Grow Your Passion for Business

by Howard Farran, DDS, MAGD, MBA, DICOI, Publisher, Dentaltown Magazine

It kills me every time I read about another world-famous celebrity who declares bankruptcy. These are some of the most well-known and respected actors, musicians and artists in the world. Kim Basinger filed for bankruptcy in 1993 after buying a town in Georgia (yes, a whole town), and getting sued for breach of contract after she dropped out of the movie Boxing Helena. She was one of the most publicized and recognizable people in the world and she was broke! Tony Braxton – one of the most talented vocalists of our time – went bankrupt twice. Twice! She’s sold millions of albums, but entered into raw deals with recording companies and tied up a lot of her own capital in unproven entertainment ventures.

The list goes on – Francis Ford Coppola, the man who gave the world the Godfather movies, always seemed to come in over budget and filed Chapter 11 twice; Sarah “Fergie” Ferguson, the Duchesses of York, owed more than $7 million and became the first senior British royal to seek relief from her debts; actress Debbie Reynolds took frivolity to a whole new level when she purchased the Greek Isles Hotel & Casino in Las Vegas and filed for bankruptcy in 1997 because of it; the man behind the mouse, Walt Disney, went bankrupt in the 1920s; and most recently Lady Gaga says she is facing some serious debt after funding her Monster’s Ball tour and buying those outrageous outfits – and she didn’t even know how far in the hole she was.

Even Ulysses S. Grant, the highest ranking general in the Civil War and our country’s 18th president, went broke for living way above his means and entering into a mismanaged investment venture which sent his partner to prison and left Grant hundreds of thousands of dollars in debt. The only thing that saved his family from even more hardship was when he sold his memoirs for about $500,000. He died before they were published.

These are all very talented people who excel at what they do, but they lost their shirts because they didn’t pay attention to their numbers!

What do I see happening in dentistry? Well, no Oscar award winners giving acceptance speeches or doctors who walk the red carpet in dresses made out of steak, but I see a bunch of docs who love doing dentistry and have no idea how to run their business.

Any time Dr. Gordon Christensen lectures, dentists flock into the room to listen to him explain the bonding, tensile and compressive strength of every cement on the market. Why wouldn’t you? He’s the godfather of modern dentistry and he’s got great information. I love Dr. Christensen’s lectures! You’re taking extensive notes and paying attention to every word he says, but if I stood at the back of the room as you shuffled out and asked you what your return on assets was in 2010, I bet you’d have no idea.

I could ask you, “What was your return on equity for 2010?” You probably couldn’t tell me. I could try to find out how much money you’re currently spending on marketing to get a new patient. Is it $50 a new patient? $300? You don’t know! What about telling me how many of your patients are currently active? Do you know that? Probably not.

I could ask you 25 different questions pertaining to the life of your business and you’d have difficulty answering a single one, but you could turn around and tell me what the strongest cement is on the market...

I understand that you have to make something (aka: do dentistry) and I applaud the passion of every single one of you who goes to lectures and learns about making dentistry. I love making dentistry, too! That’s why I got my MAGD! But you can get your MAGD and still know nothing about the business of dentistry. If you’re not watching your numbers, it won’t matter if you’re making dentistry or not because you won’t have a practice at which to make it!

Nobody wants to be the Kim Basinger of dentistry. If you want to avoid major debt, or heaven forbid, bankruptcy, you need to develop your passion for the business side of your practice. T here is no panacea to improving the business of your practice. It takes time, patience and a willingness to understand and learn to love the stuff you probably never wanted to understand and most likely loathe. You don’t need an MBA to cultivate this side of your practice (but you might consider picking up a pair of reading glasses).

There are countless outstanding resources out there that can help you on your way. Here are a few of my favorites:

• The Gifted Boss by Dale D'Auten: I’ve always said you only manage three things: people, time and money. This is one of the best “people” books I’ve ever read. It’s quick, concise and you should read it, too.

• The Road Ahead by Bill Gates: If you want to develop your love for business, you have to have a vision. A great book by one of the richest men in America.

• Built from Scratch: How a Couple of Regular Guys Grew the Home Depot from Nothing to $30 Billion by Arthur Blank: Learn about Home Depot’s business model. Before Home Depot, every town was filled with these tiny hardware stores and Home Depot slaughtered them all the same way Walgreens and CVS took out mom and pop pharmacies.

• Grinding it Out: The Making of McDonald’s by Ray Kroc: I still tell dentists to go eat at McDonald’s and take a look at what the franchise behemoth will do for its customers. Everyone is in uniform and wearing a nametag. All of their signs are lit and their marketing is out of this world. Dentists don’t do 10 percent for their customers who come in for a $1,000 root canal of what McDonald’s does every day for a guy ordering a three-dollar burger and fries.

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• The Google Story by David A. Vise and Mark Malseed: Honestly, how could this not be a fun read? Everyone uses Google, and the inside scoop on the company’s culture is something every business should know.

• Only the Paranoid Survive: How to Exploit the Crisis Points That Challenge Every Company by Andrew S. Grove: Doing what you do best is bound to make you the most profit. This book is chock-full of wisdom, common sense and solid case studies from the CEO of Intel. Learn what a Strategic Inflection Point is before you have to deal with one yourself.

• Jack Welch and the G E Way by Robert Slater: Jack Welch might be one of the greatest managers of all time. He ran a third of a million employees in 19 different divisions. He could only spend one and a half days each month at each of those divisions whether it was making nuclear power plants or jet engines or light bulbs. Business is business and it doesn’t matter if you are making a root canal, a light bulb, a jet engine or a nuclear power plant.

• Trump: The Art of the Deal by Donald J. Trump and Tony Schwartz: Say what you will about Donald Trump, once you cut through the bravado, you’ll find that he actually wrote a great book.

• Selling the Invisible by Harry Beckwith: This book will really make you take a long hard look at how your practice markets itself just by how you operate. When you check into a hotel room and the maid has put that little slip around the toilet seat. You know what that is? She is selling the invisible. You didn’t see her clean that toilet. That is her way of saying, “I cleaned your toilet.” What are some ways you can sell the invisible in your practice?

• How to Win Friends and Influence People by Dale Carnegie: Talk about things you need to know to manage people and sell to people! Dale Carnegie wrote the bible on it and no one has topped it since.

• The Five Dysfunctions of a Team: A Leadership Fable by Patrick Lencioni: This is another fantastic management book but it’s set up in a fictional fable, which makes it just as entertaining as it is enlightening.

• Swim with the Sharks Without Being Eaten Alive: Outsell, Outmanage, Outmotivate, and Outnegotiate Your Competition by Harvey Mackay: This might be the best book on relationships on the market. Mackay’s business was selling envelopes, and he rocked at it! Why? How is one company’s white envelopes any different than another’s? Everyone was selling them on price, but Mackay learned how to sell the most envelopes on the planet through customer service and relationships. He made his sales team fill out 76 questions about everyone that buys envelopes in the United States. What is your name? What is the name of your wife? Where were you born? Your favorite NFL team? So then when the 49ers won and that was your favorite team, the salesman could call up just to talk about the 49ers. They’d talk for 10 or 15 minutes and then at the end he would just slip in, “By the way you need to order more envelopes?” and they would.

I don’t care how talented you are, if you don’t cultivate a love of the business and love for watching the numbers, your talent is going to get handed to you on a platter and you are going downhill. Take a look at Elton John. The man is beyond talented. So what’s he doing for retirement? He has to play a gig in Las Vegas every night so he can pay his bills. There are stories that he had a bad manager or someone stole from him. Come on. If an employee is embezzling money from your dental practice, I don’t blame that employee’s morality or ethics as much as I’d blame you for not having any controls or audits in place.

Many of us work Monday through Thursday and say to ourselves, “Every Friday I’m going to go in and focus on the numbers,” and then the first thing we do Friday morning is grab our golf clubs for a round of 18. So why don’t you move the numbers – one of the most important items in running a business – to Monday at 8 a.m. and start seeing patients at 10 a.m.? It’s like blowing your diet – there aren’t enough hours in the day to exercise off the food you’re eating when it’s all cheeseburgers and french fries. A diet is just as important as exercise if you want to stay healthy, and if you want a healthy business, watching the numbers is just as important as the dentistry you’re doing.

As we wind up voting for the 2011 Townie Choice Awards, I want to thank all those who have already participated. Dental professionals everywhere rely on your input for various equipment, product and services decisions they are contemplating. Together, we can make a difference in dentistry! If you haven’t finished voting, the polls are still open!