

A Great Financial View Without the Vertigo

*Finding practice freedom
through vertical components
and new streams of income*



by Dr. Brady Frank, DDS

Dr. Brady Frank, DDS, is an international clinical and business lecturer, inventor and founder of multiple companies in the dental space. He has owned multiple private dentist-owned groups (DDSOs) since 2001, when he graduated from Marquette Dental School. Frank is a founding member of the DDSO Alliance. Contact: brady@bradyfrankconsulting.com

The vast majority of dentists are financially unprepared to enjoy an abundant retirement. With the threats and conditions of the marketplace, it's no wonder that so many dentists fall short when trying to achieve their financial goals.

Multiple dental schools have opened in the past five years, which has led to increased competition in the market; another source of competition comes from the expansion of dental service organizations. Meanwhile, insurance reimbursement has been reduced. Combined, this means our budgets require higher overheads and marketing costs.

Despite these challenges, there is encouraging news and the hope of new opportunities available that could move the needle toward abundance in private practice dentistry.

Many top practices throughout the U.S. have cracked the code to double-digit growth year after year: steady or exponential new patient numbers; consistent addition of co-owners to the practice; or value-added practice acquisitions.

For many, cracking the code has involved adding *vertical components* that contribute to help scale their practices, increase profits and drive down overhead. These successful

practitioners can then reinvest in income-producing assets that provide tax-advantage income streams.

These doctors are able to practice dentistry as a choice, not as a necessity. High-level achievement does not require that the dentist be a superstar or rock star, but rather that he or she takes diligent action with a vertical component blueprint as a foundation.

Vertical components

There are many key streams of income (or vertical components) that successful doctors have built into their practices, groups or businesses. These streams of income can be referred to as DDSO (dentist-owned or -controlled private practice or group) vertical components, which are related but separate from the clinical practices.

Here are a few of the more popular vertical components commonly used as a blueprint to more success.

Income-producing commercial real estate. A tax-advantaged lifelong income stream. Using value-added approaches, properties can be purchased to accommodate additional locations and to provide a solid ROI for revenue originally created at the practice or group level. Dental buildings are particularly good investments because of their very low default rates, low maintenance costs and typically long-term leases.

A branded dental membership or savings plan that allows for a passive stream of income is a wonderful lead-generation tool for new patients and creates a deep level of retention for current ones.



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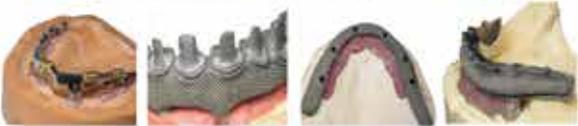


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DDSO Blueprint

As the DDSO develops and grows, more verticals will be added to support expansion

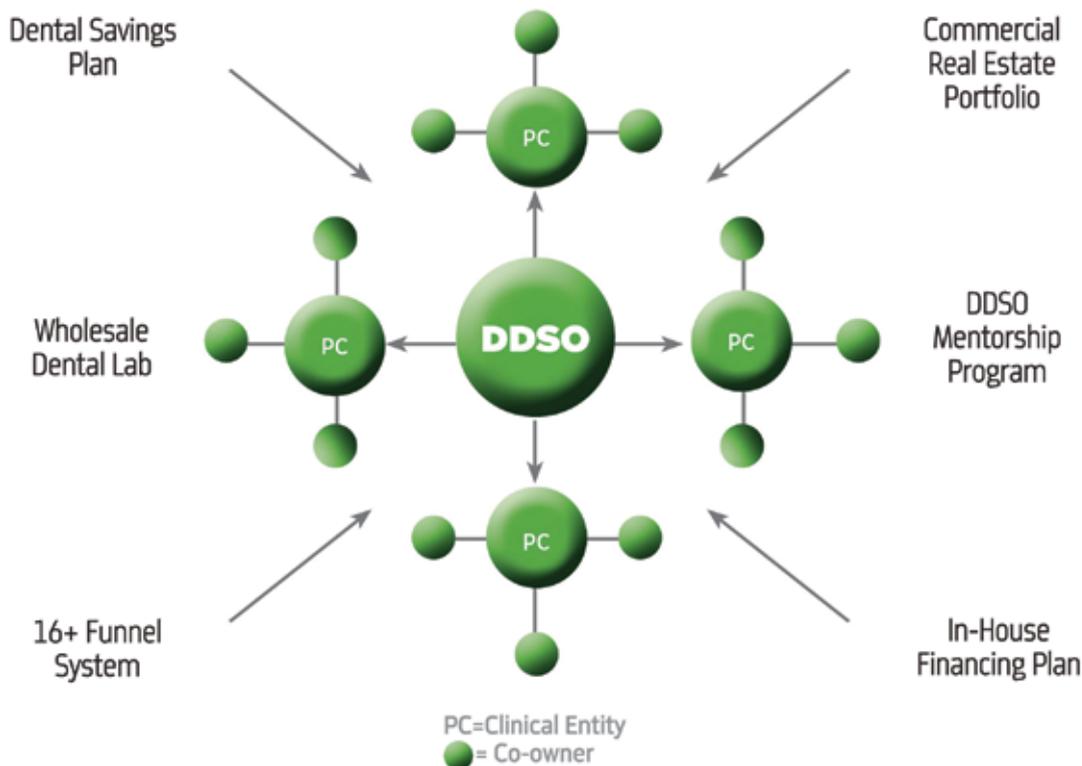


Fig. 1: The evolution of vertical companies and multiple streams of income within the DDSO model requires strategic planning or a blueprint process while transitioning to more financial freedom—with the additional goal of helping others become practice owners.

As debt paydown occurs over time, appreciation generally occurs, providing a steady income stream later in life.

Creating a branded dental membership or savings plan. This can dovetail with a marketing strategy to provide a healthy return. A good plan that allows for a passive stream of income is a wonderful lead-generation tool for new patients and creates a deep level of retention for current

ones. Many software options today allow for a practice to “private-label” the plan, which creates an automated solution. Adding a warranty plan as an upgrade is valuable to patients and a wonderful patient-retention tool for the practice.

Building your own private equity vertical.

This is not as complicated as it sounds! Using private equity to make investments in value-added or entrepreneurial satellite



Learn more from Dr. Brady Frank in a *Dentistry Uncensored* podcast

Dr. Brady Frank discusses DDSOs, practice management, recruiting funnels and the differences between licensing agreements and franchises during his Q&A with Dentaltown founder Dr. Howard Farran. To watch the video, stream the audio or read a transcript, visit dentaltown.com/frank-on-verticals.

DDSO Blueprint Progress

As the DDSO develops and grows, more verticals will be added to support expansion

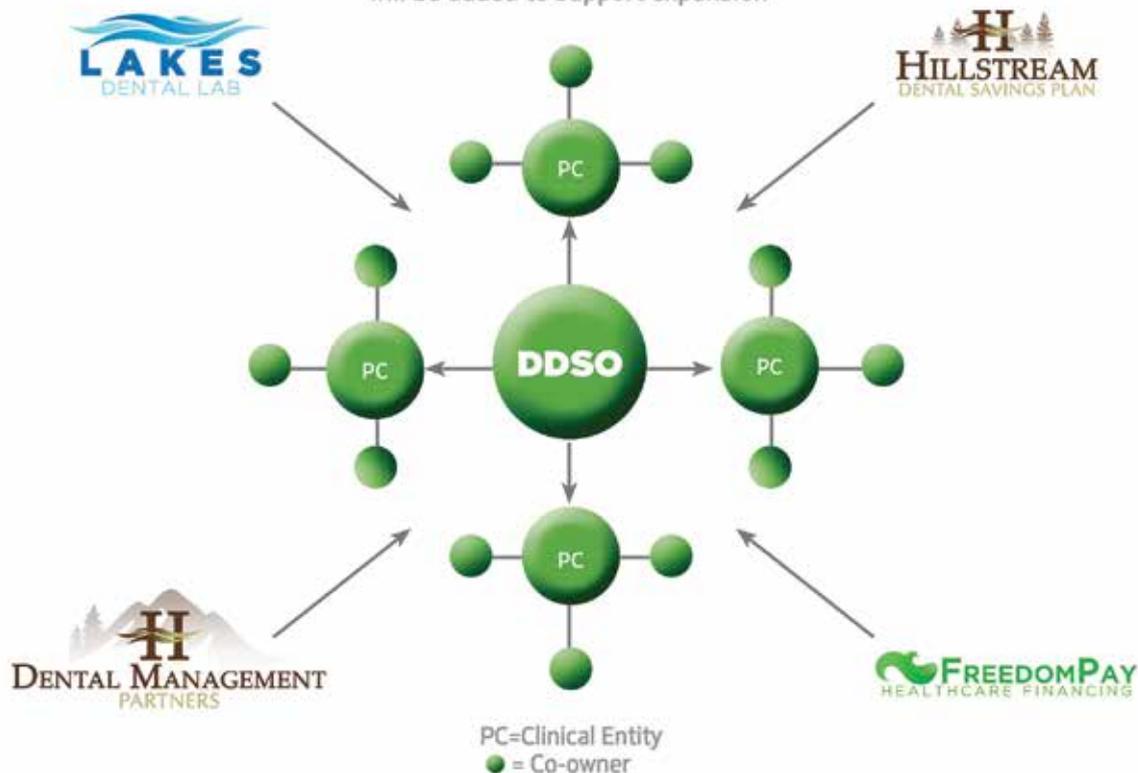


Fig. 2: An example of valuable vertical components. Drs. Leath and Hubbard of Michigan recently used this strategy to purchase a second practice and commercial building.

practices and commercial real estate garners returns in both interest rate and equity.

A private equity vertical uses existing resources to invest in and acquire undervalued wholesale practice assets (including real estate), increasing the values, and then harvesting equity returns on those investments through empowering ownership.

Conclusion

If short on income, debt-reduction or retirement goals it is often not the doctor's fault. The majority simply haven't been following the right blueprint to achieve

financial health, abundance and freedom.

With new avenues and educational opportunities available, it's time to act and get on the path to freedom and security while guiding others into successful ownership.

As Tony Robbins said, "If you want to be successful, find someone who has achieved the results you want and copy what they do, and you'll achieve the same results."

Finding and modeling mentors who have already built their DDSO, private practices or vertical components through a blueprint is the clearest pathway to achievement of your own personalized vision. ■

After building several valuable vertical components, a logical and natural next step is to create a mentorship program geared toward co-investing with a dentist who has yet to own a practice.

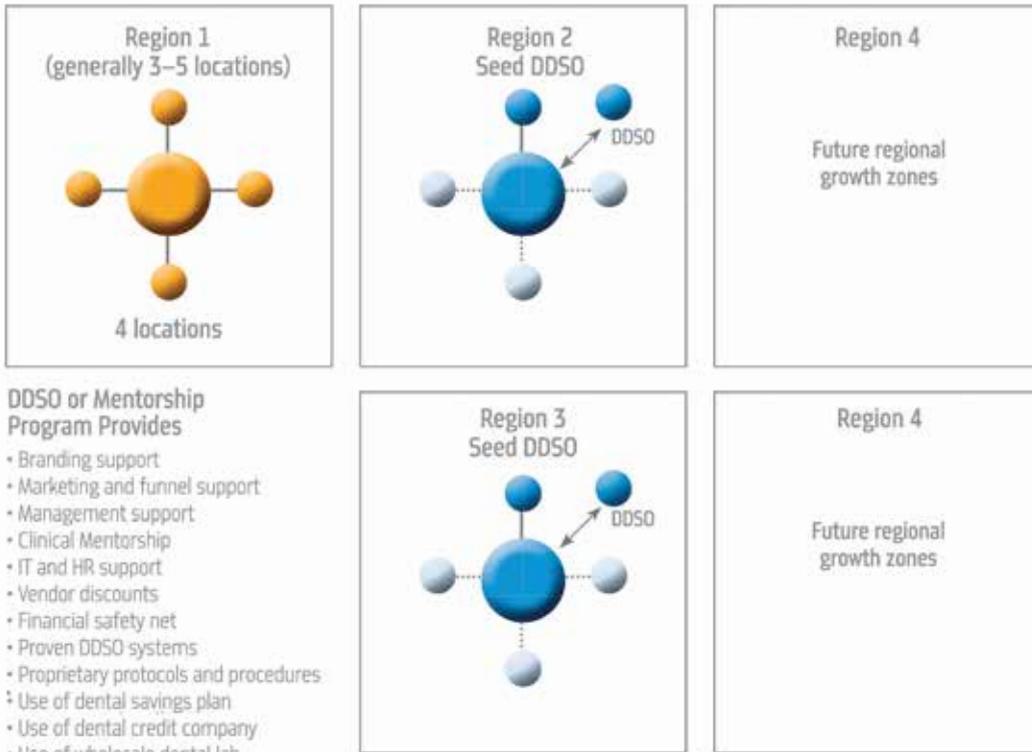
The mentors bring years of experience

and valuable vertical components to the table, while the new owner dentists want to shave years off their income and learning curve, and at the same time receive financial security and assistance from a seasoned private practitioner.

DDSO Regional Expansion

After First Successful Region

Population: 100,000 to 1 Million



DDSO or Mentorship Program Provides

- Branding support
- Marketing and funnel support
- Management support
- Clinical Mentorship
- IT and HR support
- Vendor discounts
- Financial safety net
- Proven DDSO systems
- Proprietary protocols and procedures
- Use of dental savings plan
- Use of dental credit company
- Use of wholesale dental lab

Key

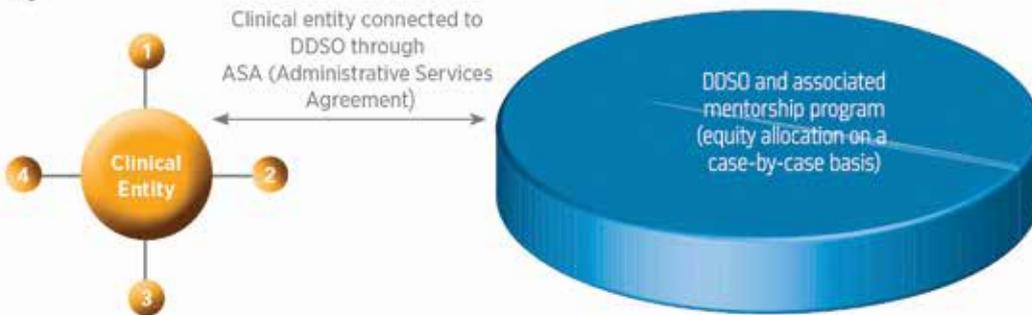


Fig. 3: A simple, scalable representation of expansion through a DDSO or mentorship program and the associated vertical components contributed by the mentor and team.