

**Dogs Bark at Things They Don't Understand**  
**Howard Speaks Podcast #37**  
**with Dr. Rick Workman**

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**Howard Farran:** It is absolutely an honor today to be interviewing, not only the richest dentist in the world, but my very good friend. I am just bummed out that I graduated in '87 and you graduated in 1980 and I look ten years older than you. So man, you are just the full package. You are rich, handsome, good-looking, still looking young. How do you do it, Rick? Is it all that golfing?

**Rick Workman:** No, I would like to play a little bit more. But honestly, I strive to play twice a week and sometimes I do. But I am busier it seems like now than I ever have been. But it is because I love what I do, and I am very blessed in that regard.

**Howard Farran:** Well, I just want to start out this interview that this is probably for dentists, especially in the United States, the most emotional topic there is in dentistry. I can't think of a more emotional topic than, and I hate the term corporate dentistry, because all of the people complaining about corporate dentistry are incorporated with their accountant, so it is a bad term. I just want to tell all of my viewers that I have known you for what, 20 years? We met in Destin, didn't we?

**Rick Workman:** Destin, Florida, first annual 1992, March of 1992. That weekend changed my life and you had a big part of that, and I mean that sincerely. I have got some notes here, but you taught me about the value of the location versus a doctor park. You taught me internally lit signs, hammered us to death on that, and you also introduced us in your first book about the notion of economic incentives, that with someplace between taboo or non-cool, but you just pointed out that it is not about that, it is about whether you want people to come in to your office or not. Because if you do, that is what you have got to do. You made a difference in my life.

**Howard Farran:** Well thanks Rick, that means a lot to me. And with the economic incentives, I think one of the problems with that is they are very different with women than they are with men and women make 90% of the appointments. I mean, I have never used a coupon in my life. I couldn't imagine sitting on the front room floor cutting out a coupon to save a quarter on Folger's Coffee. I mean, but they make 91% of the appointments and they turn in 90% of all of the coupons. But I just want to say to my

viewers out there that whatever your thoughts are on dental, well what is the best term for it? DMSOs?

**Rick Workman:** Well, we now maybe use the words dental support organizations, DSOs.

**Howard Farran:** DSOs, okay. But I just want to say this, I can vouch from being in your home, meeting your wife, your children, knowing you forever, you are probably one of the most ethical, moral, good ole boys from Effingham, Illinois. I mean, you are a small town country boy. I mean, I understand that growing up in Wichita. And so whatever your views are on corporate dentistry, don't shoot the messenger, my buddy Rick Workman. And the other big guy out there, Steve Thorne with Pacific Dental Services, I mean, he is a hell of a man, too. I mean, his wife just adopted three kids from an orphanage in Africa. I mean, these are just good old country boys. And what I want to say about corporate dentistry before we start, first of all, I would like to explain what you do, but from where I see it, I see you doing two fantastic things. We had the biggest recession we have ever had since the Great Depression in 2008 and you and I are old enough to live through the recession in '80 and '87, the market crash in March of 2000. But this 2008 one was a knockout. The other ones were a kick in the gut, but this last one, I mean, you literally woke up on the canvas and said, "What was that?" And in that time period, all of the offices, especially the big ones that do one, two, three million a year, they had no liquidity. They couldn't sell these. And then a guy like you can roll in and give them liquidity and write a check and all of those people are so thankful that there was a guy like you that could give them liquidity. But number two, you are the one creating all of the jobs for the dental graduates. I mean, so many of these dentists, there are 168 hours in a week, they are open Monday through Thursday, eight to five. That is only 19% of the week. Their facility is closed 81%. They could be hiring all of these associates. Their phones are ringing on Friday and Saturday and evenings and all of that and they are not hiring anybody. And I can't even count how many hundreds out people, young dentists, thank God that they got a job with you and they got a job and they got a career, they have got a future. But I want to start with this. I want to start with the 4,000 pound elephant in the room. Why are dentists so emotional about what you are doing? Why do they think this is causing the sky falling and all of that?

**Rick Workman:** You know, a guy that I knew once, he said that dogs bark at things they don't understand. When I stopped laughing and thought about that, and it is the truth. So let's maybe set a couple of ground rules. I am not perfect in a lot of ways. Heartland is not perfect in a lot of ways. DSOs aren't perfect in a lot of ways. Organized dentistry is not perfect in a lot of ways. Solo practitioners aren't perfect in a lot of ways. Here is what I would say, is that, you know, some people in life transfer whatever anxieties or issues they have to other external forces versus looking within.

And obviously the growth of DSOs in the marketplace, a small percentage of DSOs have had issues. We cannot deny that. A percentage of solo practitioners have had issues. But, you know, that is not news. And so dentists tend to use forums, like the Internet, to stir up stuff and think that the problems are because of Heartland or because of DSOs versus looking within to say, "What can I do to make myself better, to make my practice better, to perform better care for my patients, better service for my patients?" And then I think the last big thing I would say is that unfortunately, or just reality, is the world is different than 1980. And hope that there is going to be no change is not a good strategy. You can hope for that, but it is just not a good strategy. I went to dental school, paid a total of \$5,000 to go dental school. A total of \$5,000. I couldn't find a job that guaranteed me \$25,000 the first year, so I set up my office. It cost me \$32,500, plus \$325 a month for rent. It is not like that today. It would be nice. We would all hold hands and sing Kumbaya, but it is not like that. These young kids are coming out of school today for \$300,000 or \$350,000. We had one that joined us this summer that is over \$500,000 in debt the day they walked out of dental school. They can't buy a two chair practice or start one for \$32,000 and make that work. So the reality is we have got to do something for the new folks coming in. There is also, and we will talk about that in maybe a little while, the highly successful doctor, what are they going to do? But those new kids coming into the world, \$300,000 in debt, they can't do leftovers. They can't work on the kids and the gaggers. They can't do that in a "traditional solo world" that has not really grown much on average over the last four or five years because of the Great Recession. And my thing went away, can you still see me?

**Howard Farran:** I can see you. His picture went off.

**Rick Workman:** Okay, good. My screen went blank, so I will just stare at the green dot. And so we have to figure out what we are going to do. And I, the reason we exist I guess and because in 1980 to 1997, those 17 years I worked 80 hours a week. I went seven years without a week off. I don't expect people to feel sorry for me, that is not what I am saying, but I am saying do we need to have every dentist in America do that to become successful? I don't think so. I paid prices personally. I was 42 when I got married. I wouldn't want them to do that. In fact, we were 90% men graduating in 1980. Today it is 50/50. It is just different. And DSOs, Heartland Dental, I will speak maybe for that, exists for the purpose of providing solutions and needs and information to the dentist. And in my world, I would love it if dentists could choose at their freedom and discretion to join that supported organization or not. I am okay if they don't want to do it; they want to do it all their selves. That is good, but we just know there are a lot of people who just would like to be a dentist, would like to go home at 5 o'clock at night, would like to have a life, would like to be able to work part-time, would like to have better negotiating with the supplies and labs, would like to have better negotiations with

the insurance companies to get higher reimbursements. These are things that I think most dentists would do, but as a solo practitioner, you just don't have the clout to do that, and we have developed that. That is what we do.

**Howard Farran:** Well Rick, where I want to take this interview is when you buy a dental office; you don't put a common name, like all of your dental offices aren't named Heartland Dental Services. So my first question is, why when you buy a practice, why do you not brand a single name? Why do you leave individual names?

**Rick Workman:** I am going to back up just a second. So Heartland is a dental support organization. Heartland does not practice dentistry. It is important for everybody to understand that, because this is on your audience, I read about it all of the time and they don't understand. Now it is subtle. It is nuanced. And we could talk forever about why this has to be, but the reality is unless you live in Arizona, Wisconsin or Kentucky, you have to be a dentist to own a practice. Now it is important for the audience to understand that in those three states, anybody can own a dental practice. And we don't hear national news all of the time about the fact that in those three states, all dentists and all dentistry is all bad all of the time.

**Howard Farran:** Arizona, Kentucky and what was the other state?

**Rick Workman:** Wisconsin. Anybody can own a dental practice. But in the other 47 states, I won't say it is antiquated, I will just say and point out that there are three states that you don't have to be a dentist and we don't recognize them as obviously the bottom of every barrel as it relates to dentistry, but I am going to digress and move past that. Heartland supplies support services to PC owners or dentists, same thing, dentist, PC owner, and we get paid a series of fixed fees. We get paid X dollars a month for doing their marketing, X dollars a month for doing HR, X dollars a month for doing a lot of different things. The PC owner hires us to take care of the non-clinical components of a dental practice that they would like to delegate to us while they focus exclusively on the practice of dentistry, clinical decision making and obviously in most states the PC or the dentist is responsible for warehousing the records. So that is a very important distinction that the audience has to critically understand. So when it is said that Heartland starts an office or somebody affiliates with Heartland, the reality is that office affiliates generally with an existing general practice, PC in a given state, let's say it is Arizona. And that dentist would, you know, would become employed by the PC. The dentist in Arizona, as an example, would have a right to talk to that dentist about, you know, do you think you really ought to be doing sedation or do you think you ought to be doing implants? If you are a solo practitioner and you hire an associate, you would have input into what that associate dentist was doing. But that is not Heartland, that is that PC dentist. Let's be very clear. So I am off track on the affiliations, but my belief as a dentist, I happen to be a dentist who is CEO of Heartland, but what I believe as a

dentist is that dentistry is a locally delivered service. Most people in their neighborhoods and communities want to go to a local dentist. They want to build a relationship with that office. And so our clients have also bought into that notion that why not have every office have a different name versus a national brand. That is just why we do it. I hope that is a sufficient answer.

**Howard Farran:** So Rick, what I would like to talk about is, you know, 10,000 dentists have paid \$30,000, \$40,000, \$50,000 for a consultant to come in their office. And what I don't like about most of the consultants is that there is nothing to hold their feet to the fire. I mean, they can just walk away and say, "Well, that guy didn't do anything I said." They don't have accountability. They don't have a track record of accountability. It is just can they sell their service and you pay \$50,000 and a year or two later, do you regret it or like it or whatever. And there are some where everybody likes, like Sandy Pardue, and there are others where everybody can't stand it. But my question is, you have the most accountability of practice management. Because what do you have, about 500 locations?

**Rick Workman:** We now support a little over 600 locations.

**Howard Farran:** 600 locations, okay I must have had my last number from two days ago.

**Rick Workman:** We have added 100 locations this year.

**Howard Farran:** So you have got 600 locations and your team is accountable, because all of the data is right there. So what I want to do is try to get out the low hanging fruit for what a solo practicing dentist in Parsons, Kansas, what lessons have you learned in holding 600 dental offices and each one of those dental offices has hygienists and assistants and front desk and office managers. What is the low hanging fruit, what you have learned from managing 600 offices that a solo practicing guy in small town America can take away from that?

**Rick Workman:** Well, I think that is the key to our success to the extent that it is. When I was a practicing dentist, my first hygienist was the best hygienist I have ever had. And I had two. One of those two was the best one I had ever had. And then after ten years, I had 15 of them and I had two or three that were fantastic. And today, well over 2,000 hygienists are working in Heartland Dental Care supported offices. And so we get a chance, not we as Heartland, but all of the doctors, all of the other hygienists, they get a chance to see every metric that we can think of for all hygienists. To know the re-appointment rate, we know it is important for re-care. I don't think many dentists, there are some, but not many dentists believe that it is not important whether the patients come back for periodic care. But I haven't met very many that charge the difference of re-appoint rates between hygienist A and hygienist B within their practice.

That would be interesting to know, that 82% of Sally's patients come back, but only 70% of Betty's patients come back, because we know we want them to come back. It is like, wow, now that we know that, why is that? Well, Betty is thorough. Okay, Betty hurts. Betty is whatever. But let's find out. You know, when we look at metrics that somewhere over 900 doctors look at...

**Howard Farran:** You have 900 dentists in 600 locations?

**Rick Workman:** Over that. I haven't looked lately, but probably approaching 1,000, yes.

**Howard Farran:** 1,000 dentists, 2,000 hygienists in 600 offices. So you have about two hygienists for every dentist.

**Rick Workman:** Probably, yeah.

**Howard Farran:** Okay.

**Rick Workman:** And those metrics, I mean, I think if dentists, of course I am fascinated by this, but I think if dentists looked at that, they would see the wisdom in that and they would see the glaring weakness in the current system. You go to a cardiologist, I want to believe that somebody is measuring the cardiologist, the ratio of open heart surgeries to stents. If some cardiologist is placing five times the number of stents as another cardiologist, I don't know if that is good or if that is maybe a little over aggressive. I would also say if some cardiologists are opening up five times as many chests as somebody else, I don't know if that is considered heroic or just for some reason they want to do that. I would want to know that my cardiologist was within the normal limits, so to speak. And so when you look at fillings per exam, and some of them are doing 10, 12, 15, and I am telling you what, there are certain populations where that is possible. I am not going to make an argument on that. But I will tell you what; you had better know why you are doing that, because when somebody comes to talk to you, you had better be able to explain that. I also see dental practices that do one filling for every 10, 15, 20 exams. And I am going, "Really? Your patients are just that healthy?" And we get a chance to talk to manufacturers and some manufacturers have problems selling product because they say dentists just don't want to do fillings. They are beyond that. And I don't know, but point some place between those two extremes is data that is used to measure what percentage of your patients – we know periodontal therapy is important. How much is too much? How much is inexplicably light? And do the teams have the education and communication skills to be providing the care that they feel in their heart they should be providing? And these are big questions that I think benchmarking and data that the solo practitioner doesn't have is a big advantage for Heartland supported doctor's offices.

**Howard Farran:** So let's get into specifics. How do you manage the continuing education, the training of dentists and hygienists and assistants? You know, like a lot of dentists, I think they think that if their state says you have to have 25 hours of CE a year, then they think three all day lectures would be within normal limits and that is what is expected, because that is what the local board of dental examiners is asking. How do you train these people?

**Rick Workman:** Well, we are charged by our clients, those PCs, to provide a world-class training and educational atmosphere. The great thing that we think we have is a culture that has been established where some of the very best dentists, very best minds in dentistry are completely aligned. They are not good friends, they see each other once every six months, but they are all in it together. And if I have got an idea that will help you, I will share it, because it may help me that you are better. But we have some great folks who are CE junkies. I don't know what percentage of our dentists are MAGD, but it is higher than the average in the industry. And so we get a chance to see and get feedback from a lot of sources of what courses, what content is better. I have to tell this joke. I learned it from Walter Hailey, so those of you that remember Walter Hailey, you remember he was a grandpa-type guy. So when I start the joke, you guys won't freak out. But this joke was, how are National Geographic Magazine and Playboy Magazine similar? And the answer is they both have beautiful colored pictures of places you ain't never going to be. And I say that from a management principle in that Heartland, because we are not a traditional consulting, educational lecture stuff, we don't pretend to show pictures or discuss concepts about things you ain't never going to be or see or do. We are here to talk about the real world, real dentists providing real care and addressing the real challenges that real dentists face every day. And so that, we believe, is our strength. And dentists, when they know better, they do better. But what I have learned over time is that dentists, God love them. There are just so many things... Okay, they have had a better life in many areas, but there are just things they haven't had a chance to learn, or they were doing the best they knew how, but then they go, in ten minutes sometimes they go, "Well holy cow, if I would have known that for the last ten years, my life would have been better and my patient's chair would have been better. But I didn't know. I had never thought of it that way." Because they are isolated. At Heartland, when you have a laboratory with 900 to 1,000 dentists, you can begin to see the benefits. It is like, "You know what, I want to see that guy. I want to go watch him." And you can go watch him, because you can see what they do every month. And it just makes dentists better, it makes dental offices work better.

**Howard Farran:** I am going to ask you a question. So some dentists say that the change of demographics from all men to half women is the fundamentals of what has grown DSOs. Of your 1,000 dentists, how many of them when they were hired were straight out of school and were a lot of those women who didn't want full-time practice

because they were married with children? I mean, do you think the demands that a mom has have changed the profession from when all of the providers were males?

**Rick Workman:** I think I have got a lot of information on that. So today, I mean, when we had new doctor week in July, I think we had one hundred and ten 2014 graduates.

**Howard Farran:** One hundred and ten 2014 graduates?

**Rick Workman:** Yeah, just in the first week. I think we will end up employing well over 150 of the 2014 graduates. The point of that is that it is two plus percent of the nation's graduates will spend a part of their first year with Heartland and many will stay for a long time. The world has changed, because half are women, so half of our graduates, half of our people coming are women. And by the way, the average age of a dentist at Heartland Dental Care is 52 years old, so we are not just young folks. They are of all ages.

**Howard Farran:** That is how old I am. I am your median average.

**Rick Workman:** That is exactly right, there you go. But in this world today, okay, when I graduated in 1980, you are a dentist, you graduate, you are a man on average. You are going to buy a practice on average and you are going to spend the rest of your life there on average. And their spouse is going to do the best they can do in their career within 30 minutes of that tag on the map. Today's world is different. The Millennials are different. And whether you are a man or a woman and you are a dentist, let's say you are male dentist. You go, you know what? I can be a male dentist anywhere. I can travel and not be tethered down. There are great opportunities for me all over the country. And I can follow my wife's career in pharmaceutical sales or in accounting or law or whatever they are doing. And that wasn't how it was in 1980. My point is, is that the world is different. The workplace is different, the employees are different, the third-party payers are different, the government is different, the culture is different. The business of dentistry is different, the general economy is different. It is all different, and yet some of my frustrations you may sense is that we want to say, but boy, I will tell you what. We want to have dentistry not change at all since the 1970s. We are going to have it be the same hierarchy, the same structure, that is how we are going to do it. Okay, that is a plan, but I don't think it is a plan that is going to last you in the long run and it is not because of Heartland, it is not because of DSOs. It is because the participants are different. When you are now 65 years old, you have got a 1.5 million dollar practice, you go, I am going to get a 28 year old dentist who would like to buy. I would like to get two-thirds revenue. I am going to sell it to that new young whipper snapper. Probably not. And you go, well I have got to do that for the benefit of the profession. I have got to make sure that Heartland can't assist somebody else doing that either. How is that helping that patient base and that practice? How is that helping

the new doctors looking for an opportunity to work in that practice? We just need to work together facing the new realities, preserving the sanctity of the doctor patient interaction and relationship. But who owns the chairs, who is doing the accounting, HR, marketing, so long as the dentists are approving, it should be okay to change, I think.

**Howard Farran:** Let me ask you about Millennials, because I am 52. You hear a lot of people, a lot of dentists talking about that, you know, like your generation. You started off saying that you worked 70 hours a week for a decade and went seven years without a vacation. When I opened my office, my hours were 7 AM to 7 PM, Monday through Saturday without blinking forever. I mean, I am 52 years old. My four young boys, they cannot believe the hours I still put in. But the Millennials, they don't seem to have that work ethic. Have you noticed that hiring grads out of school? Do you have a lot of them that just say, "Rick, I want to work for Heartland, but I only want to work three days a week or two days a week." Do you do that or do you only hire full-time docs, Monday through Friday?

**Rick Workman:** Oh, they are full-time. They work 32.4 hours a week.

**Howard Farran:** That is your average?

**Rick Workman:** That is the average of Heartland, yes.

**Howard Farran:** That was a joke then?

**Rick Workman:** It is the truth. Full-time is 32.4 hours a week.

**Howard Farran:** Yeah, but for you and me when we got out of school, full-time was 60 to 70 to 80 hours a week.

**Rick Workman:** There is one school in the Midwest that teaches its students that if you work Fridays, you will die. Dentistry is very stressful, and if you work on Fridays, you will die young. And so they say, if you use the F word again in this interview, I am walking out. And I am trying to make fun of it, but part of what we say is, "Heck, I am \$300,000 in debt. I am getting ready to get married. I would like a car, I would like a house." Okay, have you thought about working on Fridays? "Oh, no. No, I can't work on Fridays. I will die." And they really believe that. And again, I am just saying, okay. But yeah, it is different Howard. It is different. You know, a lot of them work great. We get great results. Our folks are doing a fantastic job. But it is just one of those things that it is not like it was back in the day and it is what it is. And so my point is, well we have got to figure out how to adapt. We have got to have two doctor offices, staggered schedules, open evening hours, doing all kinds of stuff because you are just not likely to find somebody who is going to work 45 or 50 hours a week, no matter their indebtedness situation or their need for income.

**Howard Farran:** Okay Rick, let me stop you there, because that is a killer question of data that I want to know. When you buy a practice, how do you optimize the hours? What are the optimum hours? I mean, if you bought a practice that was doing a million a year, Monday through Thursday eight to five, would you leave it or would you optimize that? And also on followup with that, is it better optimum to have one dentist 32 hours a week or a group practice of two or more? What is your optimal formula for staffing and hours?

**Rick Workman:** Okay, our clients suggest it is better to just simply be better. And some of our clients, we can give enough information where they will decide that opening up evenings and Fridays and, heaven forbid, Saturdays is good. And other times, I mean, I would say the very vast majority of our practices are open Monday through Thursday. The odd hours would be, well no, I am going to change up my schedule. I am going to work Tuesday through Friday. Because our clients would say I would rather have a dentist working 32 hours a week than no dentist. And we are still in a good enough situation in America in dentistry that you can still make it work on 32 hours a week if you are productive. So we could talk eventually about optimization and we work on those things, but it is about what dentists are willing to do. So we have to work within the realities of what dentists are willing to do.

**Howard Farran:** But from the data you have seen, you know, the typical dentist I see is Monday through Thursday, eight to five, but they don't have any digital tracking of their incoming calls. So they don't know if their phone is ringing Friday and Saturday and Sunday. They don't know when they turn off their phones at five o'clock, they don't know if two people called or ten people called. In fact, their only measurement is if you actually left a message on the voicemail, which we all know, I want you to talk about your call center, too. But from the data you have seen though, Rick. If you could make the dentists or tell them, what would be the optimal? What would be the optimal hours? And what you said was very interesting; you said it is just better to be better. So get rid of all of the practice management fluff. If you are a damn good dentist and your patients like you and you have got a great team, I mean, it is better to be better. But taking away it is better to be better, what do you say would be the optimal hours?

**Rick Workman:** I would say as many hours as that facility can be open. Now see, it is almost a philosophical thing that I think you get, but it is okay, I almost feel apologizing that you could even put on your business hat, but dentistry is about the only profession that I know where somebody is not, part of their business model is to take market share. I mean, Apple would like to sell every phone that Samsung wants to sell. If they had a choice, they would. Ford would like to sell every Chevrolet buyer a Ford. And so when you are asking about optimum hours, well you are going to end up increasing market share. And there are going to be dentists saying, "Now we can't do that, that is not fun. That is not kosher." And I go, "Well, no the office is open 60 plus hours a week. The

fixed cost didn't change that much. Profitability goes. Customer service goes up. Why wouldn't we do that?" And so if you look at that, sometimes your branded as well you are just profits over patients. And I am going, no we are about providing exceptional service to our customers and making ourselves available to our customers. That is what I think we are trying to accomplish. And so I don't have an answer, but as many hours as the office could be open.

**Howard Farran:** Well yeah, and I am halfway through my master's in public health and they always talk about healthcare, one of the biggest factors is availability.

**Rick Workman:** Yeah.

**Howard Farran:** Accessibility and availability. And if you have got a small town, rural town that no one is doing mammograms, I mean, availability and accessibility is everything. But now Rick, you started a call center in your headquarters in Effingham. Can you share any data or low hanging fruit? I mean, is the phone ringing in these offices after five o'clock and on Saturdays and are they existing patients, new patients? Tell us, start, why did you start a call center?

**Rick Workman:** I can't remember, oh I know. We had a summer internship. It actually was Pat Bowers, our president's son. Very smart guy, just started Harvard Law School, God bless him. And he listened to 5,000 calls, because we have a thing called whisper technology that tracks every single incoming call related to every single marketing piece, so we know exactly on every single marketing, 25 million marketing pieces, where they came from, how many people called the phone number, how long they spoke on the phone, etc. And then in the process of doing that, he discovered that 38% of all calls to the dental office are never answered. Now we think we are the best at what we do and we found out that 38% of the time when somebody calls our offices, the phones don't get answered.

**Howard Farran:** Is that when the office is open or just total hours?

**Rick Workman:** It is total, but I am going to come back to that in just a moment. We also found out that 90% of new patients who call an office and don't get spoken to, don't get the phone answered, never call back. We know that because we track it. The only way you would know that number is if you are a new patient dialing in and no that that number never called back, so 90% never called back. I would suggest that 20% to 25% of all phone calls between the hours of eight and five in a dental office are never answered. I can get you that answer, but I am telling you, it is staggering. During the office, while the patients are there, while the teams are there, 20% to 25% of all phone calls are not answered. Oh, I have got a second rollover line. No, I don't care. They are not answering the phone. They are just not. So Heartland set out to create a call center to take just the overflow calls. We still want the offices to answer the calls, build

the relationship, etc., but we now in the last two years, we now have 99 people in that call center in Effingham, Illinois. And we are adding two or three people a month. And we are just trying to catch up. I thought eventually we would be trying to make some outbound calls. We don't have time. And so we are just trying to get the phones answered. And we will only answer about 85% to 88%, but we don't really focus at midnight on Saturday night or much on Sunday, but I am just saying, phones don't get answered in the average dentist's practice and they don't know it.

**Howard Farran:** Yeah, man what a lost low hanging fruit that is. I mean, it is just amazing. And the dentist is back there doing a molar root canal for an hour and she has no idea what is going on in the front office. I mean, they could be up there posting on Facebook, talking to their boyfriend. I mean, you have no idea. So Rick, when you buy an office, they are going to have all kinds of different management information systems, Dentrix, Softdent, Eaglesoft. Do you try to consolidate that to one system?

**Rick Workman:** We do. We have a unified software. We use Dentrix. What?

**Howard Farran:** Now Dentrix, don't they have Dentrix Regular and then Dentrix Enterprise?

**Rick Workman:** Yeah, they have an RT, real time, where you can create networks, but we don't. We basically use just the basic Dentrix, I think. I apologize, I should know. But each system, each of our clients, their offices are standalone.

**Howard Farran:** But you do convert, if someone had Softdent, you would convert them to Dentrix?

**Rick Workman:** Yes.

**Howard Farran:** Okay.

**Rick Workman:** And that is important, because their data then can be accessed and put into the metrics that all of the offices and all of the doctors, everybody gets to see. But also it allows our call center to be able to push a button and within four or five seconds they are staring at the doctor's schedule so that they can answer or schedule the patients in that office per the doctor's preferences.

**Howard Farran:** And that is from having the RT, the real time?

**Rick Workman:** No.

**Howard Farran:** That is just regular?

**Rick Workman:** We are not live. My opinion is it is expensive and not a necessary solution. I know a lot of other groups don't believe that.

**Howard Farran:** How good of friends are you with Stan Bergman, the CEO of Schein?

**Rick Workman:** We have met once or twice. But I would say we are their number one customer, I guess it is probably safe to say.

**Howard Farran:** You know, what I wish you would be my hero and the fact that Dentrix does not merge the data with Quickbooks Online, you know, a dentist gets a fee schedule, you have all the scheduling in Dentrix of how long a dentist takes to do an MOD composite and then all of the overhead can be entered. And then when the fee schedule comes up and says I will pay you \$180 for a composite, then the doctor realizes that in one hour he would lose nine bucks, but if he scheduled it to 45 minutes he would make 20 bucks and if he did it in a half hour he would make, you know. The fact that it is not hooked up to an accounting package and all of that data is left out and it is just scheduling and insurance, it is horrible. And as a practice manager guy with an MBA, I still say the number one problem in dentistry today isn't corporate dentistry or the American Dental Association, it is the fact that Dentrix, Eaglesoft and Softdent don't add on the accounting data and there is not a dentist in America that knows when they have even broke even for the day.

**Rick Workman:** The irony is yesterday the brother of the – you guys may know this, but Eaglesoft was founded in Effingham, Illinois.

**Howard Farran:** Right, yeah. You were the one who showed that in Effingham. We drove over there, do you remember that day?

**Rick Workman:** Yeah, his brother joined our IT department as the leader, oh, about three months ago. And I was just talking to him yesterday, because line item accounting is in Dental Vision, but it is not in Eaglesoft or Dentrix. And I said, "Is that because it is difficult to code in or the reality is the marketplace doesn't understand or doesn't perceive it and if you had line item accounting, it would be a little bit of extra work and they wouldn't know what the advantage is?" It is really the latter. So nobody would know why you would want to have line item accounting.

**Howard Farran:** But then I take that back to Henry Ford. Henry Ford said you don't do customer data, because do you think I could have gone out to America where everybody loved their horse, named their horse, fed it and washed it every day and said, "Hey would you like to get rid of your horse and buy a horseless carriage?" I mean, that would have been dead on arrival. He knew what the people needed and he put a car out there even though they were in love with their horse.

**Rick Workman:** Now you are getting very close to my heart and it is a good thing. Howard, I and Heartland cares about dentists. They may not agree with that and they may not believe that. But we have seen enough of them struggle. We have seen the

ravages in their personal lives and we want to help them. But we are not going to not help the next dentist because 100 dentists would like to see us go out of business. So we just keep addressing the marketplace, doing the things you just spoke about. We know, I know, what most dentists need. They don't have to do it. They don't have to join Heartland. But we are moving toward that and I just see – it bothers me that there are dentists who for whatever reasons in their own lives can't believe that dentists struggle, can't believe they struggle to make payroll. They can't see their afflictions that they have because of stress and economics and divorce and drugs and all of this other stuff. But I am just saying, maybe I am unique, unique not because of me, but because we get to see 100 or 200 dental offices every year and look inside of them. And we see a lot of great practices, a lot of great people. We also see a lot of people who are really struggling. And they struggle over stuff that is not how do I do this DO composite or how do I do a crown? They struggle over how can I bring sanity to everything that is not within this 18 inch field so that I can concentrate on this 18 inch field between me and my patients? And I see it every day. And we work on that and we are committed to that for the next any decades.

**Howard Farran:** Jen Butler is one of the biggest stress consultants in dentistry and she lives up the street from me. I mean, we both live in Phoenix. In Phoenix we have two or three dentists a year commit suicide, 18% will do time in the Betty Ford Center. And a lot of this is they were trained for eight years and math and physics and chemistry and biology and then they get done and put on their dental hat and 80% of what they do is managing people and payroll and profitability and insurance and scheduling and complex patients. They are not even trained for it.

**Rick Workman:** And they are conflicted, Howard. They are conflicted. I want to be a good dentist. And when I go to meetings in certain places, well good dentists don't market. Good dentists don't put up an internal lit sign. Good dentists don't set up on the corner. You know, good dentists don't... And then they go, "But I don't understand why I don't get new patients, because I am a good dentist." And so these conflicts, and we are saying, "Guys, there may have been a time for that, but being a good dentist is critically important and to be a great dentist, you need to focus on being a dentist," but you don't have to do what you and I have done. Spend scores of hours every week for many, many years learning these things. Maybe they should just hire somebody or work with somebody who knows those things. The other alternative is to say, or why don't you just go out there on your own and have silent struggles for the rest of your life and blame it on somebody else. I would like to help them. I would like to help them. Can I give the audience a two minute tip on something that I would suggest that every dentist ought to do? Of course you are not going to say no. But we call it treatment planning for predictability. What I suggest is you ask a dentist, "Does your team understand your treatment planning philosophy, your clinical philosophy?" And 98% are

going to say, "Oh yes, absolutely." Okay, that is cool. So what we are going to do is you write down in great detail everything that would cause you to take a virgin tooth and do a filling. Write down every criteria for when you would do a crown, every criteria for what you need to see to do a root canal or an extraction or an implant or a pulpotomy or a pulpotomy and a stainless steel crown. And when would you do interceptive orthodontics, when would you do Invisalign? You write all of this stuff down. Now in the other room your team is doing exactly this same protocol. And the beautiful thing is, in 45 minutes doctors, you are going to come together. And to the extent that those two groups are different, that chasm is to the extent of which your team is likely to not talk to patients about what they think you are likely to recommend, because they are not certain and they are not going to go out on a limb. And if you can do that, in our belief and our experience, when the doctor and the team really become simpatico, if the doctor would allow the team to help the doctor commit to the doctor's treatment planning philosophy, your practice will go up. Your quality of service will go up, quality of your employees and their enthusiasm will go up. There is no good reason not to do it. That is a powerful, powerful tool. I would love to see every dentist in America do that. I would love to see them do that.

**Howard Farran:** I agree, Rick. I have been in 100 offices where you are visiting a friend, you are in an office, the dentist goes in for a hygiene check and here is the hygienist with four years of college and she says, "Um, doctor, you might want to check. There is a little something going on in the upper right." I am like, a little something going on in the upper right? I am like, move over and I take the mirror. It is a bombed out tooth. And I am like, well why didn't you take a PA and a bitewing? Why didn't you tell the patient this needs a root canal and a crown or an extraction? Why didn't you sell it? Why didn't you get them to commit? Why didn't you push your walkie talkie PTT and do a financial arrangement? And the doctor says, "Well, she is not allowed to diagnose the x-ray." And I always come back and say, "Well, how many hygienists are in prison today from reading a damn x-ray?" And your close rate for the national average, they diagnose 100 cavities, they only drill, fill and bill 38. And they are control freaks. They won't let their assistant or hygienist point out the black freckle on an x-ray, which anybody knows. Stevie Wonder and Ray Charles know it is a cavity. Why can't the hygienists and the assistants do this? It is dysfunctional.

**Rick Workman:** Well Howard, the ADSO, Association of Dental Support Organizations has a budget for 2015 of over five million dollars used to fight what we would consider anti-competitive legislation not based on some realities. Oh shoot, there are things that are not good that the DSO practices have done. But there are things that are not good that solo practices have done. But the point is, they spend that money trying to do regulation that would suggest that if you do accounting or you order supplies, I listened to a board one time tell us that if Heartland orders supplies, people will die in their

states, because Heartland wouldn't allow a practice to have non-latex gloves. So there will be latex allergies and people will die. And so in other words, they don't have any evidence of that, but they want to pass regulations to withhold these services because of the potential. So if they are worried about the potential, how would they, you just know they are going to say hygienists can't use a Diagnodent, because it is a laser. It is a laser. And they just passed those laws, it is within the past 12 months. How can we suggest that we want hygienists to be a valued part of the industry and profession when we say a Diagnodent is a laser? I didn't realize it when I practiced in Illinois that every surrounding state allowed the dental assistant to place the restoration. And I didn't realize how bad the dentistry was in Indiana or Wisconsin or Missouri or Iowa or Kentucky. I didn't realize how bad it was. It has got to be bad, because dental assistants are placing the restorations. At some point, we need to move into the modern era and stop worrying about protectionism. And I know people are going to hate me for this, but I am just saying we have got bigger stuff to fry. We have got more important stuff to work on that whether a hygienist can use a laser. Why can't they do anesthetic? A phlebotomist, you hire them off of the street and the next day they are doing venopuncture. And a hygienist, usually with a four year degree, can't give local anesthetic. How many people a day die because lidocaine was administered? It is not that many.

**Howard Farran:** And what is worse is I go to Walgreens and the pharmacist can give me a flu vaccine and the data says that Americans are twice as likely to see a dentist than a physician and I have got all of these senior citizens in there and I can't say, "Grandma, this would be a great time to get a flu shot." And oral cancer is completely exploding from HPV and I can't give an HPV vaccination when it could prevent oral cancer in the domain I work in. I mean...

**Rick Workman:** And in many states, people are actively working today, dentists are actively working today to ensure that you never will be able to do that. It is the craziest thing I have ever seen in my life.

**Howard Farran:** I take that back, Tennessee now is the first state where dentists can give a flu vaccine. That is a national victory.

**Rick Workman:** It is inexplicable on a logical level. It is inexplicable on a logical level in my opinion. But I am just saying, you know, you think of how the world has changed since 1980 or in the last 20 years and you look 20 years into the future and go, oh yeah, it is going to be different. Government regulation will probably be easier in the future. The expectations of documentation for the insurance companies, that is probably going to turn the corner and get a lot easier. Just pay us what we want with no accountability. You know, employment and employees, boy that is going to be a snap to employ people. There will be no more EEOC claims hardly ever in a few more years. My point

is, can you see the world where it is going? And then we are doing everything we can to ensure that a dentist with 300 headed for 400 soon to be \$500,000 student debt, they are going to have to make sure that they do that payroll, because we can't let an outside person do that, because well then they would be practicing dentistry. It doesn't make any sense.

**Howard Farran:** So Rick, I want to ask you hiring 150 graduates, why did dental school tuition explode? I mean, it has literally gone crazy. There are a half dozen schools charging \$100,000 a year. What is that all about and what do you think causes that crazy inflation in price? Is it going to get worse? I mean, do you see prices leveling off in tuition and coming down?

**Rick Workman:** Probably not. It is still desirable. They are all filled up and filling up.

**Howard Farran:** And what is really sad is a lot of these people are picking between two schools and they are saying, "Well, I am going to go to this one because it is \$50,000 a year and the other one is \$60,000 a year." But then year two, they raise it to 70 and year three they raise it to 90. And they can't switch schools in the middle. So it is kind of like buying a gallon of milk for three bucks and then by the time you get to the front counter, it is up to four.

**Rick Workman:** It is a broader cultural issue, but why does it cost so much money to go to the University of Illinois? Why does it cost so much to go to a small, private school? How on earth can you get a degree and manage with \$150,000 worth of college debt and get out? My belief would be, what was the last business, what is the word I am looking for...? They are so isolated from the world. Their customers, the students, can borrow the money from the government or get it from the government. There are no cost controls, there is no real competition. Everybody just all raises it up all together. And so all of a sudden you get these folks walking out with a degree in education, elementary education, which we need, that they probably can't find a job with, but they have got \$100,000 worth of college debt. It is national philosophical stuff and the dental schools are just the same. The difference is the dental schools have a chance to produce a product, their students and graduates, who can afford to pay it regardless of how much it costs. But it doesn't mean that they make some better dentists. It doesn't mean that their lives are going to be better. But it just is what it is.

**Howard Farran:** Student loan debt just topped a trillion dollars in the United States. It is the same amount as credit card debt. A trillion dollars each.

**Rick Workman:** And we want people in dentistry to only be able to work alone with no support. You know, we hate Aetna, but we would rather take 20% less than work with a Heartland supported office who gets them 20% more off of Aetna. In other words, I am conflicted by that. Yeah, well I have DSOs worse than I hate Aetna.

**Howard Farran:** So Rick, a lot of dentists live in a fantasy world that they just want to be insurance free, cash only. Of your 600 offices, how many of them participate in insurance and specifically capitation versus HMO, DMO, PPO, Delta providers?

**Rick Workman:** Great question. First of all, I will start at the top. Around 1.5% of Heartland supported offices revenue is related to Medicaid. We do that as a service to the community. We don't do any capitation, none that I am aware of. But the vast majority will participate in PPO and indemnity. You know, I mean, understand that Heartland supported offices get a very material boost in PPO payments compared to the solo dentist. The solo dentist is taking about a 40% reduction pretty commonly across the board. The day after they affiliate with a Heartland supported practice, they get a very material increase in their reimbursement.

**Howard Farran:** But what is in it for Delta? Like, okay, say if you bought my practice in Phoenix. There are 4.7 million people in the metro, there are like 3,800 dentists in the metro. If you bought my office, why would Delta care enough about your affiliation with my office to give me more money when they have got 1,000 Delta providers in the valley? Or is this only something that is a benefit in the rural areas?

**Rick Workman:** No, it is pretty much across the board.

**Howard Farran:** What is in it for them?

**Rick Workman:** Well much to the someplace – I don't want to say chagrin – or much to the disbelief shall I say of the establishment, Heartland supported offices have very few patient complaints, they have very few malpractice cases. When there is an issue, we are blessed to be able to have a non-emotionally involved person be able to talk to the patient and hear them out. When I was practicing, I mean, I was in it. Now don't tell me that root canal isn't within normal limits. I'm sorry it didn't work out, but that thing was down within a millimeter and a half of the thing and hey, I did my job and I am not giving it up. At some point, I have learned, this is just my belief, but I have learned that sometimes you have just got to listen to the patient, say I am sorry you are unhappy, what do we have to do to make this right and let's be done. And that unemotional intervention resolves 80% to 90% of all problems and so you may have to refund a filling. So you refund a filling twice a year and you get paid 20% to 30% more every single one you ever do. And so we don't have issues with the insurance companies. They like us. We get credentialing. We do our own credentialing. We are pre-approved credentialing for all of the insurance companies. You what? Well yeah, because they audit us, they know the criteria, they know what to do, they know what is going on. I mean, we look at practices across the board. There are associates that are billing stuff underneath the senior doctors, this and that and there are people who have been working two or three years who are billing under somebody else's tax ID number.

We see it all of the time. We are in 100 to 200 practices a year. But the big insurance companies realize that it is not because we are necessarily better, it is just that we have, well we have become better over time because we have been forced to become better. So they just deal with us on a different level than they would a solo practitioner.

**Howard Farran:** So Rick, can you go a little over the 60 minutes or do you need to run, run, run?

**Rick Workman:** Give me five, because I have another call at two o'clock, which is probably a few minutes ago. Go ahead.

**Howard Farran:** You have got a couple more minute?

**Rick Workman:** A couple more.

**Howard Farran:** Okay, what percent of the dental market was a DSO when you got out of school in '80 and I got out of school in '87 versus 2014 today and what percent do you think that will be at 2025?

**Rick Workman:** The first person I ever heard that ever had anything that resembled a large group practice was Sears Dental. I think that started in '81 and Meckler did that. They may have existed other places, I just didn't know them. I mean, I was in the dark between '80 and '95. I was working, but I didn't have Internet and so forth. I woke up in the late '90s and realized this. Today I think it is 10% or 12% of the marketplace. This ADSO has a sister organization, Dentists for Oral Health Initiative and we think there are 7,000 or 8,000 dentists currently working in DSO supported offices. I believe with all of my heart that within 20 years, 25% to 50% of the profession will be working in a DSO supported office. I think we have already reached the point where half of the dentists who graduate will never own their own practice and it is just going to take people who were born, not born, but came out of dentistry in the '80s and '90s to retire and move on.

**Howard Farran:** So it is 2014, so you said 20 years. So 2034, what percent will work for a DSO?

**Rick Workman:** I think 25% to 50%.

**Howard Farran:** That is a big range.

**Rick Workman:** Well, I would say closer to 50% than 25%. We are almost halfway to 25% now and the growth of the industry is about 12% to 15% per year. You know, Heartland has grown for over 30% the last two years. And there are a lot of other groups that are growing, because there are a lot of folks who need the services, you know?

**Howard Farran:** Well Rick, I have got you for 20 more seconds for our 60 minute brand. I just want to ask a huge favor of you. I mean, your team in Effingham, the one thing I love about you where you know it is all good is your team has been with you forever. You have got Pat and Sabrina. Those guys have been there forever. You came on and gave us the view of dentistry from 30,000 feet or basically like sitting on the moon. Do you think, I don't know how much of your management information is proprietary or how much could you share. Do you think maybe you could send back for another podcast with maybe one of your team that educates receptionists or answer the phone or anything that you can share?

**Rick Workman:** I would be happy to do that. I would. I mean, Heartland's enemy is ignorance and misunderstanding. My mission would have every dentist to be able to have the information and skills they need to be the most successful. Heartland's office would be better off if more offices did better. And so I would be happy to do that.

**Howard Farran:** How did you start this interview, dogs bark at what they don't understand?

**Rick Workman:** Dogs bark at things they don't understand.

**Howard Farran:** Yeah, so I think it would be a great PR move for Heartland and a great, I keep telling the dentists, learn from Rick. Take everything Rick has figured out and apply it to your office out in the middle of Salina, Kansas. And if you could send some of your people back that can specifically talk to assistants or hygienists or dentists or whatever, that would be awesome.

**Rick Workman:** I would be honored to do that. It is not competitive. There is nothing secret. In our minds, we have simply learned, you could say stolen from the best minds along the way. Whatever we can learn from you. We have learned from Walter Hailey, from Kathy Jameson and all of these other folks. I mean, just anybody along the way, it is like, hey there is a good note, and you put it together. The hard part is for one person to put it together it takes many years and many hours per year. Or, you can come to Heartland and they just drop this eight inch thick book in your lap and say we are going to teach you this, because this is stuff you are probably likely going to need to know to have a better chance of success. And I don't know why our profession doesn't say, how about we all work off of the same eight inches versus make everybody try to figure it out on their own.

**Howard Farran:** And I want to end, we are at a minute two, I just want to end saying this to all of the listeners out there. You know, I love and respect you in so many ways, but what I thought was amazing was when DentalTown, when this all started getting talked on DentalTown ten years ago and people were getting all emotional and crazy, man you were just in there taking the heat and sharing and sharing. And we have an

annual Townie meeting and the fact that you would come down to that Townie meeting and have a meeting with everybody that wanted to kill you, and by twelve o'clock, we were all having a beer and they all loved you. So everyone that has wanted to strangle this guy's neck on DentalTown, when they spend a whole day, and you didn't have to do that. You didn't have to do any of that and you are just that good of a person. And you won every one of them over. I can't think of a single Townie from the Townie meeting that walked away and said, "Nope, he is bad for dentistry." They all walked away, exactly what you said, dogs bark at what they don't understand. And when they sit there and go to Las Vegas with Rick The Man Workman, they all fall in love. So Rick, thank you. I know you are the busiest dentist in America and the fact that you spent an hour with me today, thank you so much.

**Rick Workman:** Alright, thanks Howard. Good seeing you. Take care.

**Howard Farran:** Alright, buddy. Take care.