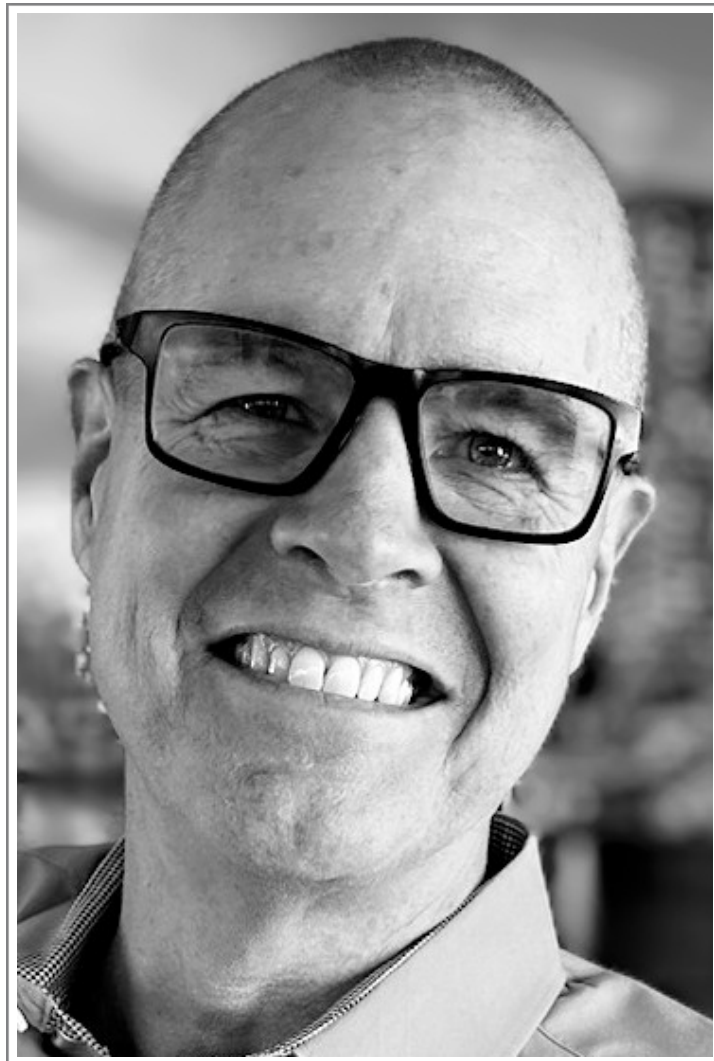


# Ask the Expert

**Rob Flinton**

**Practice Enhancement Group**





*There are three questions to ask for every expense in the practice: Does the expense help attract new patients? Does the expense help keep existing patients or does the expense reduce or replace an existing expense?*

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In this webinar featuring Dustin Burleson and Rob Flintom, the conversation revolves around the importance of financial planning and stewardship for dental and orthodontic practices. Rob Flintom, an expert in practice management, emphasizes the significance of creating a financial budget as a crucial step towards achieving objectives both in practice and personal finances. He compares budgeting to creating a spending plan and encourages looking forward rather than dwelling on past financial data.

Flintom outlines a comprehensive approach to budgeting, starting with determining the lifestyle needs of the practitioner and their family, then factoring in expenses, taxes, debt service, savings, and business expenses. He stresses the importance of tracking cash flow monthly, not just relying on income statements, to ensure accurate financial management.

The conversation also delves into the concept of wearing different "hats" in a practice: the clinical hat, the manager hat, and the owner hat. Each hat represents a different role with specific responsibilities and decision-making processes. Flintom advises practitioners to understand these roles and allocate compensation accordingly to ensure the sustainable growth and profitability of the practice. Finally, Flintom discusses the role of a trusted financial advisor or translator in helping practitioners navigate financial decisions effectively. He emphasizes the need for practitioners to understand the language of business, even if they don't enjoy numbers, and to have someone on their team who can interpret financial data accurately.

**Dustin Burleson:**

Welcome everyone. I'm so excited to welcome back to the program, Rob Flintom. Rob. Thanks for being here.

**Rob Flintom:**

Certainly, certainly. Thanks for the re-invitation.

**Dustin Burleson:**

You knocked it out of the park this time last year in Scottsdale, a standing ovation for your presentation. And we're sending and recommending members to you for very important reasons. So we're thrilled that you came back to talk a little bit more today with us on the show.

**Rob Flintom:**

Thank you.

**Dustin Burleson:**

I just had this conversation with the CEO of a large DSO and he said to me "Dustin it shocked me how many dentists and orthodontists don't have a budget." So I said, me too. I kind of grew up in a family. My dad was a very successful general dentist and I kind of assumed every dentist, you know, ran a tight ship. And unfortunately because for many years, we've had large margin, we can be kind of sloppy. So I want to start by saying first, thanks because you're helping our members solve a big problem and that centers around not just the practice and being a good steward of practice, but also with our personal finances, with the practice finances and setting objectives and not being able to support those with a financial budget, I think kind of is a bit of a nightmare. And I just want to see what you think because I know you actually

love numbers and you love budgets and most of us don't. So this is actually fun for you. Like pulling teeth is fun for us. So how do you, when a new client shows up to your door, how do you help them wrap their head around this kind of approach of actually achieving objectives with a financial budget in mind?

**Rob Flinton:**

You know, thank you and you're right. I do love this. And so if my voice changes or I start laughing, it is because to me, it is, it is a combination of really a living Rubik's cube. And a really fun puzzle that has an end result of families and business owners having greater peace of mind, more empowerment, better cohesion with the managers and co managers in the practice and even even cohesion and empowerment between spouses when they both know everything that's going into the whole plan for the family.

The first thing I do ask is for the owner to forget where they have been. I would expect when you were practicing and taking care of patients when they come in, it doesn't really matter to you what their conditions and circumstances were that prior to coming to you and your, your care is to just help them get where they wanna go. And so the first step of that is just simply let go of nobody. You've been trying to do a budget or, and failed or don't even know how to start is to let that go. The second thing I and still is letting them know that creating a business plan and a budget is really no more than a spending plan.

Budget is a worse word. It has a lot more negative emotions, visceral almost to it, but it's really a plan. But to be looking forward, most owners when they sit down to

start a budget, they think they need to get last year's information, they need to look behind them. And in fact, we use the budget and the plan for the year as an orienting about where is it you want to be a year from now? What is it that you and your family want to accomplish? How does that correlate into the business plan? And so it is a combination of asking yourself without emotion without the energy of daily, you know, gosh, can we afford this? Can we afford that? Is it possible to make decisions on spending in the heat of a day or the heat of emotion? And to create that business plan intellectually and to do so start with looking forward.

And then the second element is starting at the bottom, which is usually when I say at the bottom, we start at a lifestyle, we start at what is needed for the family to do what it wants to do. We add from that. What's the debt service that the lifestyle might have? It could be student loans, it could be car loans, it could be mortgages or it could be helping parents any of those elements that all needs to be stacked on top of a lifestyle spending plan from there. It's moving into, what are the taxes that you estimate based upon this spending? What are the taxes you and your CPA estimate are going to have to pay? Don't worry about this stage whether or not you're a sole proprietor and you're paying your taxes personally or corporately and paying them in a salary that's not necessary at this budget level.

From that stack on top, what you want to fund in a qualified retirement plan or other savings vehicles and strategies that are important for you and your family. At that point, you now have what we call your effective

profit, what the family needs for their effective profit to run their lifestyle, save for the future and pay their taxes. And what I find is most commonly when an owner knows what that number needs to be, they then can build that structure of the practice up above that, of what are the corresponding expenses?

Most of your students and colleagues know what those numbers need to be in their practice and can build it up from there. And then ultimately, that comes to a collections number and then a production number above that. And we budget all the way up to the production line. And although most orthodontists start their accounting at collections. We want to take it all the way up so that there is peace of mind and the owners, spouse at home. Oh, you know, if the office manager, if you have any sub managers in your practice that they all know, you all know where the threshold is between what the practice needs to do for cake. And then when are you adding icing?

**Dustin Burleson:**

I like that. You know it's so smart and it's just the opposite of what I see when new members land with us, which is they do top down. It's like here's what's left over at the end of all the expenses. And it's like a country music song in there's more month at the end of the money or something like that. So that some months there's a lot and some months there's not. And so they don't know, here's how many new patients we need here's how many contracts we need. Here's the top line production because your insurance discounts and there are patients who don't pay. There are, there's bad debt in the business. I just, I love that and it's really freeing and I just want to keep on

this theme because I know some doctors say, "Ok, so I'm going to plan for the year. Got it. So I'm gonna sit down with Rob and plan for the year." But then how often should they be checking? And how often should we measure? What happens if we're not on pace? Like when do we adjust?

**Rob Flinton:**

So we do encourage an annual plan and then just for simplicity purposes not to overcomplicate this, we then divide that by 12 and measure that monthly along the way. And when I say monthly, I'm talking about literally tracking every dollar, not just your income statement. And I say that relative to there are items that affect your cash that are never on your income statement. So for example, the principal portion that you might be paying on a practice note never shows up on your income statement. And so if you're just tracking your income statement, you in fact have a false positive or a false negative on how you're doing on your plan. And so tracking every dollar from the cash flow is a key part of this and we encourage each of our clients have their information back to them by the 10th business day of the following month, we can't do it. We don't do it quarterly. We don't do it annually because I can't run any business on a quarterly or annual basis. I can report that to Uncle Sam on my taxes. However, I can't adjust my flight, my plane in flight that infrequently.

And so that is looking at it every month relative to plan, not just what happened in that month, but how are we year to date on that plan? And so we do encourage looking at every month, not just what the plan was for the



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month of February or March, but how are we relative to our year to date plan? Because if I'm just looking at the single month and I'm under in collections and over in expenses, I may start raising my blood pressure unnecessarily because through the first quarter, the first three months, if I look at my year to date of my plan, I may be ahead because I had a awesome January and I had very little expenses in January because I still picked up a lot of my expenses in December. And so we in fact, are ahead of our plan. All of a sudden anxiety decreases and this circles back to the whole element of the difference between why I say business is an intellectual sport emotionally, we might think that last month was not very great and the law of recency. We would believe that we'd go home and we would tell the family that and we all, you know, have the EEO syndrome. EEO. Right. And, and versus if we know intellectually, hey, we're good. We're



3% above plan on collections and we're 7% below expenses. Sweet. No adjustments right now. Yeah. It's my beef with CPAs and they're required, you've got to report to Uncle Sam, what you owe.

**Dustin Burleson:**

But it's all data that's already happened. There's no plan. And when I ask a new client, where's your cash flow statement? They don't have one. And so then they're making decisions on buying the new iTero. It's got the neat little whiz bang gadget even though their current iTero is just fine and they just based on a hunch that, well, I think I've got the cash in the bank but they don't understand on the plan how that affects cash flow and their objectives. Right. And so, I mean, that's \$60,000 net. Right. I don't know how efficient you are in the business, but if you're average, that's \$100,000 gross. Right. That's a big decision on a piece of equipment.

**Rob Flinton:**

Exactly. Yeah, there's no cash flow plan. And you know, we get the most questions. I can tell when the conventions are just by the amount of inbound questions from clients because we get, you know, they come back and say, well, I can get this and I can buy that and I have, I can get a second, save this. You know, if I buy within three days.

**Dustin Burleson:**

My wife does that something's on sale. She's like, I saved \$400. I'm like, no, you spent \$2,000. Oh, it's, "I saved 50%." We still spent a lot on a new piece of equipment. So what about adjusting so by 10 business days in, we've got forward cash flow. We know if we're a pace behind pace,

on pace, you know, how often would you meet, meeting with a client to, to have that discussion then each month?

**Rob Flintom:**

That's really their preference. Because some, some people like to talk about it and others only wanna know when they're under plan and they are under the, when they have a problem to course correct. And so that is, that's very stylistic. We will tend, we will proactively if we see from a business perspective, we don't really get too twisted up until we see a pattern of three of anything. So one month over budget in expenses is simply interesting. Two months raises an eyebrow, three months. If we have three consecutive months, this is now a recurring pattern that we need to nip in the bud because it's not just a timing of expenses, but likely there's some other underlying infection that's going on.

Maybe there's been a change in who's ordering supplies. Maybe there's been a change in, um, the TC and the collections and there's been the same amount of starts, however, are paid in full, uh, may be down. So, you know, it's just a lagging indicator. Now that there's a subtle infection.

**Dustin Burleson:**

Yeah. That's a great answer. And I think a lot of doctors and we see that as well. Ones who want to do everything, every little, you know, tremor, they're jumping and others who say just they throw their hands. Rob you deal with it. So that's the next big question is, can a doctor just say, hey, I'm not a numbers guy, I'm not a numbers gal. You deal with it, Rob. Can I just delegate this whole thing to you?



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**Rob Flinton:**

Yes, yes, they can. But it's not a requirement. So we get the most juice, clearly passion and rewards from just helping relieve the stress of orthodontic practice owners. And if we can do that by just helping create a plan with them or for them and then check in whenever they like, that's fine. They may have a trusted team that already is can provide that information. Um So we can run alongside that and check in.

I have clients who they like to see me. They want to see me only two times a year because if they see me more than that, they, they feel like they're coming in for, you know, they're having to make too many pit stops, so to speak. And there's all the way from that. It's a big pendulum all the way to, we have clients who say I get it, Rob. I understand the outcome. My wife and I my spouse and I understand how this is. I'd like for you to send

reports to both of us. And y'all handle this, report it to us, not just the numbers, but they also say we want for you to translate the numbers into what you want us to do the next 12 or three months ahead in order to meet or even further exceed our plan. And some of the clients actually ask us to do that, not just in the practice, but also in their home as well. And ask for us to facilitate all the cash for the family so that both have that information readily in hand. And that is usually shorter in less than 10 days after the close of a month that they both have the chance to read where they are independently.

And what we like most about that is oftentimes when we sit down with a couple who may be trying to sort these things out themselves when that first meeting, what we hear is a conversation that tends to be a little arm wrestling. You do this and you're right. Well, ok, but yeah, but you're, and yeah, here's, here's my arm stand up the most, uh, fulfilling and rewarding is when we, a year later have them sitting on the same side of the table holding hands. Yeah, and asking us questions relative to their plan and what they're planning the year ahead. So that's gonna be really rewarding.

**Dustin Burleson:**

But it brings up another question which is like doctors see one more thing to go pay attention to like, ok, now I've got to learn all these financial terms and I've got to love numbers as much as Rob loves numbers. And I'm gonna have to learn, I got my managerial accounting book. Do they need to learn accounting to, to be a good steward of their finances?

**Rob Flinton:**

No, no. You know, I do love numbers. Accountants love numbers. There's a breed of us that love numbers. They don't have to enjoy numbers, but they do need to understand in owning a business and simplistically, you know, most of your clients, most of my clients, thankfully, they're all, they own multimillion dollar businesses, they own a multimillion dollar business. It just so happens that business is a practice, but it is still a business and in order to succeed in any environment, the leader of a tribe or a leader of a group has to be able to communicate, has to be able to, to not only communicate with who they're leading, but also the environment, whether you're not, you know, in a foreign land or a southern state and you have to know the accent, right? Knowledge is power. Yeah, that's right. You have to speak the language and the language of business is accounting. It's numbers. And it is how the dollars, how they speak. I speak numbers. Thankfully when I look at numbers, it's fun. Part of why it's so fun to me because they pop off the page, they actually have color. And so I prefer reading numbers than reading books. But they don't need to have that enjoyment.

Well, what they do need to understand is that there does need to be somebody on their team who does speak the language of business and that is numbers and accounting. They have to be able to read it. They have to be able to speak it and most importantly to translate it into what are the actions an owner needs to do next.

So those who don't like numbers yet own find themselves owning a multimillion dollar business. They need, I, and it



*In order to succeed in any environment, the leader of a tribe or a leader of a group has to be able to communicate.*

doesn't matter who that person is, but they do need a trusted honest objective translator who can translate that language into a language, they understand so that they can lead and act and grow and accomplish what's important to them without it. I find most commonly doctors that don't have a translator just end up measuring the success of their business by what's the cash in the checkbook? And, yeah, and we have a, we have a saying around our office, what is that? Is that the bigger the business, the more cash flow, the bigger opportunity for? Uh, we use a, a more challenging word, but it's more, it could be squandered, more cash flow covers up a lot of inefficiencies.

**Dustin Burleson:**

Yeah, it's slop.

**Rob Flintom:**

And so you know where that slop is quicker when you're flashing against that budget.

**Dustin Burleson:**

It's huge. Yeah, I just, it's just, we see it so often. I just, that's why I was so honored to have met you. Thanks again to Jamie Reynolds years ago for introducing us and, and for all the docs who use you. And, um, and just to just, yeah, because if you don't, if you don't have someone you trust to translate, you don't know if the advice being given to you is good if it's bad, if it's legal. If it's not, it's not good sound advice.

**Rob Flinton:**

Right. And you know, we are not CPAs. We do not do tax returns. We don't give investment advice. We don't sell anything. We've specifically for the 30 plus years of business has existed, have maintained that so that we can be translators, fully objective, objectively to our client and not having any confusion about who we are communicating with and for. And that's been a proactive choice. It's been one that gives me and my team, I'm very grateful for the team I get to work with, but it gives us all a sense of purpose and empowerment that allows us to speak quite directly to the clients and we tell them you may not like what we're gonna say, but we're gonna tell you the truth.

**Dustin Burleson:**

So that, that's the best advice that I like to get is the objective truth, not someone, you know, just saying what I want to hear, which doesn't help anyone. So, um yeah, when, when we first met you, you explained something called a hat trick of being a good steward in a successful business. And I thought, all right, we are just, there were some Canadians in the room so that maybe we're gonna

go and talk about hockey. But what, what's a, what's a hat trick? Expand on that a little bit for us.

**Rob Flinton:**

Yeah. I will, I'll do my best to, to put it on a really small cliff notes version. But it really is, you know, I will I will use the example you mentioned of the Itero and really when you buy a practice or you own your own practice, most doctors aren't aware that you inadvertently unknowingly end up with three different roles with three different needed skill sets. And one of those roles is what you've trained most of your life to be. And that's the clinical role, the, the doctor. There's another role that you may not have had a lot of training in. And that's a manager role, managing staff, managing HR issues hiring all those elements, time off, etc.

There's a third role and that's the owner role. Now, that seems to be a fun role. However, most doctors don't have a lot of experience with what is involved with that hat. You got to watch that by growing up in a family that owns practices. And so you organically learned the distinctions of these and amazing gift and for those who don't get to see that in real life and in real time, those are very specific skills and decision making matrix. We call them hats just to a short for being a frame of mind. And what we find is that most every business decision in a practice, if I ask the same question to the same person who is wearing three different hats, if I ask a doctor wearing a doctor hat, should we get it iTero Machine? What's that answer?



**Dustin Burleson:**

They don't even let you finish the sentence.

**Rob Flinton:**

Right. Exactly. If I shift now and ask the doctor to take off that hat and now channel a manager and I asked the manager, same question. Is it time to get the Itero machine?

**Dustin Burleson:**

Depends. I don't know if we can get everyone trained on it. They don't know how to use. The last idea that's like software integrate. Is that gonna be? Oh, my gosh, we're gonna have to do it over a holiday weekend.

**Rob Flinton:**

Right. And so they're thinking of processes and procedures and possibly downtime as the owner and the owner wants to know most owners wanna know. What's the cost? What's the return? What's the cost in money and time or energy, et cetera? So it's not, this isn't always money, it's just, it's a resource. So what's the cost in resources? What is the return on those resources? What's the length of time that we may capitalize this?

There are three questions to ask for every expense in the practice: Does the expense help attract new patients? Does the expense help keep existing patients or does the expense reduce or replace an existing expense?

If it doesn't do any of those three, you're just pimping your ride. You're just getting right, that's all, you know, the doctor's half, the doctor hat half because, you know the



*The most profitable and highest return on energy and return on investment of the three hats is in fact the owner hat.*

answer. But it does take a client through all three of those and, and we don't know anything about Ortho, meaning the science of orthodontics in delivering that care. We do really help refine and strengthen our client's manager hat, and owner hat. Because what we have also found is business owners, the most profitable and highest return on energy and return on investment of the three hats is in fact the owner hat and, but it requires the business to be run well and to be going according to plan. And so that's the space that we have the most fun in reinforcing for doctors.

And they outsource that to us. Some of them, they don't even wanna do those, but we also help them hone those or teach their team member to do it. So, um, we don't have any specific boilerplate system required to engage. We like to leave as much of your practice and players and team in place and just help augment where there may be shortfall to help bridge or strengthen.

**Dustin Burleson:**

So it's such a great piece of advice and it's just you just openly share. I mean, that's where that's like million dollar advice on the criteria to, to go and add a new piece of equipment that most of us don't think about. "Most of us go. I want it. There's cash in the checkbook. Let's buy it."

**Rob Flinton:**

Right. I have a desire. Right. There's cash in the checkbook. Right. And what are they doing? They're playing business emotionally and right then I'm like, that's a bad idea.

**Dustin Burleson:**

Yeah. Yeah. Um, I just, I just love that. I'm just so grateful you share it. And so everyone should go back and re-listen to that. And the next time you're walking the halls of an exhibit, uh, trade show, you ask those questions. New patients, keep patient or eliminate expense because a lot of things just don't, you know, it's like, do you really need the new iPhone for the after hours Call phone? No, go buy a flip phone for \$29. It talks just the same as the iPhone. So, I mean, I think you've got this experience because you've been doing this a long time and you were very humble when you started sharing some data and you told me the amount of money you help orthodontist manage and it's a staggering number. You've been in this business 30 years and uh and helping doctors, I know that even personally, a lot of them ask you to be the trustee of their family trust, which it says everything about you and about your character and expertise. So are there any additional

tricks you can share before we sign off, any parting words of wisdom.

**Rob Flinton:**

Oh gosh, you know, I don't know if it's additional, but I would just reiterate what I just touched on and that is do your business planning, using your brain, do it proactively not reactively understand businesses and intellectual sport, create a spending plan that spending plan gives you so much empowerment. Most of us who haven't utilized them, believe them to be constricting, restrictive, no oriented when in fact, just the opposite happens and it gives you an immense amount of freedom. And in fact, guilt free spending, you know what you can spend in your plan, your practice, even at home, guilt free.

And my final will be a challenge for you to just look at your own practice, Look at your own practice through the three hats. And so you have a sense of what your compensation is for each of those hats in your own practice. Generally the clinical hat comp for all the clinicians into practice would be roughly 15%. And that's just a rough chunk. But if I owned a practice, which I do not, but if I did, I would be budgeting planning for paying my doctors 15%. And if there's only one doctor, they would get 15% of those collections. I would be paying, I would be budgeting to pay my manager roughly 4%. And from my effective profit, if I'm running a 40% profit practice, and I'm paying 15 of that 40 to the clinician and four to a manager that leaves 21% left over for the owner's dividend. And there aren't many businesses that I know, my hallucination is that not many businesses that

you're registered investment advisors can show you that you can have a predictable cash flow of more than 20% on a business, you know, and understand because a lot of businesses they want you to invest in, you don't know or understand and, and you still have the ability to stay engaged, taking care of people, engage with your staff. It is a win, win, the longer you can own your practice and reap those benefits for as long as possible is one of the best stewardship of generational wealth and family wealth creation long after you want to reduce your days in the chair. That is for me what uh drives our team's passion.

**Dustin Burleson:**

So, yeah, it shows you can just, you can feel it. It's why you get up out of bed in the morning. And again, it's just an honor to know you. Where, I'm curious, we can put in the show notes down below a link, the best place to reach out and learn more. What's that process like? Should they reach out to your assistant or just go to the website or where should we tell people to go learn more about you?

**Rob Flintom:**

Yeah, they can, they can go to the website but you know, that's so generic. Our work is really specific and so out of my respect love for what you guys are doing and the relationship we've built, I just assume, you know, to be able to speak with any of them. And so if they can, we'll send an email for my assistant and we'll schedule a time to speak with either myself or any of my other team members who are equally passionate about this. And we'll let your colleague's calendar be the kind of the throttle of how quickly that needs to be.

**Dustin Burleson:**

So awesome, Rob. I know you're busy. I know your time is valuable. I'm so grateful you took the time to come on and talk. Thank you for being here.

**Rob Flinton:**

Thank you. This is both a joy and honor for me. So I love what you and Burleson Seminars are doing so.

**Dustin Burleson:**

Thank you. Thank you. Thank you. We'll keep the conversation going. Everyone. Please click the show notes below for more details on Rob and practice enhancement group and Rob. Thanks for being here again.

**Rob Flinton:**

Thank you, sir.

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EXPERT**

DUSTIN **BURLESON SEMINARS**



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