

Howard Farran:It's always an honor to interview one of my bald brethrens, Dr. Curtis, not a doctor, Curtis Marshall. It is just north of me. And by the way, have you ever driven from Salt Lake City to Phoenix? It's about 12 hours, right? But god, that is beautiful. Oh my god that is some – there are parts of that drive where you wonder if you are on planet Earth. Sedona ... so what is that one canyon called? The one with all the weird rock formations on the north side of the Grand Canyon?

Curtis Marshall: Bryce Canyon.

Howard Farran:Bryce Canyon.

Curtis Marshall: I'm impressed you know that. My great-great-grandfather is Ebenezer Bryce who founded that place?

Howard Farran:Are you serious?

Curtis Marshall: No joke.

Howard Farran:Wow. That is amazing. That is just. I mean, there were places in Sedona in Bryce Canyon where if someone took a picture and said this is from the Mars Lunar Landing shot you would say, yea. Sure. That must be Mars. Never saw that in Kansas or Pennsylvania. Unbelievable. I have lectured to dentists in 50 countries and I still say the most beautiful vacations I have ever seen they are always in America. There is just some amazing stuff. There is so much I want to talk to you about Curtis. First, let's go into you. So you are with Dental Intel.com, which has been a big passion of mine because being a dentist for 27 years I'm 52 years old tomorrow it really makes me upset when I hear people are saying well dentists they are not good business people. My dad had five daughters, me, my little brother and delivered Rainbow Bread for \$11,000 a year and a stay home Catholic mom. We lived in abject poverty until I was 10. And then when I was 10 he bought a Sonic Drive-in franchise. And all they had was that little NCR national cash register. And that cash register machine gave my dad more data than anything a dentist has today 40 years later on Dentrix, Eagle Soft, Softnet, unbelievable. For instance, you know more than anyone when you are accounting isn't hooked up to your practice software – I mean I have gone in a gazillion dental offices and a dentist will say to me yea, I have one hygienist I think I need to go to two. I say okay, well see that Mrs. Jones she just left for a cleaning. Did you make \$9.17 after taxes or did you lose \$20? I don't know. Okay, well if you don't know why do you think you need a hygienist? And then I go figure out how much money his hygiene department is losing and then tell him how much money he has to have to go bankrupt. And when you walk into McDonalds I mean people don't realize that a 24 year old night manager the computer dashboard, which you guys make for dentists, the computer dashboard will say hey 27 year old punk kid with three tattoos and an ear piercing you have three cooks clocked in. We are supposed to run 18% labor, 5% crew management, 31% food costs. It is Wednesday at 9:00. We close at midnight. In the next three hours every Wednesday from 9 to midnight you are expected to bring in another \$400 and your labor cost is going to be 27%. Send home Mark because he is the youngest least prioritized in the kitchen right now. And then up front you got three cash registers. Same thing you need to send home one. Let's send home Amy because her cash register is usually \$3.80 short every night. Whereas Amy and Jason are usually on the money. I mean he has got more data –

My dad, I just hung out with people that owned lots of Sonic Drive-in franchises. My dad had nine. His friend Jim Williams had 100. Roger Carpenter had 1,000. And these guys didn't know Algebra, Calculus, Geometry, applied math, physics. They didn't know applied chemistry, biology. These people couldn't have

told you the president of another country. These people had more concepts backward in their head and they owned jets. And it was because they had data presented to them in such a way that anybody would make the right decision. And every time I ask Dentrix and Softnet and Eagle Soft to completely connect us up to Quicken or Peachtree or Quickbooks Pro or Microsoft just bought Great Planes Accounting a few years back every time they come up with an update conference it is voice activated period. Or it is some – and then they tell you in their updates that 80% of their features are never used in the average dental office. And then they sell you software that your software can't even generate a check to pay for it. It is just crazy. Payroll is your largest expense. You don't even have your employees clocking in and clocking out. It doesn't even figure your payroll. So then you have to pay somebody to do your payroll. I mean don't even get me started because I will blow a fuse. Let me tell the dentists out there, you are not dumb. I have met a gazillion dentists they are not dumb. They are not uneducated. I have also spent the night in over 100 homes over my life. You spend the night in a dentist's home there are 100 to 1,000 books that aren't fiction. You spend the night in a home if they are not a dentist, a lawyer or a physician maybe they have People Magazine and 50 Shades of Gray. I mean there is not an intellectual book in the house. These dentists are smart and they just don't have a dashboard. You got 100 clients with your dashboard. Explain in detail what your dashboard does for dentists and how it metamorphoses their life.

Curtis Marshall: Yea, that is a good question. So it is pretty simple. What we do is we gather data and we present it in a business intelligence format. So we pull data both from there, Dentrix OpenDental, EagleSoft whatever it might be. And also from Quickbooks or their financial information bring that data together and based on the doctor's goal – because some doctors they just want to work the same amount of days to make more money. Other doctors want to work less days and make the same amount of money. Some doctors want to get multiple offices. Whatever they want that data is brought in and with unique formulas we pop out the top three to four things that they need to be focusing on. Just like you said with hygiene if someone says they want more hygienists it is going to tell them more information about their hygiene department and where they need to get it to get that next hygienist.

Howard Farran: So you are exporting data let's say they are out of – what is the most common accounting software? QuickBooks for dentists?

Curtis Marshall: Quickbooks for sure, yea.

Howard Farran: Quickbooks or QuickBooks pro?

Curtis Marshall: QuickBooks Online.

Howard Farran: QuickBooks online is that Quickbooks or Quickbooks Pro the online version?

Curtis Marshall: Pro.

Howard Farran: It's Quickbooks Pro online? That is the most common?

Curtis Marshall: It is.

Howard Farran: See I'm an old, fat bald guy. I went with Peachtree back in the early day. Was that a bad decision?

Curtis Marshall: Quickbooks is very universal as far as the business world so we suggest people to go to it. Peachtree is fine.

Howard Farran: Whatever happened to Microsoft's play buying was it Great White Plains accounting in Nebraska – was that a good investment or?

Curtis Marshall: It got a high amount of followers. It has virtually disappeared on us.

Howard Farran: Fortune 500s universally they are on Germany's what is it SAP?

Curtis Marshall: SAP, yea. We haven't seen any doctors with that yet.

Howard Farran: So SAP has the Fortune 500 or Russell 2000 and Quickbooks Pro online is what the average dentist has to. Do you think that is enough for me that I should take the time to switch from Peachtree to Quickbooks pro or is accounting accounting? Like if I was your client could you help me through Peachtree accounting or would I have to switch to –

Curtis Marshall: You just wouldn't be as integrated. It wouldn't be instant.

Howard Farran: So that is going to be the standard. The second thing I want to ask you talking about standards and I wish you would post this on DentalTown, whenever you go to a study club or in my case a bar serving wings showing a football game and five dentists are talking about their overhead I always tell dentists that when a doctor is talking about overhead trust me that everything he says or she says you have no idea if it is true or not. He will be sitting there and saying oh my labor is high. The first guy will say my labor is low it is only 20%. And I will say does that count continuing education? Does that count staff uniforms? Does that count FICA matching? Does that count taxes? So dentistry still doesn't have a chart of accounts. I wish would you post your chart of accounts on DentalTown?

Curtis Marshall: Too late. I just did that last week.

Howard Farran: You did that last week?

Curtis Marshall: I did do that last week, yes. That ratios and chart of accounts.

Howard Farran: On the DentalTown post did you ever notice above the post you can click forward and then all you got to do is type in Howard@dentaltown.com and it will email me the link to that post because there is three and a half million posts you can search for. The first thing I want to tell dentists is that when you are reading or talking to any dentists about overhead you are never comparing apples to oranges. Like other dentists will pay off their building so they don't have rent. They say yea, my overhead is only 45%. Yea you have free rent and that is not really true because in economic theory you have to say well that building was worth \$100,000 and the rental rate for that was 12% a year you would have to have another corporation maybe your name spelled backwards as a real estate holding company and charge your dental office rent because there is no businesses in the world that have zero rent and there is a cost of capital. Again, be aware of the numbers. I think ranges are more important.

Curtis Marshall: Yea so there is both there is chart of account and there is ratios with ranges for all of those subjects within the chart of accounts.

Howard Farran: And the other thing, let's talk about this, another thing I feel sorry for dentists when they are reading a national magazine like Dental Town that is going to 150,000 dentists coast to coast is do you see big differences in numbers between the 60% of dentists living in the towns over 100,000 versus the 40% of dentists living in the 19,022 towns with the median average sized towns under 5,000? I mean isn't it lower overhead in a town of 5,000 than it is in San Francisco or Manhattan or Phoenix or Salt Lake City?

Curtis Marshall: We do have obviously lower overhead because of supply and demand, right? You got there is less space within a big city versus a small town like Paige, Arizona, which I just went down to with a pal last weekend. Very small town. Two dentists in that town. They can almost name their price for over – overhead meaning there is lots of overhead overhead meaning for your space that you are staying in.

Howard Farran: Labor is cheaper. In a small town like Paige a job at Walmart is considered like – in Phoenix a good job is working at Intel. In Paige a good job is working at Wal-Mart.

Curtis Marshall: Or the local bowling alley, yea. Totally agree. Yea, there are quite a few instances there where it is lower, but it is not the factors that we have seen with our dentists it is still within that range that we have put on there. As long as you are with that range –

Howard Farran: Go through the ranges. You got 1,000 dentists listening to this thing what ranges? And where should he be looking at this? Should he be looking at this? I have never known a dentist that knows the difference between a statement of cash flow, a balance sheet and a profit and loss statement of income. So you are talking about ranges on the statement of income, the profit and loss statement which is prepared for third party tax collectors, the IRS has artificial numbers, depreciation, deferred taxes. What scoreboard are you looking at? Are you looking at your dashboard?

Curtis Marshall: I'm just pointing out chart of accounts and ratios right now. Let's say for total overhead it should be somewhere between total operation costs. Total operation costs to collections should be 24% to 32%.

Howard Farran: And what would that include?

Curtis Marshall: That would include office employee cost. That would include total facility cost. Practice development and total administrative costs.

Howard Farran: Practice development – is that marketing and continuing education? Marketing and CE?

Curtis Marshall: Practice development let me tell you real quick what is in all of that. Let's see here. Practice development, advertising, this is what is great on this sheet that is on DentalTown it will tell you everything. So practice development is advertising promotions, charitable contributions, conventions, seminars, entertainment and travel.

Howard Farran: By the way if currently you don't have a charity you donate to I'm putting poor kids through college so just send that money to Howard@dentaltown.com.

Curtis Marshall: Oh you are still accepting for that. I thought you stopped accepting.

Howard Farran: Okay so overhead office employees, facility from 24 to 32. Probably closer to 24 in a town of 5,000. Probably closer to 32 in a Salt Lake City of Phoenix. What would be your next?

Curtis Marshall: Okay so now we look at COGS. Now this is interesting –

Howard Farran: Cost of goods and services.

Curtis Marshall: Yes. So I put that on there and a dentist replied on DentalTown saying I don't have any COGS. I'm like well it is the cost that you provide for your services. Not necessarily your goods, but your services like you just said, services. Anyway, that should be between to collections 26 to 34%.

Howard Farran: 26 to what? 26 to 34% and tell me what is in there.

Curtis Marshall: In here you got your hygiene wages, assistant wages, lab fees and drug and supplies. So these are all things that can be changed if you don't have more patients in the office. Meaning you still got – as long as you are providing a service to a patient you need to have these things. And once again that is hygiene wages, assistant wages, lab fees and drugs and supplies.

Howard Farran: Okay so you create – you are dumping Phoenix, Quickbooks online – Quickbooks Pro Online down and you are downloading their practice management software. Are almost all your clients Dentrix, EagleSoft and SoftDent?

Curtis Marshall: OpenDental. We have some Ortho guys who are Dolphin Works and OrthoEase.

Howard Farran: So what percent – my motto with DentalTown is I have known dentists _____ [00:16:53] so there are kids out there who maybe use Dentrix, but they wonder am I the only guy that uses Dentrix or should I switch to SoftDent or EagleSoft or OpenDental. Could you give us the stats of about like what percent have each one?

Curtis Marshall: These are rough, but as far as our GPs who have our services we probably have 50% that are OpenDental.

Howard Farran: Really, 50% are OpenDental?

Curtis Marshall: It's pretty high and I think I have a reason for that and I will tell you in a second. 50% OpenDental, 35% would be Dentrix and the rest about 15% would be EagleSoft. The reason why I believe –

Howard Farran: You didn't mention SoftDent.

Curtis Marshall: SoftDent we have very few. I mean it is very low.

Howard Farran: Figures. That's what I'm on. It has had a different owner every five years since I have had it.

Curtis Marshall: Now we haven't been marketing to OpenDental customers or anything like that.

Howard Farran: Where are they out of?

Curtis Marshall: OpenDental? They are out of Oregon.

Howard Farran: Oregon.

Curtis Marshall: Just south of Portland. I forgot the city name. They are really cool guys.

Howard Farran: Are they online? Use the cloud all that?

Curtis Marshall: What they do is they provide you open source and open source format for your software that you download onto your computer. They are coming out with a cloud one on your computer, but you actually download it and it is a free download and it is – everything about it is free because it is open source. If you want help and support and updates for it you pay \$100 a month or something very low. But the reason why I believe more of our clients have that right now is because those clients are the ones who are really trying to gather more data. You can pull any report you want from OpenDental with a query. And that is why they got it initially. Then they realize there are so many numbers. There are over 400 numbers just in your practice management alone that you can pull and look at.

Howard Farran: Does OpenDental merge and connect with QuickBooks online?

Curtis Marshall: No.

Howard Farran: Can you do me a huge favor?

Curtis Marshall: Yes.

Howard Farran: You are in Salt Lake City, right?

Curtis Marshall: Yes.

Howard Farran: Isn't it Provo, isn't that where Dentrix is headquartered?

Curtis Marshall: Yes. American Fork, which is right near Provo.

Howard Farran: Can't you go rough them up a little? Take some buddies and say connect this thing to Quickbooks Pro online or we are going to steal your truck or something?

Curtis Marshall: Then we wouldn't be as valuable, Howard.

Howard Farran: Oh. You are capitalizing on this big mistake. It is amazing. Every time like when I go lecture I will check into a Marriott or a Hilton or something like that. It is amazing when I am checking in they ask me like six questions and those are like the only six complaints or questions I have ever had in 28 years of lecturing 1500 times. Their management information system is just – I mean you are just sitting there. I am a fat guy so the first thing they say is Howard, room service closes at 10:30. I can't whatever but I just. I just get so frustrated that a dentist will sign up for a PPO. And a dentist asks me do you think I should sign up for this PPO? I will say well what ___ they will say well the crown is this. I will say well, what is your cost of a crown? I mean shouldn't you just sit down at a computer and enter your hours? Enter your operatories? When an assistant clocks in she is booked to room 8? This assistant is booked to room 7. This hygienist is booked to room one, two and three they have your scheduling. They know your average crown is two hours. They know you are going to be in there two hours for this fee. _____ everything and then they just say hey, Marshall, your cost for a crown is \$595. So now if you know it is \$595 and you see a fee service for a fee you can decide do I want to do a crown for that amount of money. They just don't – basically dentistry the whole management information system in dentistry you are somewhere between Stevie Wonder and Ray Charles. That is how you practice your whole entire financial career. Crazy.

Curtis Marshall: That is really too, I am coming out with an Ebook here soon Secrets of Corporate Dentistry is Hiding From Dentists.

Howard Farran: And you can upload an ebook on DentalTown too. What forum did you post your chart of accounts under? Was that under finance?

Curtis Marshall: No. It was practice management. I asked Hogad – Howard Goldstein – and he said, I will forward it to you so you have that.

Howard Farran: I'm sorry to cut you off. You were going somewhere profound about corporate dentistry. Why – now let me ask you this – why did a Canadian fund buy a big Heartland Dental chain of 500 offices?

Curtis Marshall: And who are they? All they are are an investment fund. They aren't even a dentist. Not a dentistry firm. They don't know what dentistry is necessarily, but they know something and this is what they are hiding. What they are hiding is very simple. They are hiding the fact that numbers run any business. Business intelligence numbers run any business and they want dentists to continue thinking that is just clinical and doesn't have to do with numbers. Just like you have been talking about previously. They want them to continue thinking oh, if I just provide good service then people will come in and they will pay my fees and that is all I have to worry about. I don't have to worry about anything else. While that is important, very important for clinical it is also important to know that dentistry is a business. And you can become ridiculous or returns on investment can become ridiculous within dentistry. It is a unique field that you can do very well on returns if you just look at the numbers. If you just look at where the trends are going in numbers.

Howard Farran: It is very common for a human to think about themselves more than they – the 1 billion people in Africa, the 1, 2 billion in India, the 1.3 billion in China. They say things about dentists all day long that aren't true. They say dentists have the highest suicide rate. If you look at the suicide rate of people in the United States military it just dwarfs dentistry. Our military they commit suicide when they are under surveillance and in the mental home. The other thing they say is that the overhead isn't so high. They don't realize that for the Fortune 500 average net income for the entire 500 is 5%. I mean how many dental offices have a 5% net income?

Curtis Marshall: I hope not. _____

Howard Farran: So dentists like to whine. Everyone likes to get out their violin and say oh, I suffer more. The cross I carry is 10 times bigger than the one Curtis is carrying. The bottom line is they are coming in here because they see huge margins.

Curtis Marshall: They want to come in because they have a system. They have a system that they know works. Hey, dentists all you have to do is hit these numbers. They are simple numbers to hit. You just have to hit these numbers. And we are happy. We are going to make sure you get paid and we are keep doing this. We are going to buy more offices. What is awesome about this is that once dentists realize how important these numbers are and to track and monitor – not just to track but to track and monitor these numbers they can become even more profitable because they can make systems based on their geographical area. Salt Lake City and Phoenix even though dentistry is the same corporate dentistry company would have both offices do the exact same systems. Guess what? We are a little different up here than you guys in Phoenix. And the dentist can adjust those systems on his own without corporate dentistry

to take advantage of that and make even more profits if he or she is following numbers and emotions. That is what is important.

Howard Farran: I know my listeners right now are wondering – first thing in economics I always tell dentists if you got three kids and two of them are really, really smart let them go off to college and get lawyer positions or whatever. But if you have a kid that is not quite right in the head send them to economic school because 80% of all the answers are price. It is tough to write econ tests because always the answer is going to be price. So these dentists out there are Curtis, what is this going to cost me and what kind of numbers are you going to show me – you are talking about corporate dentistry they know the numbers. How much is it going to cost to join this plan and what numbers are on your dashboard and tell me why – how this is going to be a return on investment. I know you are doing good. You got 100s of clients and I only hear amazing things about you on DentalTown, but cut to the chase and what exactly do you do? Walk me through the value.

Curtis Marshall: Real quick – you have practice management people out there who are awesome and help a lot of dentists out. You got CFOs, some dentists have a CFO – corporate dentistry has a CFO who analyzes all the numbers and tells you what to do based on all the numbers. For you to have business intelligence for your practice, today's dentistry. If they were to have business intelligence that provide a dashboard that said this is what you need to focus on today Howard. It is not 400 numbers it is four numbers you need to focus on to hit your goals. What do you think would be a fair value for that?

Howard Farran: I don't want to say.

Curtis Marshall: Okay. Well a lot of doctors tell me hey, well I have a practice management person that comes in and they charge me anywhere between 25 to 45,000 a year. I love what they did. They raised me up to this. As soon as they left unfortunately I went down. I don't want to do that. One last thing we are not expensive. We are very reasonable. In fact, our clients have anywhere between – it is a large margin because of implementation. But return on investment is anywhere between five times and 32 times return on investment. You say what does it cost? It is simple. It is a fee. You can cancel at any time. It is 820 a month.

Howard Farran: \$820 a month?

Curtis Marshall: Yes.

Howard Farran: And you give them four numbers?

Curtis Marshall: We give them four numbers – they have a focus board that gives them four numbers to look at. And that is unique for each office. Each office and each time period for the office. It gives them four numbers to be focusing on. It also gives them a financial board that tells them everything they need to know financially. It gives them like a discovery board where they can go in and tweak and play and see what numbers they have. But it is very unique system because it is not just getting a cookie cutter approach. Hey, Dr. Howard you want to be here here is how you get there. Not hey Dr. Howard here are all of your numbers. Some are green. Some are red. It is quite unique.

Howard Farran: First question my listeners are thinking is what if I am in a group practice? What if I got three docs versus one doc? Does that affect your service?

Curtis Marshall: Right now it is per office. If you have all those doctors in one office it doesn't make any difference. If you have multiple practices we find out your goals and get you a discount on multiple offices.

Howard Farran: Send me an email at Howard@dentaltown.com and CC my office manager Sandy@todaysdental.com and let's do this for a year in my office. Let's see if my bald brother from upstairs from Arizona in Salt Lake can get my stuff. What I think about this also is that Zig Zigler said people need motivation like they need deodorant. They need motivation every day. They need inspiration every day. I still can't get 80% of dentists in America to start their morning huddle. When you tell them – the first thing you say is well then we would have to get here 15 minutes early. Really? You think anybody ever played a Super Bowl with the quarterback not out of his car four minutes before kickoff? How early do you think the quarterback got to the Super Bowl stadium on Super Bowl Sunday? Forget the Super Bowl just on any Sunday game.

Curtis Marshall: _____ or even practice.

Howard Farran: During the football game, I'm sorry. I am a big Cardinals fan. Lie to me and tell me Utah doesn't have a big NFL team that you are a Cardinals fan too? What is your team?

Curtis Marshall: I'm a Chargers unfortunately. They never win.

Howard Farran: But they have a huge pre-game huddle. Then during the game they have a series of timeouts. Then they have a halftime huddle. They a guaranteed two minute warning timeout. Dental offices I want them to start with a huddle. I want them to then everybody wire up Motorola walkie talkies that are only \$40 apiece so they can keep talking. What you have is just one more thing that they can look at the morning huddle. It is one more thing they can look at the numbers from yesterday at the morning huddle. Have you seen any offices use this data in the morning huddle or throughout the day or at half time? You know how coaches get a half time? In my office for 27 years dentists always worry about cancellations and no shows. My staff has been trained that if we get a cancellation at 11:00 and you are – just say your lunch is at 12:00 well go to lunch right now. When you get back that is one hour for everyone answering the phone. That is one hour of three more hygienists cleaning teeth that might say hey Curtis, you need a filling you are here buddy. You haven't been in in three years. I don't want you to walk out the door and come back three years later and need a root canal. Why don't you stay at 12 and after the cleaning get the filling done. So my girls will go to lunch then come back. This data – tell us about your scoreboard. Is it live data? Is it coming one time a day?

Curtis Marshall: It is one time a day. They are not able to see half time, but what it is able to do is that in the huddle which is what a lot of our doctors use it at. They say okay today we need to make sure that we schedule, reschedule out of our clients at least 80%. That is the number. I am not sure what it is for each office. But we have been scheduling at 60% of our clients patients to reschedule. Today the goal is 80.

Howard Farran: What do you need to reschedule? They come in for a cleaning they reschedule their recall? Or if you diagnose them for a filling, a cleaning, you diagnose them to get treatment?

Curtis Marshall: Next scheduled event. I don't care what it is. If they come in and they don't have a next scheduled event whether that is a cleaning, a filling, a check even whatever it is every patient that comes in your office should have a next scheduled event by the time they leave. Unfortunately, we could

ask people where they are at. Oh, easily 70, 80% easy. We dive into those numbers. This is not just from us, but from other practice management people as well say that doctors nationwide are at about 30%.

Howard Farran:Yea. Well, we know nationwide from the insurance companies they say that for every 100 cavities we diagnose we only fill 38, which really gets on my nerves when you see these enormous debates on DentalTown about amalgam versus deposit or total etch versus south etch. It is like dude, you don't even remove decay on two out of three fillings. Why do you always talk about restoring a filling when you can't even get the patient. I would just rather you remove all the decay and pack it with Styrofoam or dycal or IRM at least you remove the decay. So yea that is about what we would expect. I would have guessed 38%. You said about 30%.

Curtis Marshall: Well, here is a great quote I have heard a lot of people say - ____ said it the Nike CEO guy said this – when performance is measured performance is improved. When performance is measured and reported back the rate of improvement accelerates. Basically what that is saying is as long as you are – we are finding out what is going on and you are telling somebody else or are held accountable your rates will go up exponentially. Higher than you thought. And that is what corporate dentistry is doing. Once a dentist can do that within his or her own office the profits will be insane. Lifestyle will be even better and their patients will want to return and defer because their patients are having such a great experience. It is not anymore about oh they are feeling this way or that way. It is this dentist provides good work and I am going to come back.

Howard Farran:Tell us more secrets from corporate dentistry.

Curtis Marshall: Another one – I kind of wrote a couple of others – well, they hold offices accountable. All of Heartland they bought one of my friend's offices. He said that I have to hit a certain quota in order for me to get my full payout I have to hit this certain quota. So he is held accountable. He has some decisions to go for with that.

They truly are – they have a CFO do you know many people may not know that a chief financial officer they pull data from all of their offices and say okay, look we are missing out on. And your ortho guys won't like to hear this – we are missing out on a lot of ortho treatment. So we are going to hire an orthodontist or we are going to hire a GP who just does orthodontics within these offices and we are going to keep that in house. That for us is going to make us more money. What they are looking at solely is profits. They are not looking at making sure the patients have a great visit. They are not looking at making sure clinically it is done "the best way" and that is where the dentists have the advantage. If they take a proactive approach and look at their numbers and lead their practice by true numbers and not just I think numbers but by true numbers they will be untouchable by any corporate dentistry because they will be making so much and be so happy they won't be affordable for corporate dentistry to buy it because they will be so profitable.

Howard Farran:I am good friends with Rick Workman who owns Heartland. He is a good old boy from Effingham, Illinois, small town of 10,000. If you don't where Effingham is it is in the middle of effing Illinois. And then Steve Thorn, with Pacific Dental Care, another good ole boy. I think the genius thing that Workman did ore than anything is he just knew of growing up in Effingham he just went to all of those towns that didn't have a single dentist. I just learned the other day I am born and raised in Kansas it is something like 13% of the towns of less than a 1,000 people don't even have a dentist. Every dentist I convince to go to one of those towns in Kansas or Iowa or whatever first year did about a million four and

took home \$400 grand. Their option was to join the Army, Navy, Air Force, Marines or public health service and go sit in the middle of the Pacific Ocean in an aircraft carrier, which I would do if all the people in the Navy were women. But they are all boys and – and people say well, I don't want to live in a small town. Well your option is a battleship in the idle of the Pacific. I mean these small towns you are an hour away from a big town. And you can go buy yourself a \$60,000 truck in cash. It is the same thing –

Curtis Marshall: You can work Monday, Tuesday, Wednesday one week and Wednesday, Thursday, Friday so you have a six day weekend. Yea.

Howard Farran: And plus, where would you rather raise your boys out in a town of 1,000 where they can shoot a 12 gage shotgun and ride a minibike right down Main Street or in the big city where the police will be called in three seconds?

Curtis Marshall: I am not saying, by the way, Howard, that corporate dentistry is bad. What they have done is open the eyes for dentists to be able to know that oh this is possible. It is not – often times a dentist will go into dentistry thinking oh I can make some good money. Provide good for my family. And I can help other people out of pain.

Howard Farran: It is a –

Curtis Marshall: Real quick – once they get out of dentistry though out of dental school they jump into dentistry and go oh, this is hard I will settle with the status quo. I am not going to do what I thought I could do. I am going to settle with status quo. I am still going to provide great dentistry. I am going to go to Norse CE. I am going to do all of these things, but I am just going to settle with the status quo. I am not making the money I thought I was going to make. I am going to settle for this. And that is where corporate dentistry has helped out so much is that they said unh-uh status quo is not good.

Howard Farran: Let me ask you this – when I hear dentists complaining about corporate dentistry I always think okay it would be one thing if they were owned by the government and taking your tax dollars and shoving it down your throat, but this is free market. And what I have seen in corporate dentistry is what I see in America. I see people obviously see a different market. They see boys different versus girls. They see boys and girls are half and half they see that market. Most people can see that there are different colors of people; there are Chinese, American Indian, Irish, Mexican, whatever. What they don't see is that the thoughts we have four different thinkers. We got senior citizens, baby boomers, Generation X, Generation Y and you routinely see the 20 richest countries around the world that dental students are not going to work like their parents did. You see it in Japan, Germany, the United States. And when I go into those dental schools I am in a dozen dental schools a year – half that class says I would never own my office. I want only work three days a week. I want to have a couple of kids. I just want to make 80, \$100,000 a year. I want a good job. We are seeing birth rates fall. Japan is the worst. Their birth rate is under one per family because they are like why bring a kid in this world if he is going to have to work 100 hours a week and then die of a heart attack at 65? I would rather have a dog and go hike Mt. Fuji or something.

Let me ask you this: For those dentists who are slamming corporate dentistry their dental office is open 168 hours in a week. If you only work three days a week or four days a week are you seeing any dentists making more money by saying hell, I might as well hire one of these dental students. Why don't I work three 10s Monday, Tuesday, Wednesday and then bring in a dental student to work Thursday, Friday, Saturday and then I would be patient centered, I would double the number of hours for my customer base. They would

have more access and availability to care. Are you seeing dentists do that being their own corporate dentistry by utilizing half the graduating class that just wants a job?

Curtis Marshall: I'm seeing both ways – I am seeing two situations in this, Howard. I am seeing one where they are just jumping into it blind. Just like they are talking about the hygienist saying oh, I need a new hygienist. I want to do this. I'm seeing that as one option. They say hey, I need a new associate. I am going to get one of these dental students. I am going to bring them in. I am just going to provide more. I am going to give him only a percentage – I am not going to give him a salary. I am just going to give him a percentage. And it has come to bite them in the rear because of that. They don't know the true numbers. I have seen the other side where they look at the numbers and say this is what I want. I want to bring in somebody. I want to provide more hours. I want to provide more income for myself and so I am going to get a dental student in here. Well in order for me to do that I need to increase A, B and C numbers. Once I hit those then I am going to bring somebody in.

That second option is where they are thriving and they are kicking tail. I got a guy up in Park City who brand new up in the area. Supposedly that market was saturated with dentists and he goes in there and all of a sudden he has got 30% of the population in that city coming to him. He already expanded his office. He is looking for another location that has office space. He has done that – he is a client of ours – he has done that because he looks at numbers.

Howard Farran: Okay what are the four main numbers? You say the reappointment rate –

Curtis Marshall: The four main ones – that is the beauty behind Dental Intel there are 400 numbers we are going to give you for your office and your growth and where you need to be focused.

Howard Farran: Oh so you measure 400 numbers and then you try to get the dental office to focus on the most important four for them.

Curtis Marshall: For them. For their goals. For their specific office what is needing to be worked on most. That is the beauty behind it. All other dashboards are just a dashboard. They are just showing you visually a report. Well, a report is only so good unless you know exactly what it is saying. Once you know what it is saying then all of a sudden it is gold. It is worth its weight in money, but. Without that and that is where the algorithms that we have and put in place put in both from Quickbooks or financial sources and your practice management –

Howard Farran: Speaking of pulling your weight – you know what the most important number I look at every day? Was scale. This morning it was 211 ½ and I should be 170. I started at 238. I am on the right way.

Tell me more if these guys are listening what do you think are numbers that they are not thinking about that you are going to be showing them to focus on? You said reappointment rate – by the way, I want to add one caveat to the reappointment rate – my definition of an active patient is anyone schedule for an appointment. If they are not scheduled for an appointment they are not an active patient. They fell through the cracks. They may drip back in, they may not. Another low-hanging fruit that dentists never do is when you – when you are an endodontist or you are an oral surgeon periodontist and you do a root canal and you place an implant they always schedule you for one year follow-up X-ray to make sure the ____ the root canal tooth had a peri ____ abscess. Did it all heal? Does it need an apoectomy or whatever? That is low-hanging fruit. When you do a root canal and you say hey, I need to see this a year later no matter what to

make sure it worked. This is not a cure. This is a therapy. And they already paid for that root canal so that gets them – so at least you know a year later no matter what happens a year later they are coming back for an X-ray or someone is calling them the night before or two weeks before you have to come back that is great reappointment.

Curtis Marshall: That is wonderful. Here is something that shocked me that I heard the other day. You tell me why he is thinking this – what are your thoughts – he says I don't want to reappoint people for their appointment ____ I don't want to set up another appointment for them because they don't know what is going to be happening in six months. And they might cancel and I will have an empty slot on my schedule.

Howard Farran: Well, what I say to them is through eight years of Bishop Carol grammar school, from first to eighth grade I had to walk eight blocks each way. But on the way home I actually had to run because everyday on Channel 10 at 4:00 pm was Batman – Same Bat Station, Same Bat Channel. Batman. And I was obsessed with Batman. And people are creatures of habit. So if you came in for a cleaning on a Monday before work at 7:00 you know six months you are still going to have a job. You still know Monday before work works. I always, always, always you are developing a creature of habit. I have patients for 27 years that have had their cleaning at the same Bat Station, the same Bat Time, 10:00 pm, with the same Bat hygienist you know. I am their same dentist. This is their same office. This is the same Bat Station. They are creatures of habit. I mean six months from now your top 10 dinners are probably going to be the same. Your top 10 TV shows are probably going to be the same. Probably everything is going to be the same in your life so develop a habit.

Curtis Marshall: Totally agree. And guess what? If you don't schedule them they don't have an urgency to either schedule or to come. So now all of a sudden where you used to have 1,000 patients if you only scheduled 300 guess how many active patients you have now? If you only scheduled 30% you only have 300 patients.

Howard Farran: Yea and go ahead.

Curtis Marshall: Just going along that same line.

Howard Farran: The other thing – when I got out of school there was – when I got out of dental school I had never used a computer and now when we confirm we use Sesame communications which is like DemandForce whatever they do all the confirmation to the patient's cell phone. And when we send out a confirmation – when we send it out on a cell phone you know within five minutes pretty much everyone is either confirmed or on their cell phone saying oh my god. I need to call these people back. I mean we got their cell phone – if you have your cell phone and you get a text message how long does it take you to see it?

Curtis Marshall: Oh. Instantly. ____ sometimes.

Howard Farran: So you are keeping it in the system. Oh, I have a funny story that happened a couple of weeks ago. I always give my card at the end of every patient. I say look I just beat you up. I'm sorry. I did a root canal. Placed an implant. Pulled your wisdom teeth. I'm sorry, but hey if you got a problem here is my card and it has my address, my cell phone and my email. About every six months my phone will start vibrating in my pocket. I just slip it out to make sure it is not one of my kids and I saw this number and it

was 480 it should be right in my neighborhood. I'm looking at this number. I am looking at it and I just take the call. It was the girl sitting in the chair. She didn't believe that I was really giving out my own cell phone number. When she saw that on the card she dialed it and said this guy is full of it. He is not giving me his cell phone number. And dentists never want to give out their cell phone number because they think they are going to be harassed 24 hours a day, 7 days a week. In 27 years I think – I am always chewing out patients saying well why didn't you call me. I chewed out a lady the other day she was 65 years old. Her temporary fell of she was this and that. I said I am three minutes from my office why didn't you call me. Oh, I didn't want to bother you. That is all I hear. I didn't want to bother you. I'm like well I would have bothered you. Call me. That is why I give it to you.

So what other numbers do you think you are going to show them and it is going to make them start thinking?

Curtis Marshall: I just yelled at my numbers guru, Adam Smith, not the founder of economics but one of our CFOs here that work with dentists. I asked him to write down the top four. Here is what he said – he said rescheduling percentage, which we already talked about. Production per hygiene visit.

Howard Farran: Production per hygiene visit. That means what she is diagnosing and treatment planning or how much money? Just how much production? Production per hygiene visit. And what is the range of that? What should that be at a dental office?

Curtis Marshall: Let me check. 160 he says.

Howard Farran: \$160 an hour?

Curtis Marshall: Per visit.

Howard Farran: Is that in Canadian or the British Pound?

Curtis Marshall: That is a good old American Dollar.

Howard Farran: Okay. So what is number three?

Curtis Marshall: Number three – case per acceptance percentage.

Howard Farran: What do you see in the range?

Curtis Marshall: Adam you are going to need to come back in here.

Howard Farran: Tell him to come sit on the desk behind you and to block – tell him to come block – yea.

Curtis Marshall: Over 60%.

Howard Farran: Okay I am saying – I have good data that the national average is 38%, but you are saying it should be 60%. So 38% is 40 and you are saying 60. So you like to see it about 50% higher than the average.

Curtis Marshall: 60% right? So the average is 30?

Howard Farran: 38.

Curtis Marshall: 38 – so oh 50% more than got you, yes.

Howard Farran: Can you move your head a little to the right so I don't have to see Utah Jazz Stadium and insult the Phoenix Suns? That is sacrilege to my religion.

Curtis Marshall: We have such a great team. We might have a winning record this year.

Howard Farran: What would number four be?

Curtis Marshall: Number four is inbound phone call conversion.

Howard Farran: Wow. That is powerful. Now how are you – explain that – say that again.

Curtis Marshall: Inbound phone call conversion. So it doesn't matter how many phone calls you get off of a marketing piece from whatever. That number we could care less on. What we care about is how many you are converting into an appointment. So if somebody is calling up for an appointment to an office what is the percentage of them actually – they are not calling in for meds or something like that. They are calling in for an appointment. What percentage are they at for converting for scheduling an appointment? We want that at 90%.

Howard Farran: Let me just tell the dentists that dentists will call me up and say Howard, do you think I should invest more money in a Yellow Page ad or direct mail piece or a website or whatever. And I am like okay, dude here is the reality: 50% of all calls going into a dental office go to voicemail. 50%.

Curtis Marshall: It's unreal. Every day for us.

Howard Farran: Crazy. Every time I have ever got a message you know, please call back Dr. Smith. He really wants to talk to you and I am sitting here thinking I am a nice guy. I will do it. I am just dumb that way. And I call him back for free because I just love talking to dentists. Every single time I have to leave a message. Yea, this is Howard Frein[ph] calling you business hours when a receptionist should be answering the phone and taking my name. And here is the low hanging fruit: 50% go to voicemail because you got two assistants helping the self-absorbed doctor and one person answering the phone. I have never seen a dental office where I wouldn't tell the doctor no, make your own temporaries. Pack your own cord. Scan your own preps. I am taking your second assistant and I am putting her up front. And why do you have an assistant there from 8:00 to 5:00 when your phone is ringing – you don't have to be open, but if your hours are 8:00 to 5:00, but your phone is ringing from 6:00 am to 6:00 pm then let's get two girls up there and have one get there at 6:00 in the morning and then maybe leave at 3:00. And the other one come in at 9:30 and leave at 6:30 and then let's measure how many of those calls. And then last but not least, why does every hospital have an emergency room? Because they want to close the cell and the receptionist never has an emergency room. And when you go into the offices that make the most money they have an operatory that is never scheduled, it is an emergency room, so they can start closing calls like I got a – my tooth hurts. It has been bothering me for a week. Well can you come right down? Come down right now. I want the doctor to see it. Because she knows like in my office, room four, it's not scheduled. It's an emergency room.

Curtis Marshall: What about for me I go in for a cleaning and now I need a filling. And I don't have a lot of time to go to the dentist. But I want same day right away treatment. That's another reason to have an open operatory. I get in there right away. I get my filling done. I don't have to reschedule or come back. The doctor doesn't have to worry about getting me on the schedule again. It is done.

Howard Farran: That is an overflow room.

Curtis Marshall: Not your emergency room?

Howard Farran: The emergency room is not used – it is so the person answering the phone can go away – you go in an office and say, yea I was wondering do you guys do – how much is a root canal. And then the receptionist is like well, you know there is a one canal root canal and a two canal and a three canal and a four and she is talking five minutes about a root canal. Whereas my girls can say well you know what – there are many different types of root canals. Why don't you come down right now and we will put you in the room and the doctor will go look. Then he will tell me what type of root canal you need and then I'll tell you exactly how much money it costs. What time can you come down? My girls you can ask them what is the temperature? Well why don't you come down. We have got rectal thermometers, oral thermometers, outside thermometers, inside thermometers. Every question you throw at them they go for the close because they got an operatory to get them in there. I tell the dentists you don't have to cook, clean and eat the fish but you caught the fish. Then what happens in my office every day is about the average cancellation no show is offset by room four because half the time I am in room four saying okay I need to put you on antibiotics. I will give you some pain pills. This guy needs a root canal and let's get the antibiotics going and then the assistant comes in and says the 11:00 just canceled. I will say yea let's get the antibiotics in there for about one second and let's do that root canal. You move them into room seven wherever there is a cancellation. So my cancellation no shows are offset by emergencies. And for my goal number if my schedule is falling apart in the morning and you could throw me a root canal for lunch there is \$1,000. I am right back on track and I don't leave until goal is done. That means if I have to miss lunch or leave an hour late I'll do it.

Curtis Marshall: And that's why you are doing well is because your inbound phone call conversion sounds like it is above 90%. Your girls know – and I hope all of you doctors out there wrote down what he just said for a root canal. Or if not, rewind, watch and listen to it again. That was money, Howard. That was great.

Howard Farran: I am going to challenge my bald brother to call my office manager. I want you to do this – this is what I want you to do for me. So me and I still have my first dental assistant. I have a bunch of ladies in there that have been there for a decade or two or going on three. We are still stuck on SoftDent, your 2%. I want you to call my office manager and pitch your Open Dental and pitch her on why we should do this and tell my Sandy why we should sign up and pay for your services for a year about these 400 numbers. I think this just might be a really fun thing for us to do.

Curtis Marshall: Here is one last quiz for you – I will definitely do that for you – here is a quiz: You say you got dental schools. We have spoken at a few dental schools and this is what we ask a big question for those that want to go into themselves. If you think an ongoing doctor is going to go into the field, found two offices both producing \$800,000 a year. One of them was 80% hygiene. The other was 20% hygiene, which means that you are making 80% production, doctor production. Which one would you choose? Which one would you want to buy?

Howard Farran: I want the 80% hygiene.

Curtis Marshall: Which one?

Howard Farran: The 80% hygiene.

Curtis Marshall: Okay. You get numbers. You understand all of these dentists that we have been visiting are saying the 20% because they are thinking oh I can get in there and make 80% off of that 800 right away. That doesn't – just because he is making \$800,000 and doing 80% doesn't mean anything. What you want is that hygiene.

Howard Farran: Here is what I tell dentists then we got to get off we are in over time. Is when I tell them they only drill, fill and bill 38 out of 100 cavities when you tell them that they don't believe you. Then I tell them okay if your hygienist works 40 hours a week, 50 weeks a year that is 2,000 hours. So she can clean a thousand people like you and me twice a year. And at 25 new patients a month that means every three years you would have a full-time hygienist. So you are practicing 10 years you used to have three full-time hygienists because you get 25 new patients a month and sir, you only have one hygienist three days a week. You are not appointing your cleanings, so they are coming back in six months. Between you and me is the Colorado River, which isn't a big river until it hits that big Hoover Dam and that is closing the dental office back door. And when you reappoint those patients and you start retaining patients for life that Colorado Dam backs up water a trillion gallons for 100 miles. And every dental office in America marketing at the front door equals their back door left wide open and I want to thank you, Curtis for spending an hour with me. And thank you for all that you do for dentistry and for DentalTown and I will see you on the message boards.

Curtis Marshall: Sounds great. Have a wonderful day.

Howard Farran: Alright and tell your buddy, hi. That I say hello. By the way if you have a – listen, I did another podcast with Adam Smith. That is a must hear too.

Curtis Marshall: Absolutely.

Howard Farran: Okay, buddy. Have a great day.

Curtis Marshall: Thank you.