for paying debt and investing the difference. If he could borrow money for a 6-7% fee (interest rate) and invest money for 10-11% (return on investment), the difference or spread between the two rates would build his wealth.

Coupled with this concept was the other element that Dr. Roberts recognized and Dr. Poole never understood. That being the element of time and compound interest. The speaker stated, **“There is no investment tool more powerful than TIME”**. Then he gave an example.

Dentist A, at age 35, begins contributing \$30,000 per year (\$2,500 / month) into an investment or retirement vehicle that produces a 9.75% return. If the dentist contributes for only 8 years and stops without ever contributing again, his \$240,000 total contributions grow to **over \$3 million dollars at age 65.**

Dentist B procrastinates but finally at age 46, begins contributing the same \$30,000 per year (\$2,500 / month) into a similar investment or retirement vehicle that produces the same 9.75% return. The dentist continues contributing for 20 years straight through to retirement at age 65. His \$600,000 total contributions grow to **only \$1,833,067 at age 65.**

The difference in the two amounts at retirement, **over \$1.3 MILLION dollars**, stuck in the mind of Dr. Roberts. Time and the power of compound interest, even though Dentist B contributes over TWICE as much to his retirement plan at the same return, creates substantially more cash and wealth!

Dr. R. never forgot that strategy the day he heard, saw and understood what the speaker said. **Because of that he always approached structuring his loans with the goal of reducing his payment to as low a number as the bank would let**

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him. This meant 10 and sometimes 15-year loans when the bank loan officers were pushing towards 5 and 7 year loan terms.

Sometimes Dr. R. found himself having to explain his overall strategy to the loan officer because they didn't understand why Dr. R. would be willing to pay a slightly higher interest rate on these loans with extended terms.

But Dr. R. was always confident because he spent some time educating himself on how to take that extra cash and earn returns on his investments, over and above what he was paying on his loans. Plus, as a big Rolling Stones fan, he always knew that time was on his side.

So across town, while Dr. Poole at retirement had paid off all his debt, **he had very little in retirement savings to show for it.** Not only had Dr. P. not lowered his debt payments and increased his cash flow to use to invest for retirement, he took any cash left over after paying off debt, and spent it on luxury items. Yes Dr. P. had lots of toys and had lived an extravagant lifestyle but was **still working** in order to maintain and pay for it.

Dr. R. on the other hand, had retired several years ago and according to his master plan, had over \$3 million in his retirement account. *And on an average year earning only a 5% return, was living off about \$150,000 a year in gross income.*

Rich Dentist Strategy #2

Rich Dentists take time to understand and learn that their practice is a cash flow based business. As such when acquiring debt for the practice, there is a Rich approach to structuring the debt and a Poor approach. The Poor approach is to use available cash flow from the practice to pay off debt in the shortest time period possible. **The Rich approach is to structure debt for longer terms at possibly higher interest rates so the cash flow savings compared to the Poor approach, can be used to build a substantial retirement nest egg.**

Action Item 2 – Commit to interviewing and working with an experienced financial professional who can structure your debt to lower your payments and therefore maximize your cash flow.

Chapter 3

Dr. Poole, our Poor Dentist, lived a wealthy lifestyle. It started when he was young. Right out of school, with student loan debt and practice acquisition debt from buying his practice from a well-established dentist, Dr. P. bought a house.

He and his wife could have lived in an apartment for a few more years. But good dentists didn't start a practice and live in apartments. What impression would that give? If a dentist didn't live in a nice house in a nice neighborhood, what would his friends and classmates think?

On top of that his wife quit working about the same time their first child was born. So what were two incomes, one of which helped put him through dental school, was now only one. Plus it only seemed right that he get a new vehicle to drive to the new office and park in the new garage attached to the new house.

Very quickly Dr. P. had racked up an impressive amount of professional and personal debt. Debt that would be staggering to the average income earner, even back in the good old days. Within 2 years after graduating he had a \$50k student loan, a \$150,000 practice acquisition loan, an \$180,000 mortgage and \$25,000 automobile loan.

Days at the practice were long and challenging. Most of the patients stayed on after the transition. The staff was eager to please the new dentist. As an employer Dr. P. didn't have much experience but everything seemed to work ok. Managing people wasn't as hard as everyone said it would be.

As time marched on, Dr. P. found after paying the bills for the practice and writing checks for all the loans he had **there wasn't much cash left over for the fun things.** Still he and his wife and their growing family wanted to enjoy the benefits of his hard work as a dentist.

A couple nights a week they would go out to eat at the growing numbers of restaurants that were popping up all over town. Credit cards, he found, were an easy way to avoid

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having to find the cash in your wallet to pay for dinners. Just charge it and worry about paying the credit card company later.

The same approach could be used for their vacations. Hotels and airlines took credit cards eagerly, booked their reservations and off they would go. After the trips some 30 days later the statement would show up and then the fun would begin. Late at night Dr. P. would shuffle the payment booklets around. Sorting them by payment dates. He might let only 1 or 2 payments every couple of months be a few days late here and there.

Occasionally he'd have to drag his feet on one payment for a while and the bank would call him. Blaming it on his disorganization he'd promise a check right away. The bank would be happy and life went on, seemingly unaffected by his financial situation.

With friends at cocktail parties the men would stand around and talk about everything. Cars, boats, vacations in far away places. He would keep up the conversation and contribute until money and investing became the topic. Because money was tight he had very little money in investments. It was difficult to make the minimum IRA contribution some years.

While others talked about stocks outwardly he'd laugh and comment about some company he'd heard that was growing, suggesting it might be a good one to buy. Inside however he knew he'd never make the trip to the broker's office because he had no money to invest. **The house, the loans, the car, and the credit cards – all the entertaining, vacationing and other luxurious activities were leaving him with virtually nothing.**

On the other side of town, Dr. Roberts lived a slightly different lifestyle. After school he went to work as an associate with another dentist. The other dentist had offered to sell him his practice but Dr. R. (our Rich Dentist) didn't want to go further in debt to buy it right then.

He and his wife moved into an apartment their first year after school. It wasn't much but the rent was cheap and they enjoyed its cozy dimensions. After a year in the practice Dr. R. traded in his old beater car his parents had given him for a used foreign

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car. Better known for their motorcycles back then, this Honda Civic was relatively new to the US. There wasn't much room in it but boy was the gas mileage incredible!

They bought it used from the local dealer. When it came to paying for the car Dr. R. had remembered what the seminar speaker had said. Although he could have gotten his loan for a couple years, he took the longest loan term they offered. The difference in payments was enough for him to get excited about. Why? Because he knew that money was going somewhere that would build his future.

In talking with other dentists and professionals on his side of town, Dr. R. quickly **gathered the names of several investment advisors**. He met with them all, taking notes on their past successes and investment strategies. In the end he gravitated towards one who also worked with dentists in town and other cities around the state.

He told Dr. R. up front that his fees were probably higher than the rest of the investment advisors around town, but that his services were worth it. In fact, after Dr. R. talked about his experience at the one seminar where he learned about compound interest and time being the most powerful investment tool, the investment advisor told him this.

He said, "Doctor, I tell everyone who wants me to invest their money one simple thing. Investing for the long haul is like the story of the tortoise and the hare. **Slow and steady wins the race!** Start investing small amounts of your money now, not 10 or 15 years from now, and you'll build more wealth for your retirement than all those other doctors who are livin' high on the hog and drivin' those fancy cars around town."

Dr. R. understood. And he worked with his advisor, who was part of his overall master plan, to develop a qualified retirement program. The program allowed him to take amounts of money, larger than he thought possible and divert them into investments that gave him respectable returns.

After a few years of being an associate at the practice, Dr. R. came to an agreement to slowly buy the practice from the current dentist. The time period seemed long but it allowed for lower payments to be made, which helped reduce his debt payments and increase his cash flow.

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As his family grew so did their homes. Their first house was a double or duplex. There was more room for the baby than in the apartment. After a few weekends of fixing up the other side and renting it out, Dr. R. found the rental income nearly covered his mortgage payment to the bank. They basically ended up living in the house for free.

His wife found she was good with math and could do light bookkeeping at Dr. R's office on the days the kids were at school. They both made friends with neighbors and from time to time took vacations and stayed with relatives up-state. They would pack light and stay in the spare bedrooms. It would have been nicer to go to the Holiday Inn but that cost more and was not in their vacation budget.

There were times over the years Dr. R. and his wife would struggle with second hand clothes for the kids while other kids wore new clothes at the start of every school year. Other dentists drove a new car every couple years while he kept driving the Honda and she had a station wagon that was clean but had lots of miles on it.

But somehow they'd manage. And every three months, when their statement came from their investment advisor, they'd quietly review their retirement program performance. They both knew the checks Mrs. R. would write every month to the retirement account could easily be spent on the things that would fall into the category of "keeping up with the Jones". **But instead they disciplined themselves and focused on their long-term goals.**

As the years turned into decades, the differences between Dr. R. our Rich Dentist, and Dr. P. our Poor Dentist, and their lifestyles became more evident.

While Dr. P. maintained his lifestyle outwardly, behind the scenes his personal and financial picture darkened. An example:

Years of trading in last years car model for this years model for both he and his wife caught up with him. As his children reached driving age he wanted to buy them new cars or at least give them one of his cars. Because of the trade-ins and the amount of money each car lost after being driven off the lot, both he and his wife's car loans were now significantly "upside-down".

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The loan amounts on each car were significantly more than the cars were worth. So much so the dealership can't take the cars back in trade for new cars. And the bank, which already has a 2nd mortgage on the 3rd house they've bought in 20 years, won't approve another loan for him. Dr. P's credit is so bad he can't even co-sign a car loan for his son or daughter until he pays off a loan on one of his 3 cars.

Dr. R's credit picture on the other hand was strong. Granted he never lived in the ritzy part of town or drove new cars. But his fiscal discipline allowed him to build a great foundation of wealth. Living below their means created money to fund their retirement program, even during slow periods. Along the way Dr. R. bought more duplexes as rental properties. His rental income helped pay for his children's college and some fancy vacations later in his career. His banker always offers to loan him money at great rates because his credit is so strong. More often than not our Rich Doctor declines – but he is pleased to know the money is there if he needed it.

Rich Dentist Strategy #3

Rich Dentists apply discipline to their life outside of their practice. Although they have above average income, they live well below their means. **They seek out and work with competent financial planners and pay themselves first, allocating large amounts of dollars to qualified pension plans or commercial real estate through owning their own building and growing their wealth tax deferred.** Through these plans they accumulate wealth so they have the choices like retiring early or continuing to work in the practice, regardless of their ability to get top dollar for the practice at sale time. **Poor Dentists on the other hand live exclusively for the moment.** They buy homes at the top range of what they are able to qualify for. They spend their cash on toys that bring brief personal satisfaction but once past, continue to siphon away valuable cash that could contribute to their retirement plan.

Action Item 3 – Commit to interviewing and working with a finance professional, experienced with dentists, who can structure a qualified retirement plan that allows you to take large amounts of cash flow and invest it to build a retirement nest egg.

Chapter 4

As we mentioned earlier, Dr. P. found managing his patients fairly easy in the beginning. Most were eager to work with him after he bought the practice. For a while the practice grew naturally as new patients came with their children to see the dentist. Then the problems started to occur.

As Dr. P's personal expenses grew so did his need to have the practice generate more cash and profits. To achieve more profits Dr. P. asked his staff to schedule more patients for him to see each day. This would shorten the time he had with each patient slightly. But Dr. P. thought that was the key to more practice profits.

At the same time Dr. P. also didn't want to alienate his patients. Especially since he enjoyed talking with them so much. So he made sure he asked them about their families and loved ones during every dental visit. And if the patient felt like talking, Dr. P. would sit and listen. **This is where the problems began.**

This usually meant the appointments would run late and backlogs started. Patients scheduled later in the morning would have to wait 30, sometimes 45 minutes past their scheduled time to be seated. **In the afternoons the wait times could reach an hour.**

Soon the staff became frustrated as the patients started to complain. And because staff was forced to work past the normal quitting time to get the last patient treated their personal lives started to be affected. Patients talked around town and soon Dr. P. developed a reputation for running behind. As a patient, you knew to take a book or some work with you if you had an appointment.

Some patients would call ahead, get a wait time and even then, show up later or simply not come in at all because their schedule wouldn't allow it. Staff became fed up with the problems this caused and quit. Dr. P. tried to work through the issues the best he could. But like most people in wanting to avoid conflict, he would minimize problems until they became so big they HAD to be dealt with. And then the solutions were temporary.

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As a result of this Dr. P's practice size leveled off. Patient turnover was high. To compensate he didn't raise his rates and kept them level for years. Hoping this would prevent patients from leaving. More money was spent on hiring and training new staff that kept coming and going. This became the normal operating procedure for his practice.

On the other side of town Dr. R, our Rich Dentist, had a very different practice. His practice grew initially and then leveled off much like our Poor Dentist's practice. As he started to experience the same problems, Dr. R. realized he needed to be a better business manager in order to have a successful practice. He'd heard about practice development groups that could help him for a fee. So he started doing research.

After attending several seminars Dr. R. found a practice development group he liked. **They taught concepts that coincided with his personal values.** Helping his patients through complete dental care programs. Training his staff to be self-directed in handling patients and running the office. And how to maximize income through his practice while keeping it in line with the level of service he provided.

Dr. R. began introducing these new concepts to his staff slowly. Each day they would huddle to talk about their schedule and plan for that day. His scheduler was trained to preblock appointments so the practice could reach their production goals. He spent time with patients explaining his desire to provide preventive dental care for them and their families.

This meant the patient had to commit to be an active part of his or her own dental plan. They'd need to show up for appointments and be on time. Perform their brushing and flossing regimes at home in between visits. In turn Dr. R. would commit to maintaining their teeth at a high level of health through hard work in he and his staff's part. And if there were ever a problem he'd ensure he or his staff would devote time and attention to the patient.

As part of his training Dr. R. learned to be comfortable with raising his fees so they were in line with the time and effort he spent on them. He found some patients from other dentists would comment that although his fees were higher, they didn't mind paying them because they could get in and out right when their

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appointment was supposed to be. They didn't like waiting at other dentists. Plus they got to know Dr. R's staff, as they seemed to stay with him. Other dentists, they'd comment, seemed to have new people in each time they went to see him.

Dr. R. grew as a manager of his staff. He set the direction for the growth of his practice and his staff enjoyed reaching their goals. It wasn't always easy. Some staff didn't understand or didn't try to be part of the team. So Dr. R. would let them go. Also some patients wouldn't do their part and take care of their teeth. Or they would be habitually late to their appointments. In these cases Dr. R. would quietly explain to them that they'd not kept up their end of the agreement and refer them to other dentist across town that had practices better suited to serve them.

Unaware to the town, Dr. R's dental practice grew to be one of the most profitable practices in the state. At national dental seminars, our Rich Dentist would be singled out for his practice size and operation as a model for other dentists to follow. Dr. R. however always kept focused and disciplined and didn't let his financial success go to his head. He shared his profits with his staff that helped him shape and grow his practice. And he spent a lot of time coaching and developing their skills, both individually and as a team, so they could all benefit from achieving their practice goals.

Dr. P, our Poor Dentist, on the other hand, stayed status quo throughout most of his career. As mentioned before, his ability to coach, develop and lead his staff was minimal. Probably because he didn't spend much time learning how to do it. His practice was profitable in spite of himself. With his fees so low he attracted patients that usually needed emergency work. But his profits were far below the state and national averages. And this contributed to his overall poor financial picture.

Rich Dentist Strategy #4

Rich Dentists understand they may be trained to be exceptional "clinical" dentists but need to develop the practice management skills critical to the day-to-day building and running of a successful dental practice. To that end they seek out and work with practice management companies that focus entirely on dentists, helping them manage and build their practice. **Poor Dentists have too much pride and don't need training on how to manage other people.** They feel people should do what they're told and don't need coaching or goals to be motivated.

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Because they tend to “wing” the management of their practice, it never grows to the level possible and is not able to contribute to retirement plans or is worth that much at the time of sale.

Action Item 4 – Commit to attending practice development seminars and finding one who’s program you can implement to grow your practice. Follow their principles and programs and learn that teaching and coaching others is key to your growth both personally and professionally.

Chapter 5

Twice a month a dental salesman would visit town. She would end up at our Poor Doctor’s office and the conversation would go something like this.

“Dr. Poole, just wanted to stop in and see how the practice is doing?” Last year we came out with some teeth brightening products, I sent you some brochures on it. This would be a great way for you to increase your sales. More patients want to whiten their teeth these days. Are you interested in getting the products in here to look at?”

“No thanks Carol. They seem very expensive and I’m not sure many of my patients would want that treatment. Besides money is tight right now. We’ve lost a lot of patients over the last few years. And right now I’m training another new hygienist who replaced Mary who left last month.”

“Well Dr. P. you know we could give you some brochures with the program listed on it and you could mail them to your patients. It could be part of your newsletter you send out.”

“Carol I don’t know if you remember but we tried that last year. I had one of the girls type up our office hours and schedule, list all the procedures we perform and the prices we charge for each, and mail that out to our list. Plus I think we sent some to the homes here around the office. **I don’t think we got much response from the mailer, so we quit doing it.**”

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Carol would mark in her schedule she'd made her presentation to Dr. P. and go on to the next dental office. This would repeat itself about 6 months later. Our Poor Dentist didn't really get it when it came to marketing his practice. Hours, procedures and pricing were the extent of his newsletter that was sent out once.

At our Rich Dentist's office Carol, our dental salesperson, had an entirely different conversation. It went something like this:

"Hi Dr. Roberts, just wanted to stop in and see how the practice is doing? Last year you bought our teeth brightening products. How did they do for you?"

"Carol at first I thought we might of wasted our money. We sent out the brochures you gave us to our zip code mailing list around the office and had a limited response. Several people came in as new patients and we whitened their teeth. But again not as many as we wanted to get."

"So I called and talked to the people that came in. I asked them why they decided to come in. I found out most of them said they'd been thinking about doing the procedure before they got my brochure. In fact most had collected several brochures and had done research on the different procedures that are out there. They liked my procedure and had heard about me before so just thought now was the right time."

"OK Dr. R. but I show here that you've reordered 6 cases of our brightening product in the last year. That's over 120 kits. **It doesn't sound like you used that many did you?"** asked Carol.

"Yes but only after I tried a new marketing approach. In my practice development classes a dental marketing specialist taught us about the purpose of marketing. *According to her marketing is the continual education of people about your products or services, in their terms.* And approaching it in a way that helps them solve their problems, in their words, and educates them on how to make the best decision. Kind of like what you would tell your best friend to look out for if she wanted to get her teeth whitened."

“So I wrote a couple of pages about what I knew about getting teeth whitened. The pros and cons of the different approaches. I covered cosmetic dentistry, laser and chemical bleaching and abrasive techniques. I talked about what kinds of people were the best candidates for each approach. Then I gave some general price estimates. At the end I invited them to attend a free 45-minute teeth-whitening seminar in our office on a Saturday morning.”

“Then I took the pages and titled them **Special Report: A How To Guide To Teeth Whitening – What To Look For And What To Avoid If You Are Thinking About Getting Your Teeth Whitened.** I sent another letter to my mailing list. In it I simply said some patients had recently asked me about the best way to get their teeth whitened. To help them I wrote a report. I listed the title of it and said the following. *I don’t know if you are interested in getting your teeth whitened someday or not. But if you are, even if you don’t come to our office for the procedure, please read my Special Report so you can make sure you’re making an educated decision.*”

“From that mailing I had about 200 people request the report. Of that 200 people about half or 100 came to one of our Saturday seminars the first month. Of the 100 people at the seminar, about half or **50 people signed up** for our bleaching procedure! And after the bleaching 19 of the 30 people ended up having other work done!!”

Excited, Dr. R went on to say, **“So I’ve repeated the mailing every three months.** Each time I get about the same results or better. It’s been a great approach to helping increase our production numbers, add new patients and give them all great smiles!”

Our Rich Dentist had learned he could have the best dental practice but unless he was able to communicate to people compelling reasons to choose him as their dentist over other dentists in town, being a good dentist alone wouldn’t make his practice grow. At the same time, our Poor Dentist thought marketing his practice was nothing more than putting out a menu list of his hours, procedures & prices and hoping people would choose him as their dentist. **He didn’t understand good marketing is much more than that.** Nor did he invest in educating himself as to what quality effective dental marketing is.

Rich Dentist Strategy #5

Rich Dentists realize that even a dentist must market his or her practice to the public in order to generate new patient flow. *Therefore they invest time educating themselves and with firms or consultants on cost effective marketing programs that bring new patients into the practice.* **Poor Dentists don't believe in marketing or don't understand it.** *As such they waste money on ads that give potential new patients no compelling reason to choose them as their dentist, over all the other dentists in the area. Or they don't market at all.* With this approach the practice struggles to maintain full schedules and the revenues it needs to support the dentist, the dentist's lifestyle and a comfortable retirement.

Action Item 5 – Look at other dentist advertisements around your city. Lay them out side by side. Get a friend to look at them all and ask them, based on the ads, who they would pick as a dentist and why. If all the ads are the same as yours, you need a more compelling message. Work with dental marketing consultants to develop more educational and powerful marketing programs to build your new patient flow and your practice.

Chapter 6

Every year Dr. P. and Dr. R would see each other at their continuing education conferences. **Dr. P. prided himself on being able to continually improve his clinical skills.** Through ongoing training and reading literature he did a good job of enhancing his clinical skills to a level even higher than he thought was possible himself. He felt the time and money attending the institutions and seminars were a good investment.

But when he came home from each trip and went back to work, something gnawed at him. It was the style and appearance of his facility. **It never seemed to mirror or reflect his clinical abilities.** In fact as his skills increased the gap between them and the facility widened. The waiting room seemed small and cramped. His location of the operatories seemed awkward and as staff and patients worked and walked through the office it felt more like a rat maze than a comfortable place to work.

SMART MOVES – POOR MOVES

It was common for him after a long days work to feel flat, that the physical office itself was a drain on his energy. **Deep inside he felt his patients sensed this too and picked up on the outdated style of the equipment and office itself.** Although he didn't focus on it like he should, he felt his treatment plan acceptance percentage was lower than what it should be. Why, he empathized, would patients be willing to spend more money on their dental care when the dentist office was the same "old" office they had been going to for decades?

On the other side of town Dr. R. had similar personal feelings about his clinical skills. He too invested time and money to keep them up to date. As his practice management and practice development skills increased his ability to work *the same hours and make more money*, he also reached a point where his facility seemed to trail behind his skills.

At seminars, in talking with other dentists around the country he found an interesting characteristic among the dentists with the largest and most successful practices. They eventually decided that after investing in their clinical, management and practice development skills, to keep up with their growth and own success, **they needed to invest in a new facility that mirrored their level of success.**

Dr. R felt from a long-term financial perspective, investing in his facility and real estate was a strategy similar to investing in a qualified pension plan. **As the investment appreciated he didn't have to pay taxes on it until he took out the money or in the case of his facility, until he eventually sold it.** Plus a newer facility would enhance the experience he, his staff and patients would have while in his office, both as an employee and a patient.

So instead of just leasing a bigger space for his office when he reached that decision point of building or leasing, he built his own building based on sound advice from his financial advisors. **He suppressed the temptation to build a multi-tenant building** and focused on a high quality office for himself and his practice that would allow him to do what he was best at – delivering the best dentistry in his area.

Like the other successful dentists he met at conferences and training sessions, after completing and beginning working in his new office he quickly found his confidence level improved along with his staff's overall confidence. **The patients seemed to also**

appreciate the new environment. It was spacious, elegant, functional and gave you a sense of being in a nice home instead of a typical dentist office. It was common to hear several patients each day comment on the new office saying how they enjoyed their dental visits even more, along with getting a “great smile”.

Over time Dr. R realized his new office and reinvigorated staff were equally responsible for a dramatic increase in the financial success of his practice.

Patients told their friends and neighbors about Dr. R. and the pleasant experience and treatment they received at the new office. Referrals increased and more staff was hired to handle the increased patient flow.

Meanwhile Dr. P. maintained the status quo in his dental office. Building a new office was probably beyond his financial reach. Because of his lifestyle debt and spotty credit history, financing for such a facility would be hard to sell to the bank. They might say they could do it initially just to make him happy but, as before, when they finally got down to the real numbers a month or two later, they’d tell him it wouldn’t work.

Dr. R. might have had the same experience if he approached the local bank with his high-end office project. But as they had assisted him before, his financial advisors put together a comprehensive project plan that stepped him through the process. *Together with specialists who focus on high-end facilities he completed his new building on schedule and only slightly over budget.* And as planned, the resulting production increase quickly recouped the increased debt costs he incurred with the project.

Rich Dentist Strategy #6

Rich dentists learn as their skills and practices grow to a certain level, to maintain that growth and develop a top producing practice, they should upgrade their office. *Building a high-end dental office and owning the real estate is dual investment in the ongoing growth of the practice and the dentist’s wealth.* **Poor dentists don’t understand communicating the inside reality of their practice (their clinical skills) is heavily influenced by the outside perception of their practice (their physical facility).** They don’t position themselves to invest in the facility, or have the resources to invest but don’t understand the potential paybacks in financial, working environment and customer satisfaction terms.

Action Item 6 – Seek out and network with dentists who own larger and more successful dental practices. Solicit their opinion on the value of building a high-end dental office. What were their practice results before and after the new office? Who advised them on the project? What, in their opinion, were the financial, work environment and customer satisfaction paybacks they received compared to the financial cost of the project? If their answers and results are in line with your practice goals, start discussion with companies with specialists who focus on these types of projects. Have them educate you on the pros and cons so you can make an informed decision on potentially starting your own high-end dental office building project.

Rich Dentist “Summary Action Plan”

1. Start this month and **develop a Master Plan** (in writing) for your practice, to build and grow it, so your retirement isn't solely dependent upon you selling your practice.

Date to Complete: _____

2. If you have large amounts of short term, low interest debt, **restructure or consolidate it for a longer term**. This can free up large amounts of cash flow that you can pour into a qualified retirement plan that builds retirement wealth. Seek out a commercial lender that can consolidate and restructure your existing debt. If you have large amounts of revolving debt (credit cards) look for a broker or bank that will refinance this type of debt. Many won't, however a good broker will have multiple sources available to him or her to find a lender for your situation.

Date to Complete: _____

3. Adopt a strategy of living below your financial means in order to accumulate wealth that will ultimately fund your retirement. Find a **qualified financial planner** who can **structure a qualified retirement plan** to build your retirement.

Date to Complete: _____

4. Investigate and attend seminars put on by **dental practice management firms**. Commit to one of their programs that will teach you to acquire the behaviors and develop the skills necessary for running a successful dental practice.

Date to Complete: _____

5. Educate yourself on how to effectively **market your practice** to potential patients. Attend a seminar or hire a consultant that helps dental practices leverage their marketing programs so you can be good at driving new patient flow.

Date to Complete: _____

6. Solicit advice from dentists who have built **high-end dental practices** with owning the real estate. Learn who their project partners were and the different benefits you can achieve from building your own facility. If they are in line with your goals, start the planning process today!

Date to Complete: _____