

Howard Farran: It is an extreme honor today to be interviewing one of the legends in dentistry, Vicki McManus. I've been following you for years and years and years you and Bruce Beard. You are all over the place. You were a hygienist. You bought and owned practices. You have written books, you have lectured extensively, you're the CEO of the Productive Dentistry Academy. It is just going to be probably the fastest hour I have ever done. I want to start the interview with this: I have been doing this since – I graduated from dental school in 1987 so I have been doing this for about 27 years. Basically, the dentists out there and I am on Dental Town all day long every day they are all saying the same thing. They are all saying gosh after the meltdown in 2008 my town is not going anywhere, the unemployment is high everything is just flat. I have been doing the same numbers they say for the last – they say since 2008. Is there any good news in dentistry? What would you tell these listeners from around the world what is happening in dentistry? What is moving and shaking? Where can they download your majestic, enthusiastic, amazing mind and start growing their practice again? How can they be more productive? Take it away.

Vicki McManus: Well, I think you hit the nail on the head that everything changed in 2008. I have been in dentistry as long as you have and I hate to admit it maybe six or seven years more. In that time I have been through nine recessions, but the one that hit in 2008 changed the game forever for everybody. Two things happened, number one retail stopped being full scale. Everybody expects there to be a price. What happened in 2008, Christmas of 2008 you could get a North Face jacket \$300 for \$80 and it was a true of. Now people expect there to be a rack rate with 50% off, 70% off. That scarf is still not worth \$50. It is an \$8.00 scarf they mark up to \$100 and sell it to you for \$26. So retailers have employed this strategy and I think dentistry is behind the times. Dentistry thinks they got old paradigms for financing. So if you are stagnant after 2008 it is because you are saying things like if you don't have the cash I am not doing your dentistry. If you can't do all the dentistry I don't want to do any of your dentistry. I'm not going to be flexible in that at all. If you have not updated your financial policies chances are you are getting left behind.

I am not saying you need to sign up for every PPO, but you need to listen to your marketplace and find out what can help bring patients to your doorstep.

Howard Farran: So you are saying financing is a big part of it.

Vicki McManus: It's a huge part of it.

Howard Farran: Talk more – so are you talking about the – what Bruce Beard was talking about on the compassionate financing for the patient – what does he call it?

Vicki McManus: Comprehensive finance that is simply a tool that helps you do what you need to do as a business owner, right? You need to be able to extend credit without getting yourself in trouble. Most office managers are not trained today to do extensive credit background checks. I, in Neighborhood Smiles I have four offices. I don't want to train them for that responsibility.

Howard Farran: You own four dental offices?

Vicki McManus: I do.

Howard Farran: Is that in Wisconsin or Washington?

Vicki McManus: Wisconsin.

Howard Farran: You're confusing. You live north of Seattle. You work with Bruce down in a small town in Texas and you own four offices in Wisconsin because they have good cheese? Because you are dating Brett Favre? What made you go to Wisconsin, the cheese or Brett Favre?

Vicki McManus: It was the cheese. It's deep fried cheese curds. It is one of the few states that let's a non-dentist own a dental practice.

Howard Farran: Really? Out of the 50 states how many states could you own a dental office being a registered dental hygienist?

Vicki McManus: I think 13.

Howard Farran: Is Arizona one?

Vicki McManus: I think so, yea. In Arizona you could do that. In fact, isn't that where Gary Takis has one?

Howard Farran: Oh, that's right. But he has a partner a 50/50 partner who is a dentist.

Vicki McManus: And I have a partner. I have a partner that is a dentist primarily for banking rules not the state practice side.

Howard Farran: Really? What does that mean, the banking rules? For your financing?

Vicki McManus: Yea. The bank that we financed with wanted to have a dentist on it so in case our dentist got sick or whatever I had somebody with a license that could fill in. I did that in 2011. You talked about 2008 being the turning point if you go back and look at the ADA statistic in 2011 we started a whole new trend where fewer people were going to the dentist. So fewer people are actually seeking out dental services over the last three years and the number one reason is the decline in dental

insurance. So people think if I don't have insurance I can't go to the dentist. We think opposite of that. We think I wish you didn't have insurance. I hate dealing with your insurance. But the reality is that most people won't go if they don't have it.

Howard Farran:In 2011 you bought or built a practice. Now you have four?

Vicki McManus: I bought three in 2011 and one more in 2012.

Howard Farran:Man, you're a maniac. I don't think I've met anybody who has gone from 0 to 4 offices from 2011 to 2014 tell us what you did. How did you do that?

Vicki McManus: It was insanity. It was just one of those insane moments and I will tell you the statistic that I am most proud of is that out of 45 employees out of the span of three, three and a half years we have had less 5% turnover in our staff. Our model is a little different. Most of the time when you do a merger or acquisition the doctors want to do is fire the long-term staff because they're expensive.

Howard Farran:So you bought all of these practices?

Vicki McManus: I bought them. Yea.

Howard Farran:Did you have the cash or did you finance them? Is it still a probably thing to finance or do you just buy them in cash?

Vicki McManus: Financing is great right now.

Howard Farran:Who is financing someone to buy four offices?

Vicki McManus: In my case it was PNC.

Howard Farran:Did you buy four offices in like the same town? A north, south, east, west for scales of economy in that marketing advertising? Or are these four cities all spread out through Wisconsin.

Vicki McManus: I bought two - one in Lacrosse ___[00:06:56] and then six months later bought a third one in that area. So those are 15 minutes apart.

Howard Farran:Three of the are 15 minutes apart.

Vicki McManus: And then the fourth one is just south of Madison. And they all live under the brand name Neighborhood Smiles. I have to say if I were doing a group again I would probably have a different name for each office. Which is what Scott Luna does there are pros and cons to both.

Howard Farran:How many does Scott Lun – he is in Texas?

Vicki McManus: Yea. I think Scott has seven right now.

Howard Farran:Okay let's talk about that. Everyone wonders – Heartland Dental Care the practice they buy they leave the original name. But then Steve Thornton's Pacific Dental Care it is all branded Pacific

Dental Care so does Aspen so does everyone. So why does Heartland use the original name and why do you wish that you wouldn't have gone with Neighborhood – it is Neighborhood Smiles.com right?

Vicki McManus: .org is the corporate. You know there are pros and cons to both. I don't mind having one brand. The difficulty in one brand is managing your reputation so that you are not lumped in as a clinic or a mill or things like that. That is the difficulty with corporate dentistry is getting a group of 40, 50, 60, 100 people to act in a congruent consistent manager to manager your reputation. That is the name of the game that I have to play. Particularly when you have oh I want to say I have 40 employees within a 15 minute radius, right? If I am rolling out a new patient referral program it has to be consistent in all three offices. They have to be singing the same tune because they do cross refer. They may be in lacrosse and be seen as an emergency on Alaska next week. Your systems have to be more consistent, and I apologize I have a fax coming in – and your marketing needs to be more consistent. The plus for that is what you said, you can leverage your marketing dollars and in just three years we just got data back from a television station that monitors reputation in the area.

Howard Farran: This is the city of Lacrosse?

Vicki McManus: City of Lacrosse.

Howard Farran: Lacrosse, Wisconsin where you have three offices. Okay. So you are saying you have scales of economy and marketing. How many people live in Lacrosse?

Vicki McManus: I am going to say in Lacrosse, West Salem metro area we are probably just under 200,000.

Howard Farran: Okay. Small town. Middle town.

Vicki McManus: Lacrosse is a college town so they are in the hundred thousands. Alaska is in the 15,000, Salem is in the 3 to 4,000 and then we got the outlying areas. What was interesting is they ask consumers name every dentist or dental office that you can think of and naturally Midwest and Aspen were top two. They got a lot of brand recognition and one of our practices, Waterloo Heights beat Gunderson – was tied with Gunderson Medical clients. So one of our practices has great branding and then Neighborhood Smiles itself has a 3% market share after two and a half, three years. Branding is really cool when you got multiple practices because you do get top of mind with consumers.

Howard Farran: So, Vicki, you going with that?

Vicki McManus: Once you get top of mind then you create market distinction. So how are we different from the others that have that market name branding.

Howard Farran: They always say don't open up a business unless you have a unique selling proposition. Vicki decided to start four offices what gave you the confidence that you had a unique selling proposition that you could go open up dental offices? What is your Neighborhood Smiles unique selling proposition?

Vicki McManus: I think our competitive advantage is that it is attractive for the selling doctor. I look for what I call legacy practices – those practices that have built patient loyalty because of the customer service and the longevity and the relationship that they have with the doctor. And typically the younger doctors coming in that I look for have two to four years experience. We can use somebody straight out of school, but if they have a few years under their belt they want to one day be a practice owner, but are still struggling with their student loans and their debt and small families they don't have the business acumen yet and they don't have the financial backing I can purchase the practice and then have them buy in over time. We can look for longevity in the clinicians and longevity in the staff so that you get to expand your service mix and just have real relationships. You are going to crack up. The name Neighborhood Smiles is based off of Mr. Rogers' Neighborhood.

Howard Farran: That's amazing. He was a special guy. He was an amazing guy. I have four boys I mean I watched Mr. Rogers more than I could even attest to. Unbelievable. So, Vicki, you are in Seattle. Are you a silent owner or do you fly back and forth to Wisconsin? How often does someone like you have to be in Wisconsin if you live in Seattle?

Vicki McManus: I go there two times a year, three times a year. I have an amazing business manager that runs the –

Howard Farran: What did you say two to three times a year for how long? Like a week two to three times a year?

Vicki McManus: A day per office.

Howard Farran: Wow. Two to three times per year a day per office.

Vicki McManus: And I run all the marketing. Part of productive dentist academy right before we started Neighborhood Smiles and probably the thing that allowed me to do it is we started our own internal ad agency that I run here from my Seattle office. So we do all the website builds, the social media, direct mailers, print media, yellow pages so I can control all of the advertising right here. I got my graphics team here.

Howard Farran: Your team only does your four offices or do you also that is a business that does other dentists.

Vicki McManus: We have coast to coast.

Howard Farran: How many dentists are you doing that for nowadays?

Vicki McManus: In a given year there is probably 200 offices that come through PDA seminar programs. We have ongoing full consulting relationships with about 70, 75 offices at any given time and about half of those are involved in our marketing. So 40, 50, 60 clients. Sometimes it is just a logo, a new stationary. Other times it is responsive websites and the whole mobile deal. We can take your marketing budget –

Howard Farran: Now, Vicki, what do you say to those dentists out there who – and by the way you say Wisconsin is known for deep fried breaded cheese? I want to know how I have been obese for 52 years and I haven't eaten one of those. I feel cheated. You are going to have to send me a box of deep fried fat cheese balls. Vicki, what I hear on Dental Town all day long is that marketing quit working after 2008. They used to pay \$500 a month for Yellow Page ad and it would give them a dozen patients and now it has dropped to one. I would say more dentists are saying on Dental Town their marketing stopped working 2008, 2009 yet you are talking about you have a marketing business. What gives?

Vicki McManus: Marketing didn't die – how you market changed. If you will indulge me for a minute you will love this part because we have gone through several different phases of business. At the turn of the last century the 1900s we were in the industrial revolution. We were learning how to make things. We were in the industrial age. Then in the 40's and 50's after the war we got into advertising age and Mad Men and Ring Around the Collar all this push advertising came on. Then we got into the information age and that is where most dentist's comfort zone is. I tell you you need this you say yes we are all happy. And the more I can educate you the more you will buy. The information age ended about the time the economy changed. And that is because the age of relationship came on. With social media, Facebook, things like that people stop saying that the dentist is king and I want more information. What they said was I want a relationship with you. I want you to know me and know more about me than just my teeth. If what you are doing is feature marketing I got a laser, I got this, I got that and we do stupid marketing. Who puts out there I do root canals? There are so many negative connotations to root canals. Nobody wants it.

Howard Farran: I know. Do you cut out cysts and drain lesions too? I mean yea. Crazy. Crazy.

Vicki McManus: If you are doing feature and information marketing you are going to lose the game. You got to do relationship marketing, which is very community based, it is social. And Facebook, we all use Facebook wrong. We are just pushing stuff out there. If you want to use Facebook effectively you post in there hey I am going to see you at the Fourth of July parade. Can't wait. You promote other things that are going on in the community on your page. You act like a person. You don't act like a business. And that is – for us – for Bruce and I our philosophy is marketing is 50/50. Half their patients come from referrals, half of their patients come from advertising. We take that stat one step further.

In order to know how many referrals you should get I look at how many patients are coming through hygiene. So if you have 200 patients a month coming through hygiene you can expect in a well-run office at least 20 referrals. In a wow practice you could expect 40 referrals. That is the thing I think a lot of doctors miss is they don't work on their internal systems enough before they start throwing money at a direct mailer. And then the phone rings, nobody knows how to answer the phone and you lose that patient. Not sure how deep you want me to go in all of that.

Howard Farran: It is an honor to be with you. You can take us anywhere you go we are 17 minutes down we got about 43 to go. I think one of the most hilarious things in the world is there is a dentist in my office every day from somewhere. When they are local – it doesn't matter- so many times I sat down in my back office and I called their office. And I sit there and go hey, my name is Howard and I just moved

here from Wichita, Kansas and the last dentist said I needed four crowns. And I was wondering if you do crowns? They go yea, we do crowns. I go oh, that's awesome. Okay, well thank you very much. And they go well have a great day and they hang up. I am like she didn't ask for my name, she didn't ask for my phone number, she didn't try to close the deal. She just information. Yes, we do crowns.

Vicki McManus: Yes, we do crowns.

Howard Farran: Thank you very much. And I also want to point out, Vicki, that I get lots of dentists asking me to call them back each day or playing phone tag or whatever. I will ask you your percentage, but it seems like when I call them back during office hours 50% of it goes to voicemail. I'm like dude, it is a 10:00 on a Monday and I am in your voicemail box. So let's talk about that. What percent of dentists do you think – what percent of calls go to voicemail and what percent of calls does no one at the front desk try to understand closing the call?

Vicki McManus: Well, the closing the call is a high-percentage. I'll tell you a painful situation in one of my practices because we record it all. We listen. We play it back and we get better. One call they – and I love this. I think I got this from Sandy Pardieu. It is called no to no. Every time they have to say no to something I want them to write it down so we can KNOW what that is.

Howard Farran: Oh, okay. NO to KNOW.

Vicki McManus: To KNOW. I am kind of listening to these calls for that No to Know piece. And a patient calls and says, "Do you do Zoom whitening?" And she goes oh, no we don't do that. And he goes oh well, do you do any whitening? Yea, we have the take home whitening. He goes oh, I've already tried it. I am really looking for someone to do Zoom. Do you think anybody does Zoom? She says well I don't know. Let me Google it. So you can hear her on the phone the keyboard is tapping. She goes hey, there is a dentist two blocks from our office who does Zoom. She goes oh my gosh look at this he has got a great new patient special. He goes really. She goes yea, this looks awesome. He says well can I get their number? I am paying the direct mail to get the phone to ring she is like yea 555-1212 hope you have a good day. As a coach I would say wow, this is a training opportunity. As an owner I literally if I could have climbed through the phone and just – I crumbled.

So you get on the phone and you go okay, sweetheart this is what we would really like them to come to our office. That is why the phone rang. So that is huge. And you know what I think that dentists need to go and mandate to their front desk right now is stop being a freaking dentist. I have held every position in dentistry. I have been an assistant, I have worked front desk, I was a hygienist. And when I listen to the calls I hear receptionists diagnosis every single day. They will say do you do whitening on 11 year olds? They say oh no, I wouldn't recommend that until they are at least 16. Think about that, Howard. Why did that mom call the dental office? Was it because she wanted her teeth – the kid's teeth whitened with a certain product? No. Somebody is bullying her child or her child is embarrassed about dark teeth. Whitening may not even solve that. Maybe they got end problems. Maybe they got bumped on the playground and the tooth is dying. But then because a receptionist thought she knew better that patient is not coming to the dentist at all. Stop educating and diagnosing on that first phone call. You don't know what you are talking about.

Howard Farran: Can I make two points on that?

Vicki McManus: Yea.

Howard Farran: I have had the same handyman at my house for god, 20 years. For the last six or seven years every time he comes here he is so not busy, so not busy. Last time I called him he couldn't even come to my house for five days. He came in here and he says oh man we are swamped. I said what happened? The economy is picking up? He said no, no, no. He said the owner finally got rid of that idiot answering the phone who knew nothing about drywall and painting or any household repairs that they do plumbing or whatever and actually got a woman who has been in construction for 20 years and he says now they are swamped and they are adding another person. Just amazing.

Then I also want to say one other thing for that involves receptionists. I am a firm believer in that extra operatory that is never scheduled. ____ [00:22:10] so they can immediately go well do you do whitening on an 11 year old? Well, you know what can you bring your child down right now and we will have Dr. Blind in one eye look because room four is sitting there ready to close. And most receptionists are looking at a schedule booked up a week in advance. Do you think there is any link between getting them in now to look at it and increasing the close rate of the – of your receptionist to sell an appointment?

Vicki McManus: I loved what you when Jenna emailed me she said just make things simple and uncomplicated. I am so with you on that. Have an extra chair. If you don't have an extra chair look and see when hygiene is open for the day and put people in it now. When people pick up the phone it takes a lot of courage to call a dental office and I think we forget that. If they are on the line they are going to get in the car and come to your office today. And if not then tomorrow because the average – I read a statistic that the average person makes an appointment in three to five dental offices, wakes up that day and figures out which one they are going to go to. If you get a lot of no-show new patients you didn't seal the deal. You got to get them in now when they are ready. Step one, just meet people where they are at when they are ready. I don't care what they called for. I tell my team if they say I got X, Y, Z and we are not even sending out a flyer with that offer I go good for you come on in. I don't care what the offer is. That is somebody raising the hand saying hey, I got an invitation to the party can I come? So your idea is brilliant. You got an extra chair. You got plenty of room to put people in the party.

Howard Farran: Okay, Vicki, so you have been doing this for a few decades. You say you are older than me, but you look at least 10 years younger. Give us your top five things that if you were a dentist in Parsons, Kansas and Show Low, Arizona, everything is flat and you – they are a dentist so they are going to blame probably 98% of their problems on Obama and the global economy and Putin invading the Ukraine. Let's bring it back home to the biggest enemy lives between your ears and it is a lot easier to conquer an army than to conquer yourself. My favorite Michael Jackson song was Man in the Mirror. Tell these dentists looking in the mirror, looking at you give them some meat and potatoes things they can do to start taking off again.

Vicki McManus: Number one, I would go to that rating fan index and I would run by statistics. You cannot run your business by your gut instinct. Because my gut tells me to have a triple decker

cheeseburger with a milkshake, right? So stop running it by your gut feeling. So it is really easy. Have your administrator say how many patients come through hygiene every month.

Howard Farran: Did you tell them to go to a website?

Vicki McManus: No answer receptionist - ___[00:25:15] office administrator tell me how many hygiene visits we see each month. Right? And tell me how many referrals we get each month. If your referrals aren't at least 10% of the number of people coming through hygiene I would say start working on internal referrals today. That is job one. And internal referrals really hinge on great customer service and we can go into that in a little more detail if you want to. Number one, look for the low-hanging fruit in your practice. Find the statistics. See how many you should be referring.

Then number two, look at how many new patients you are getting. I ran a report just last month on one of our practices. We had 31 new patients and of those 31 we had two that schedule for treatment. So something happened- you were talking earlier about getting them in the office. Something is happening that they are not coming back to the office. So if you got 31 new patients and only two scheduled something went wrong during case presentation.

Howard Farran: I am going to stop you right there. Vicki, explain why in the orthodontist offices I would say 90% have a treatment plan coordinator. Then in the general dentist's office that position pretty much doesn't exist. Should the dentist be presenting treatment? Should it be a treatment plan coordinator? Why is there this huge disconnect between orthodontists and general dentists when they are in the same medical dental building in the same city in America?

Vicki McManus: I think orthodontists work a little smarter.

Howard Farran: So you are saying you recommend the treatment coordinator? You think they are going to get Mrs. Jones to do her three fillings more likely than if Dr. Rhonda presented her treatment?

Vicki McManus: That depends on the personality of the doctor.

Howard Farran: But on a generalization.

Vicki McManus: On a generalization I think the difference between general and ortho is the complexity of what has to be done. Ortho is all about function and movement. General dentistry there is you got to be four specialists in one. You got to look at endo, function, aesthetics, perio, ___[00:27:24] and all of those things. In my mind, I think the doctor's responsibility is to be able to look the patient in the eye and number one, get in a relationship with them, gain rapport, gain trust, gain some common ground so they want you to work on them. And then number two evaluate comprehensively based on risk factors. You are at high risk for decay. If we don't do something today you will lose your teeth. And put it out there. I worked out a treatment plan. Summer is going to go over that with you and her job is two things: 1. Make sure it works in your busy schedule and 2. Make sure it works in your budget. That is about it. If they can outline the treatment plan and say – and Bruce loves to ballpark it and I like for our doctors to ballpark it too. It has been five years since you have been to the dentist. There are a lot of things that are broken down. You are probably looking at \$4 to \$6,000 worth of damage. We can do that

in four months or four years and get you back in good shape. The thing is we need to start. I would like to start here. They can ballpark it and give it one place to start. Then the treatment coordinator can pick it up and take it from there.

What doesn't work is having the doctor and the assistant in the room and then they walk them up front and now the financial coordinator or the treatment coordinator picks up the conversation from there with a piece of paper and no relationship. That is where it breaks down. So whether your assistant is trained and we call them patient advocate. Your assistant can be trained to be a patient advocate, your hygienist can be patient advocates. Or you can have a true treatment coordinator – is busy and that is where you are at.

Howard Farran: I also want them walking around logistically. What if that treatment coordinator is on the phone? What if she is talking to another patient? Then you are walking up there with Mrs. Jones and it is just awkward. When they are sitting in the room and you can turn on cable television, hand a remote control – and again I'm just the hugest proponent for extra operatories because it is horrible to generalize. It just seems like all of the offices that have an operatory that was never used at least once every other day they just gross and net so much more money than an office that is always looking for a chair.

Vicki McManus: Minimum you are going to produce \$15 to \$20,000 per month more because you have that extra operatory. That's easy. You work in one crown. You work in one Invisalign case. You work in anything in a day in that extra chair. You work 16 days a month you work in one anything that is \$16,000. That is a no brainer. I think the reason most doctors don't do it is because they feel like their schedule is already open anyway. They don't control – they got 20% of open time nationally, but that 20% of open time doesn't come in a nice, neat two hour block. It is 20 minutes there and 30 minutes there. So the scheduling is a mess. I would say that is probably – first you look at low-hanging fruit for internal marketing and referrals. Second look at how you are presenting the cases and your case acceptance. Work on that. We go a third, a third, a third. I should be diagnosing three times more than I want to produce. If I want to produce \$50,000 in a month I better be treatment planning \$150,000. And I need to have the right mix of new patients and patients out of hygiene to get to that number. So if they just focus on what they are diagnosing –

Howard Farran: So then can I just say that so you are ball parking that you are going to have a third closing rate? One out of three closing rate?

Vicki McManus: One out of three today. One out of three today. And Bruce actually came up with that. If you can get in baseball's hall of fame by batting 300 why do dentists put the pressure on themselves to be perfect and bat a thousand every time? It is not realistic. A third of your patients should say yes. I am ready to schedule right now. Another third are going to say I'm not sure I am ready to schedule at all just put me back in hygiene and I will talk to you again in six months. And then another third need you to follow up with them in a short period of time. So we have a 1 to 31 file. If they don't schedule today the patient advocate says can I give you a call next Tuesday I will check on your

insurance or you check on that whatever you want to do. And so about a third of your treatments should be scheduled from active treatment follow-up. It is huge. It is huge.

Howard Farran: Okay. Then what next?

Vicki McManus: So case presentation treatment plan follow-up would be that next one. Then it goes into external marketing. And like you said a lot of – I follow the chat around Dental Town too. It is whoa is me. Whoa is me. There is just a shotgun approach to marketing. I think people just don't do it well and they fall for whatever sales person comes through the door.

Howard Farran: I'm going to ask you this – my mom sewed 100% of me and my five sisters clothes when we were little back in the day. What was the most famous sewing machine from back in the day?

Vicki McManus: Singer.

Howard Farran: What made Singer the most successful sewing machine in the world?

Vicki McManus: I don't know.

Howard Farran: Because I am 100% Irish – so basically all the sewing machines were sold – you needed all the money for the sewing machine. And Singer this wave of Irishmen and he knew if they owned a sewing machine they could get a job for \$5.00 a week so he was the first one to bring installment credit to a sewing machine. He said hey, Irish boy, give me a \$1.00 a week I will give you a sewing machine and you can get a job. And bada boom. Bada boom.

Everybody remembers Henry Ford. What they don't remember is Henry Ford wanted his \$600 for a car down and then a little Alfred Sloane started GM and said you know what we are going to do installment credit. And he exploded. And Henry Ford shut down the assembly line and nobody remembers – that's right nobody can tell you who Alfred Sloane is but they have the Sloane Medical Center in New York. I want to get what you touched on in the beginning about financing. So go back to this financing.

You are saying that you don't want a dental office manager to learn how to do credit checks and become a banker and get into financing. Will you talk about the financing part?

Vicki McManus: Yes. And this is exactly how we run in a Neighborhood Smiles. My goal is that by the end of this year we have zero AR. And I've got –

Howard Farran: AR is accounts receivables.

Vicki McManus: I want zero patient balance in my account receivables, but I want \$100,000 in loans. That's two very different things, right?

Howard Farran: This is for each office? Or for all four?

Vicki McManus: _____ [00:34:26] is that me buzzing? So here is how it works – I have rack cards. I got to be like McDonalds. Everything has got to be systematic. On the front of the card, I don't have the various finance company brochures hanging out around the office because it is confusing. So I have a

rack card that says congratulations you have made the tough choice already of finding a great dental team to help you out. Our job is to make sure that you can afford the care you need. And on the back it has three options: 1. Easiest approval, lowest monthly payment 2. Interest deferred payments 3. Save money today and that's it. They go onto the comp finance application. They open it up. They enter the information and within I think 30 seconds to a minute it has various offers that come back and then the office manager can say based on your credit score, based on the size of treatment, based on the type of treatment you are doing here are the payment options I can provide you. Let's choose. So they choose. They sign it. We get a voided check. It automatically drafts. Comp Finance takes care of all of the million details on the back end. They got all the truth in lending statements that keep us compliant. Here is why I love this because from that moment on your office manager is no longer responsible for the follow-up.

Dentistry attracts, for the most part, really compassionate people who don't like confrontation. If my job is to make you comfortable to call you, to encourage you to come in, to spend your hard earned dollars here to get your dentistry taken care of but the next month I got to call and be the wicked witch of the west to get you to pay your bills and then I am going to see you at soccer with the kids or at the grocery store well, it is embarrassing. And I know your story and I don't want to follow-up.

Howard Farran: Especially in small towns.

Vicki McManus: And everybody is in a small town now. Even if you are in a big city you are in your borough. Everybody has their click. There is no such thing as hiding in a big city. With Comp Finance and there may be other companies that do it –

Howard Farran: What is Comp Finance? Is that Compassionate Finance?

Vicki McManus: Yea. So the story of the company it is Comprehensive Finance is the parent company.

Howard Farran: .com?

Vicki McManus: .com – and what it looks like to the patients is compassionate health care or compassionate health services that is who they interface with. You will love this part – if their check doesn't go through the first person that notifies them is the bank. Right? They know the check bounced. The second person that notifies them is a representative from Compassionate Health Services. They will say, Vicki, I noticed that your payment didn't clear the bank and they probably charged you a \$35 fee. Talk to me about what happened so I can help you not get that fee. Because they are going to charge you again in seven days. So tell me what happened. And you know the story it is typical. My direct deposit didn't go through. I was out sick. My payroll wasn't as much. The transmission. The dog. The dog, the cat whatever. The collections with Compassionate Healthcare Services is so good and they are trained to say that is not a problem. Let me call the bank and I am going to tell them that we are going to skip this month's payment and I will add it to the back end of your loan. Would it help if you didn't have to make that payment again, today is August 15th, would it help if you didn't have to make that payment until September 15th and I could go to the bank and buy you some time? And they are like whoa. You would do that for me? Well, sure. Now why is this a win/win? Because the doctor is getting

interest, that money he is getting 9 to 14% on his money. It can sit there all day long. In fact, you could finance it 10 years I don't care. I'm making money on it. And two, you have built up so much goodwill with that patient. You took a stressful, embarrassing situation and you totally turned it around and my dentist and my hygienist and my people in that office that I go to church with. I want to extend payments, I just don't want to extend payments and have the dental team responsible for it.

Howard Farran: Okay. But Vicki, you are going to be having a lot of pushback because at every dental convention for 20 years you are going to say hey you are not a banker. You are not the bank. You are the dentist. You do the dentistry. If you live in America and they can't get a credit card they are bums. If you can't get Chase or American Express or Bank of America if you can't get a big bank with a 40 story building to give you credit why is this little one story dental office going to give you credit? Answer that. You are going to hear that a million times.

Vicki McManus: I am going to raise my right-hand. I was one of those consultants that said that. Right? And when gosh, I'm so far back I remember DFP when they came in they were the big guys. Then Care Credit came in Masco – that is the other side of the financing, but. If you look at it today the reason that the banks are turning down your patients is because of the bank regulations. You got to think about it – you are doing two different things. When Chase or Wells Fargo or whoever gives your patient money they are giving them dollars. And the only – it is a signature loan. It is high-risk for them. They can't come and take your denture back. They are not going to come and repossess your crown. So the risk is higher which meant the credit scores had to go higher. Right now I think the average credit score for approval is 720. 50% of Americans are below 700. Sometimes it is due to no fault of their own. Maybe they had a \$100,000 line of equity on their house before the recession. That line of equity went away so now the ratio to debt to credit is all screwed up. Or maybe they got a divorce four years ago and it goofed them up. And so they are payment worthy. They don't miss their payments. They pay their bills, but their credit score hasn't caught up and doesn't reflect it.

Now on the flip side if the dental office is financing it – I skipped a critical step. Number one, you want to get a down payment. You want to get a down payment that is equal to your expenses so your overhead is covered. In my offices I worked it out that I want my associate doctors doing at least \$400 an hour. And they can do a crown in an hour, two hours I don't really care. They can take two hours to do a crown as long as it is \$1,000, \$400 an hour that is going to meet their goal. On a \$3,000, \$5,000, \$8,000 treatment plan I probably only need to get \$1,000 down.

Howard Farran: Do you pay your associates 25% of production or what do you have a formula how you pay them?

Vicki McManus: They are on net collections.

Howard Farran: What percent?

Vicki McManus: It varies. On experience and what they are bringing –

Howard Farran: I pay mine 25% of net collections.

Vicki McManus: I am in your ballpark.

Howard Farran: You said you want your doctors to do \$400 an hour what would you guess or assume the national average would be?

Vicki McManus: For associates is \$275.

Howard Farran: \$275 and how did I know that you would exactly know. That is for associates what would you say just for dentists in general?

Vicki McManus: For owners it is \$400.

Howard Farran: So owners is \$400 an hour. Associates is \$275 and Bruce is \$2500?

Vicki McManus: And sometimes \$3,000. Our PDA doctors are killing it. I think our top 10 list this month are out of 50 guys on our ranking site the top 10 were well over \$1,000 an hour. With the deposit and Comp Finance has the algorithms built into it. You can tell them I want 20% down, 25% down, 30% be down and I will allow patients to use their insurance benefits as part of that down payment. All of that algorithm is built into it so your office manager can't mess it up.

Howard Farran: So you are asking for a quarter down, 25% down.

Vicki McManus: It depends on whether it is an Invisalign or a high-end lab prosthetic. So we will go 25 to 30% down.

Howard Farran: Can they put that on a credit card?

Vicki McManus: Yea.

Howard Farran: So they can finance their down.

Vicki McManus: They can put it on a credit card. They can use their dental insurance benefits and then the rest of it is financing. So what the doctor is financing is time. That was my point is the banks are financing money. The doctor is financing time. You got the down payment to cover all the hard costs, right? If you are sitting there with 20% open time why wouldn't you finance time? Especially when you are getting interest on it. And your staff doesn't have to follow-up on it. It makes a ton of sense.

Actually, last year we had this program in place for the better part of eight months. It is new, it is training, we are training remote and all of those obstacles. We extended \$140,000 in dentistry that would not have gotten done had we not had that program in place.

Howard Farran: Now, Vicki do you first try to run it through like a Care Credit that first and this is your backup plan? Or is this your at bat plan? Your first up plan?

Vicki McManus: We used to. We used to run it through Care Credit first. When I first started looking at the numbers what I found is my team weren't offering it because they felt like the patients

probably couldn't afford it anyway. The rejection rate is so high now. I love Care Credit. I don't want to come across saying that I don't. I love all those guys. They are doing a great job. The regulations are just squeezing them to a point that it is more difficult to approve.

Howard Farran: I want to say something about wealth too. In Phoenix it is notorious that everybody in rich Scottsdale where all the rich people live if you saw 100 Mercedes they are probably all leased.

Vicki McManus: Yea. \$199 bucks a month.

Howard Farran: And then if you go to the middle class areas and see a nice car it is probably paid off or bought it in cash or whatever and the richest women I know when they are at the store they got sweats on, a ball cap didn't take a shower this morning and nobody knows they are wealthy. And then you see the girl that is all decked out, big jewelry. She doesn't have a dime. I mean my boys always say to me dad you don't wear a Rolex watch. You don't have a boat. You don't have a condo. You got more money than anyone I know. You look like a homeless person. You can't diagnose pocketbooks when they walk in there. And I would say the opposite. The more money they are flashing they probably don't have. They call it you fake it until you make it.

Vicki McManus: Bruce says that at PDA. He says he has been hosed by more people in crystal blue Mercedes than he ever has with people in a Buick with a shoddy headliner.

Howard Farran: I am across the street from the Guadalupe Indian Reservation where they have 5,000 Guadalupean Indians and about 20,000 illegal Mexicans and in 27 years I can't think of one person who ever stopped making their payment or stiffed me. Then about three miles away is this one little rich area and that is where all of them came from. I had a lady who owned three restaurants ___[00:46:09] with a hot check and I mean and she just like she was from New Jersey and was like really you thought it was good? You can't diagnose pocket books. Plus it matters on what you value. If you really value it you will get it.

Vicki McManus: We have a financial options worksheet they do the same script every time. Your case fee is \$5,000 if we applied your insurance to it you would need to have an out of pocket down payment of X. Talk to me about what works for you. You want lowest payment, interest deferred options or do you want to save money today by paying it up front and I can give you a bookkeeping courtesy. We just don't assume anything about anybody and they tell us. If they say yea I would like interested deferred or I already have Care Credit can I use that. I love it because it is cash. The reality is when I looked at my practices we have probably funded \$4 or \$5,000 across the board in four offices in three months. Alright, we are obviously something is holding us back about talking about this. Something is telling us it is not working. We got to do something different. I talked to a doctor the other day and his office manager is telling me that every single day his patients are calling saying do you take XYZ insurance. And she is saying no. No. No. No. I said really you are saying no. She said no actually we have been trained not to say that word, so what we say is why don't you come in and get to know us and we can help you apply for your benefits. And then we explain that they get the reimbursement check at their house and not here and they have to pay upfront. And they are usually pretty angry and upset, but that is just the first visit. They get used to it over time. I thought sweetheart you got zero

referrals and why is it ever acceptable in customer service that they only get upset about it the first time.

Howard Farran: So what do you recommend the receptionists say when someone says do you take Medicaid, Medicare, do you take this PPO and they don't?

Vicki McManus: Actually, we have a list of places they can go particularly for the Medicaid opportunity. We say we don't take that but here is the telephone for somebody who does. And we actually have a Medicaid patient right now who went to the Medicaid clinic. Couldn't get the care she wanted. Loved talking to our receptionist so much she called her up in tears and said I know there is probably no way I can afford coming to you guys, you have been so nice to me could I just come in and let the doctor take a look and maybe I could come up with the money. And she came in and her story moved me so much. We have what we call a charitable pro bono fund. So we save up a certain percentage it could be anywhere from \$500 to \$1,000 a month. Then the team gets to choose who they use that money for. So they gave her a scholarship of \$500 towards her care. She used that and she came up with another \$500 and they financed it out, \$50 a month to get her phase one get rid of all the decay.

Howard Farran: Vicki, you are one of the most amazing people I know. If I had your brain I would throw mine away. I want to reflect – you won four offices but you are also a hygienist. Give us some – I only got you for 10 more minutes. Let's switch gears to the hygiene department. Should I be – I hear it should be 30% of your production, 20%. Give us three good pointers for they hygiene department.

Vicki McManus: Okay, great. First of all, I was a dental hygienist. Was a clinical dentist for 15 years and then I did a lot of hygiene consulting and was known for that for a long time. This year I actually have been a consultant longer than I was a hygienist. Here are my benchmarks for hygiene – the 30% of revenues is an old benchmark, but probably a fairly good one if you are a general bread and butter practice. If you are like Bruce – if you are doing \$2500 an hour and your hygienist is doing \$150 to \$200 an hour with that 30% ratio is not going to work. I set benchmarks depending on the fee schedule, depending on where you are at in the country. Depending whether you are an assistant hygiene or not. But bare ass minimum a hygienist should produce \$125 an hour on PPOS. And that would include their exams. I typically credit their exam in terms of production to the hygienist because I want them co-diagnosing. I want them educating. I want that doctor to walk in the room and say yea, what she said.

Howard Farran: Does that mean you pay them on production or hourly?

Vicki McManus: My hygienists are paid hourly on a bonus structure. And with hygienists we are kind of a different breed. You need to figure out what makes us tick. Some hygienists really need the security of a steady paycheck. I need this and if you put me on commission it would freak me out and probably make me underperform.

Howard Farran: I paid mine 35% of production when I opened up in '87. And in '92 they complained, they complained. When they had a great day they never said thank you. When they had a couple of cancellations they lost it. And I almost died when after five years one of mine quit because she wanted a

steady paycheck. That is when I said no. I will pull the deal. So we went back to hourly in '92 and I have never gone back there. My rationale was because of the variance. If you are a hygienist and you get a cancellation it is hard to make that up in the afternoon. If you are a dentist and your morning falls apart in the afternoon you get a walk in emergency that needs a \$3,000 root canal that you can do in the other room. Dentists can make up huge losses, but hygienists they really can't. Their variance is too tight.

Vicki McManus: When I was a hygienist what I loved the most was that I never thought of myself as just being stuck in that hygiene box. And the best compliment I ever got was from the dental assistants that said for a hygienist you are a pretty darn good assistant. I always felt that was my job. I could get on the phone and I could call people and I could reactivate and I could shuffle papers and that is fine. But if I could jump in there with a clinical team and I could make them more efficient and help them gain time in my down time then they had that chance to see the emergency patient. Or I would see the emergency patient. I would take all of the X-rays and I would give the anesthetic out. I would get everything out that the doctor needed so that they could turn my hygiene room into a treatment room. My operatory was always set up to have all of the restorative materials in it too.

Howard Farran: The best hygienist in the world is when you get a cancellation it is 8:00 and you just got on the phone the 10:00 cancels. The next call is a toothache and you know you can trust her to take a PA a biwing and get it up and the doctor doesn't know if it is the assistant or hygienist. And what percent of hygienists you say aren't don't do that?

Vicki McManus: 90.

Howard Farran: I know. Our rule is that I tell dentists I feel bad saying it is if she wasn't a dental assistant before she went to hygiene school I don't know if I would be interested in that. You got to have that hygienist that can put on her assistant hat.

Vicki McManus: I was an assistant for – it was a brief period of time but it was long enough for me to know that is one of the hardest working people on the – it is one of the most physically demanding jobs is being the assistant. One of the mentally demanding jobs is at the front desk because you never know what is going to hit you. I think emotionally the most demanding job is probably they hygienist.

Howard Farran: You are saying if the average dentist does \$400 an hour production then 30% is probably a good ballpark number should be doing hygiene.

Vicki McManus: Well, this is a typical practice. You tell me. It is still just under a million dollars. It is at \$675, \$700,000 those are the guys on Dental Town that are suffering, that are complaining that they had it up to \$900 maybe a million and now it has fallen down to \$700,000. That is probably the biggest financial pain point in dentistry because you are too big to be small and you are too small to be big. Your overhead is high. Your staffing is high and you are probably staffed hoping that it picks up. You don't want to let anybody go because maybe it is going to pick up. So you got nothing but bills and stress. You got to get out of it. You got to get over a million bucks. So each hygienist has produced on a

four day week, right - \$15 to \$20,000 a month. If you have two hygienists you are going to have 30 to 40,000 a month in that range depending on your fees. And the doctor is going to need to make up the rest. The doctor is going to need to do \$600 to \$700,000 a year hygiene is going to need to do \$300 to \$400,000. Those are kind of my ratios for a million dollar practice. If you are under that it is a race. If your scratch start you got to go 1200 patients a record and \$1.1 million as fast as you can get there.

Howard Farran: And on your decision did you go with assisted hygiene or did you not?

Vicki McManus: Yea. I did a lot of assisted hygiene.

Howard Farran: I mean in your four offices now. Do you recommend that dentists have an assistant hygienist or a hygienist works two rooms with an assistant or do you have – or do you not really go with that model?

Vicki McManus: We do modified prime time assisted hygiene. So if my 7:00s and my 8:00s are booked out for the next four months and I can't get anybody in then I will pop an assistant over there and we will do 7, 7:30, 8, 8:30 and then we can 9:00, 10:00, 11:00 and slow it down. So I like – I like prime time assistant more than – it is really tough for a solo doctor to do more than two exams an hour. So you are just – you are losing traction and restoratives spinning your wheels on hygiene a lot of times. So coordinating the hygiene schedule with the doctor schedule is what we do.

Howard Farran: What would you say being the hygienist what would you say is the biggest pointer you could give us on the average problems in a hygiene department? Easy solution. Easy fixes for hygiene. Most common problems and easy fixes. I only got you for three minutes left.

Vicki McManus: It is a bigger conversation than that. But perio therapy. I think we are still missing it on perio. Go back, make sure you are getting a good, complete perio chart. When I do chart audits less than 10% of the patients have an up to date perio chart. And you can't diagnose what you don't see. I think that is global, restorative and hygiene. You just can't – you can't schedule what you don't diagnose.

Howard Farran: Right. I shouldn't say this, but I was just talking to a dentist the other day and I asked him about his perio. He – I am 52 he was 67 he said I am lucky because in these parts of Kansas we don't have perio.

Vicki McManus: Nice.

Howard Farran: He goes it is probably from the hard water. I am going buddy it is time to retire. Time to retire. So you got 2.5 minutes. Give me a close. You are out there in stagnant town USA, your office isn't going nowhere. They just listened to you an hour. What can they do to get more Vicki?

Vicki McManus: They can find us on productivedentist.com if you want to sign up for our newsletters. I am actually doing a lot of video blogging now. Just little moments with Vicki. Most of my podcasts and video blog casts are on performance and peak performance enhancements. So I like to – the number one – it is counter intuitive. You want to work on your clinical skills. And you want to work

on your intellect, but the place to really get a powerful moment is to work on your emotional state. Over 60% of the equation is the emotional intelligence of your team. I got a lot of video broadcasts on that. How to shatter doubt. How to problem solve. How to get more creative. How to kill that parrot that is sitting on our shoulder. How to get rid of procrastination. Those kinds of emotions are probably what is holding us back more than anything.

Howard Farran: You see dentists on their production – if you just counted up their watches we are watching that. What are you watching? Well it's a crack. And what are you watching? You are right. The enemy is between our ears. No place else. Vicki, you are absolutely amazing. I want to thank you for giving me an hour of your life. I want to thank you for all that you have done for dentistry and for dental town. Can they email you? Can they –

Vicki McManus: Vicki V I C K I @produtivedentist.com. And my team wanted to let you know that your PDA dark chocolates have come to you.

Howard Farran: Oh you had it that's right on the townie choice award you had the chocolate party. Thank you so much for that. You are always supporting Dental Town.

Vicki McManus: September 4th we got a Facebook event. I will get you hooked into that. You are going to have a live, virtual chocolate party.

Howard Farran: Vicki send me an email. Send me an email Howard@dentaltown.com and pitch our team on taking over our marketing and doing this financing. I still have my first dental assistant, Jan, she has been there 27 years. The new girl in my office has been there eight years. The good of that is we got massive relationships. The negative of that is that is not the way we have always done it. Will you send me an email and pitch these two ideas you have talked about see if my team will bite?

Vicki McManus: I will. And tell your team take it one little step at a time. I don't do any grand leaps across the Grand Canyon.

Howard Farran: You ever get to Phoenix?

Vicki McManus: I love Phoenix. I was just there last month.

Howard Farran: Next time you are here come by and see my team. I would love that. Today's Dental on Dental Town. Alright, Vicki. Have a rocking hot weekend.

Vicki McManus: Bye.

Howard Farran: Bye-bye.