

REED'S INTERNATIONAL LETTER

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/852-0956

As we begin the New Year, 1997, and approach our annual seminar on the subject of Charisma, a few thoughts are appropriate to launch the subject. So, I am winding them into a brief message for the subscribers, the Pentegra members, the Napili people who will be attending and my friends in general.

The Theology of Charisma

I'm including, as an addenda, a list of some items found by psychiatrists, psychologists and theologians in regard to self-esteem.

The counsel of those who teach is often to find a role model and emulate in an effort to create change in one's own experience. I've found this to be remarkable and mentors have been extremely meaningful in my life.

As you run through the checklist of high self-esteem, you can go to Webster and co-relate with the definition of *charisma*. As our intent is to focus on it, consciously, (out of its neglect) and with the intent of being able to select and apply appropriately this personal power we all have.

I must, of course, include the paragraph from Mandela's inaugural address as it puts the twist on perspective that's almost politically incorrect for our time, and yet it provides a significant emotional event for most people who read it:

"Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond measure. It is our light and not our darkness that most frightens us. We ask ourselves, who am I to be brilliant,

gorgeous, talented, and fabulous? Actually, who are you not to be. . . you're playing small does not serve the world. There is nothing enlightening about shrinking so that other people will feel secure around you.

We were born to make manifest the glory of God within us. It is not just in some of us, it is in everyone. As we let our light shine we unconsciously give other people permission to do the same. As we are liberated from our fear, our presence automatically liberates others."

I could add to the list the observations I've made in those I have observed who enjoy the charismatic strength we're inclined to study during these *Charisma* tutorials. I think, in my own mind, of mentors in these areas such as my friends, Dr. Jim Kallas, Dr. Carl Hammerschlag, Dr. Jeff Zeig. I watch my own history and recall my father and mother in their inter-relationships with people and observe, with a smile on my face, the power and presence of the recent National Speakers' Association president, Naomi Rhode. I watch and listen to powerful people who believe in **who** they are, **that** they are, and **what** they do (as Jim Peterson does, as Dwight Erlich does, as Mark Tarbell does, as Dan Donaho does). . . people who would might otherwise be observed as being in the ordinary walks of life, who succeed with the undeniable strength of their own personal *charisma*.

People with high self-esteem, as I observe them, tend not to get angry. They have an incredible "come back" power and in this life, in this imperfect world, this is a tremendously necessary thing. . . to be a re-starter as well as a self-starter.



My father used to say that “to fall” was not disgraceful, but “to lie” there is shame.

I find that people who have an intense and well-used power of *charisma* are incredibly productive with excellence and pride as a part of their “product,” whether it’s service or goods. I find that these people have a very low use of drugs and chemicals in their everyday life, including medicinal applications under prescription simply because they seem to maintain a titrated balance in life that is intentional.

These people strongly believe in the *number one* position of the charismatic. . . **I am.**

I have observed, in walking the walk with my mentors, that the deepest need in humans is dignity. This is closely associated with being needed and being privileged to apply the gifts one has been given.

Without question, the high performing charismatic, in my experience, gains great power from being in *shape*. . . *socio-economically, intellectually, technically and spiritually*. S/he seems to know and understand, in each of these categories, how much enough is.

In speaking with these strong mentors, I hear them tell me that the greatest problem they observe in life is losing the faith necessary to **be** someone. We must focus on the fact that we are alive. We are **alive**. We are not a biological accident.

You are an **I am**.

If you want a good exercise, why don’t you rattle

off all the reasons why you can’t be significant. When you finish, stop and smile. People who are not present can’t smile. And when you smile, softly recite to yourself that you can do anything you want, you just can’t do everything you want.

I can.

I am. . . I am one of God’s children.

Without question:

I am not free until I believe in me!

If you’re connected, whether through Rosenau’s cross (love, work, play and worship) from Mayo in the 1920s, adapted by the Pankey Institute. . . or you tell yourself that you do not believe there is a God. . . then seek the resolution. Perhaps it’s the whales, or Greenpeace. Something outside of self that is greater than self. That’s the first step toward faith and belief in something essential to empower self.

I’m impressed with Psalm 139 in regard to being connected with my Creator:

“. . . Lord, you have searched me and you know me. You know when I sit and when I rise; you perceive my thoughts from afar. You discern my going out and my lying down; you are familiar with all my ways. . . you have laid your hand upon me. Such knowledge is too wonderful for me, too lofty for me to attain. . . “

And especially verse 14: “. . . I praise you because **I am** fearfully and wonderfully made; your works are wonderful, I know that full well.”

These words, it seems to me, support Mandela’s



statement. In fact, it was probably the originating spirit behind what Mandela offered.

I would guess that it's probably appropriate to remind, first me and any one else who is interested, that God loves me whether or not I love myself.

It's not a perfect world, and I am not a perfect person in it. There will certainly be times when this is true!

Now for those who feel that I'm leaning a bit too heavily on the spiritual when I rattled off all the other departments in life in which one could expound, cut me some slack.

I believe that there are some intentional ways to clarify, personalize and bring to the conscious level, for intentional application, **your charisma**.

First, give yourself a mental, physical and spiritual "hot shower". . . a real sauna! I find that it is necessary to pause and do so weekly. This isn't something that's going to last forever. One needs to constantly be de-contaminated, much like those working in a nuclear environment by the flushing off of the negative ions that seem to be attractive to those of us who are positive.

Next, re-program your recall. Here I'm going to prescribe for those who haven't done so, the exercise called the Franklin Reality Model. It's such a simple way to describe how life is lived and how one can intentionally change the principles on your belief window and end up with different "if/then" rules, behavioral patterns, and results. If this isn't immediately available to you, contact me

and I'll send you the audio version of it which will be more than enough to get you started.

Re-engineer your relationships. Discard and add. Run with the winners. Come alive and accelerate your opportunities to emulate mentors. This will challenge your "disadvantaged" complex and allow you to belong to the right piece of energy in life.

Out of all this design, the same kind of program for the way you think. . . as you have for the way you move. . . a mental fitness program is as important as a physical fitness program. The "power of positive thinking" from Maxwell Maltz, Norman Vincent Peale and Robert Schuller is certainly not misunderstood or unavailable and when connected to the last point in this checklist, you'll find it to be an absolutely essential piece of energy.

I believe that you have to connect with your Creator, however you see that, and therein lies the balance in the empowerment program for self. It's certainly true that there isn't anything too small for God's love or any challenge too large for his resolution. I'm one of God's children, and He has a plan in which I can choose to participate, one that is very personal. I find this to be true as I study my mentors in the area of *charisma*.

Perhaps a brief inventory on a personal basis for the reader will be useful in realigning the socio-intellectual, technical, professional economic and spiritual energies of life that form this package we call *charisma*.

Live life with passion!



Do you feel that a page has been turned and you can start a new, clean one? I did when I got up to come to work on Monday morning, but it was briefly felt as soon as I saw my desk and realized that the only way to have a new, clean one was to find a huge wastebasket. And then I remembered all the important things that are buried under and over all the disarray. It is a ray of hope that I might change my paradigm and succeed in being more clearly organized in 1997.

Meantime, I'm only about three days late in sending this off to the printer!

Sorry if you missed this *Charisma* tutorial (January 23-24-25) as the "cast of charismatics" is spectacularly exciting in each one's special way. . . and there is much to be learned.

As of this writing, you are not too late to join us for the People Without Perio workshop which will be presented January 13-14-15. New material, new speakers, new group. How can you afford to be absent? (Especially since the real tuition is \$1590 and I made a costly typo. . . it's been published for \$1270!) Plus, the weather in Phoenix is outstandingly beautiful. . . warm and sunny, no snow, no sleet, no rain, no floods. Better come early, stay late. Omer will offer this workshop in the UK, York in mid-March.

The Model-building/Economic Core of Model-building: Radisson Hotel, Grand Cayman, April 17-18-19. Two workshops for the price of one, plus an opportunity to hear Casey Gill talk about offshore accounts (why, how to, etc.). Tuition is \$1290/doctor and spouse. Snorkeling and diving are excellent; the hotel is newly redecorated. . . the Napili-ites are always the very best. Join us!

Can't

Can't is the worst word that's written or spoken;
Doing more harm here than slander and lies;
On it is many a strong spirit broken,
And with it many a good purpose dies.
It springs from the lips of the thoughtless each morning.
And robs us of courage we need through the day.
It rings in our ears like a timely sent warning
And laughs when we falter and fall by the way.

Can't is the father of feeble endeavor,
The parent of terror and half-hearted work;
It weakens the efforts of artisans clever,
And makes of the toiler an indolent shirk.
It poisons the soul of the man with a vision,
It stifles in infancy many a plan;
It greets honest toiling with open derision
And mocks at the hopes and the dreams of a man.

Can't is a word none should speak without blushing;
To utter it should be a symbol of shame;
Ambition and courage it daily is crushing;
It blights a man's purpose and shortens his aim.
Despise it with all of your hatred of error;
Refuse it the lodgement it seeks in your brain;
Arm against it as a creature of terror,
And all that you dream of you someday shall gain.

Can't is the word that is foe to ambition,
An enemy ambushed to shatter your will;
Its prey is forever the man with a mission
And bows but to courage and patience and skill.
Hate it, with hatred that's deep and undying,
For once it is welcomed 'twill break any man;
Whatever the goal you are seeking, keep trying
And answer this demon by saying: "I can."

REED'S INTERNATIONAL LETTER

Quarterly

2999 North 44th Street ❖ Suite 650 ❖ Phoenix ❖ Arizona ❖ 85018 ❖ 602/852-0956

I'm on to something. . . and I dare you to get into it! It's an accelerated concern for philosophy, vision and mission. . . a philosophy, vision and mission of wellness, this includes personal, private care in a time of overwhelming change. Of wellness for the person coming to us for care.

Body Shop

Is dentistry a repair shop? Do we fix what's broken? Do people come to us and tell us what they want. . . and we do it?

Once upon a time a very brilliant, powerful architect, internationally known, in a substantial Southwestern community arranged for a lunch meeting with one of the most powerful quality builders of custom homes in the entire five-state area.

Both their reputations preceded them with great power and energy. Neither had met the other. During the luncheon conversation, the architect unraveled an idea that he had and the reason for "calling" the lunch. It turns out that the architect wanted to do a classic design of a casually elegant residence.

The architect also made clear that in the casual elegance of his accumulation over time, he was in a position, and strongly desired, to gift or contribute this home on its completion, although he did not specify the direction of that gift

He also made clear that the plans that he was transferring to the builder and the property, which

was free and clear, were ready to go. They could open a bank account with availability to the builder and proceed immediately. They could complete the project, on a handshake.

The deal was closed and as they rose from the table, the architect said, "I'm leaving for Europe for an extended period of time for some meetings, so I won't be back for five months. Obviously the home will be nearly completed by the time I return and we will then enjoy the fruit of our mutual labor." The architect left town and the builder immediately began.

At first nothing but quality and excellence were built into the home. As the months went on, the builder became preoccupied and busy with other things and didn't manage his team as closely and he and the team slowly but surely got around to cutting corners, putting defective materials in behind the walls and not making the usual effort to put together the best of their ability.

This home rose out of the sod and was grand in its appearance, and grossly appeared to be of the usual excellence of quality that was reputedly a part of the builder's life. But, he, and the key people on his team, knew that inside the package there was less than first-class care, skill and judgements, materials and craftsmanship put together in the home.

This continued until the house was completed and only the builder carried the guilt furniture on his back that deep down inside the house, and inside his spirit, was less than the quality and excellence it was reputedly a part of his career.



Interesting, isn't it, how the attrition of intent oftentimes dulls the product that comes to the marketplace.

I'm convinced that physical fitness and wellness is tied to emotional wellness. We in dentistry have a psychoneuroimmunological responsibility. . . not new, but we must be unconditionally convinced.

Emotional wellness was defined long ago by psychiatrists/psychologists as, first, the need to be needed, to belong, to be important, to have value. It's defined as the non-emptiness of identity.

I am owned by (I belong to) someone or some thing.

Secondly, significance. We are healthier and more vibrant when we make a difference, when we have meaning in life, purpose, mission, a passion. . . to feel important, to have value!

Three, to live. The security of life and the realization that to fail is not final and to consider the importance of timing. Security means the definition of objectives. To be purpose driven. Emotional resiliency spares us from a great deal of ambiguity and lets us subconsciously prioritize and focus on even the minutia as it comes to us.

Fifty years ago the psychologist, Murray Banks pulled together a number of things and emotional resiliency was called "variety." Variety provides us with a paradigm of freedom from distraction and, indeed, I'm strongly identified with what I see to be truth and reality and that emotional wellness will be manifested only with the spiritual wellness in a proper place.

So. . . I believe that spiritual wellness is the spinal cord of a happy, constructive, peaceful life. It is the GPS. . . the homing device. . . in life. These thoughts have been brought to us by Menninger, Maslow, Frankl, Carl Rogers. . . not new.

So we have a combination in life of spiritual, emotional and physical wellness that allows presence, existence and the use of faith, hope and love.

I believe that one's faith in God holds greater potential for wholeness and wellness lifestyle than could happen without that choice. Faith meets the longing, significance, security and provides each of us with a Messiah. . . a personal handle on the creative force referred to in all terrestrially organized religions called "God."

The fruit of this decision (choice) (gift) is connectiveness, non-judgmental love, motivated ambition and an active wellness/wholeness in the personality of the individual that truly makes people *like* themselves better when they are with those who have so identified themselves.

Charisma.

I find that it's critically important to be with a lot of nice people, singing the same song at the same time, so people with spiritual wholeness of their choice, as a precursor to emotional wellness, which is obviously a precursor to physical wellness, are one of my purposeful finds.

Once this philosophy, vision, mission is in place. . . the decision to provide personal dental care for the caring individual is synaptic.



Call David Wicks' office in Bangor, Maine. The answering force salutes you with "Wicks private care dentistry." An office that in the time of co-payment, the "blues," managed care and direct reimbursement calls the shot by talking the talk they walk. Right up front. Defining "how it is!"

In this time of transition, we must, I believe, have the presence and "spinal cord" to deliver proper language tools to describe the core of our values.

How do you respond to cost-related fees. . . rather than piecemeal, the team first. . . consumer comes second, documented efficacy instead of scrambled notes in the record, consumer five-star service and satisfaction. . . as a result of present people in a team configuration.

A personal frontdeskless approach, behaviorally, rather than the "hand off" scramble of the specialist "facilitators". . . a decimated schedule with "free time any time" instead of the constipation of broken, missed communicated appointments.

It seems to be an increasingly common pattern in our time for dentists and/or their team persons to lose their passion for what they do and who they are. We see a wane in the fervor in the practice that was once very successful. . . and now the people are abandoning the qualities that made it first rate. Or we see the people on the team, once proud of their service and product, now disenchanted in what they do and who they are.

These folks strayed from the philosophy, vision and mission that brought success in the first place.

To keep the "purpose" linked to the people, to get the ego out of the individual and into the team, to recognize and use the "spinal cord" of the person and the practice is imperative.

Practices, much like individuals, lose touch with their true beliefs and values as the demands of life take over. In the process of getting and keeping a job, climbing the career ladder, making the payments, raising the kids. . . we can lose touch with what we first cared about.

People and practices must re-connect with their true purpose to gain efficient performance. A practice not in touch with its purposes will lose touch with reality.

Erich Hoefler, the longshoreman/philosopher, thirty years ago discovered a tactical relationship: "That which is unique and worthwhile in us makes itself felt in flashes."

If we don't know how to catch and savor the flashes, we are without growth and exhilaration. The flashes are often self-correcting mechanisms designed to get our attention that things aren't right.

Capturing the flashes involves taking action we've never taken before, or making use of some ability into which we've not tapped.

The "spinal cord," or the soul of the person/practice is the contact that keeps us in focus with our purpose.

One must accept challenges that are unachievable by ordinary means. . . challenges that are "too

risky” . . .to become what we have been created capable of being.

Not acting keeps us from productive involvement and creates severe opportunity cost. Significant emotional events (S.E.E.), when experienced and pondered, are the flashes we must capture. Yesterday’s window of opportunity are today mere razor slits of opportunity, speeding past before some of recognize them.

Today and the future brings us shorter lead times, shorter planning cycles, where we must resist denial, be flexible and *eat change for breakfast*.

Competitive strategies have been, separately, *price, value* and *niche*. Now the three overlap and we must use all three as our sustainable competitive advantage.

The builder returned from Europe and immediately connected with the builder. They agreed to meet at the site, and the now properly landscaped and completed casually elegant residence rose out of the acreage. It was beautiful. It had the touch of genius architecture, blending itself into the environment and yet standing as a tremendous monument to casual elegance. And from the outside it looked to be an absolutely brilliant piece of construction.

As they carefully walked through the entire property, the architect with his brilliant eye, observed the results of the reputedly powerful quality and excellence builder. Beneath the paint, behind the walls and in some of the materials the guilt grew within the heart of the builder. Without

any comment or conscious notice of any of these compromises, the architect continued to comment on the efficacy of their partnership in producing the message.

After they had completed the tour, a matter of hours, they found themselves out in front by their transportation, looking back again at the message sent by their collaboration.

The architect then smiled and turned to the builder and with his hand extended, dropped the keys to the property into the hands of the builder and said, “The property is yours. It is my gift to you.”



REED'S INTERNATIONAL LETTER

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/952-1200

Many who read this letter are acquainted with Viktor Frankl and his work. My good friend, Dr. Jeff Zeig (who maintains the Ericksonian Institute and who cuts a *wide swath* in his own right, internationally, in regard to the behavioral sciences), is kind enough to keep me posted on his communication with Dr. Frankl.

Man's Search for Meaning

Enclosed as an addenda is an interview with Viktor Frankl, which I suggest you read first, and following is a "letter of feeling" (extremely *meaningful*, in my opinion) e-mailed to me by Jeff as information in regard to Frankl's ongoing position and his work.

I am including them as this issue of the newsletter without further comment simply because Jeff's comments are nothing short of pure poetry in filtering and relating his perception of Frankl and his message.

Those who know Jeff Zeig will find this even more enriching than those who do not know him. But, in either case, read carefully, and more than once as I believe there is great value here.

* * * * *

January 25, 1997 - Vienna

Today I visited 92-year-old Viktor Frankl in his hospital bed at Station 20J at the cavernous Allgemeines Krankenhaus. It was our fourth meeting. Elly, of course, was there along with their

son-in-law, Franz Vesely. Charlotte Wirl, who organized my workshop, accompanied me. She had accompanied me on a previous visit to Frankl.

When I entered the room I shook Viktor's hand and hugged Elly who responded with her typical effusion of warmth. It was difficult to determine whether there was more affection in the way she beamed, "hello," or in her hug.

Viktor raised himself from the bed to kiss Charlotte's hand. His touch was gentle, like a young child would use in holding something precious and fragile. I felt a palpable kindness.

I teasingly asked Viktor if hospitalization was his idea of doing something "meaningful." Elly immediately and definitively answered that being in the hospital was not meaningful. I told Viktor that if he remained in the hospital people would assume he was getting old.

"Meaningful" is a sacred word in the Frankl household. I remembered an incident from the 1994 European Evolution Conference. The meeting ended and Renee and I and the Trenkles were to meet for dinner. Just before leaving, Bernhard received news that his father was in the hospital and was terminal. I told the Frankls. Viktor said, "Then they can't join us. It would not be meaningful." It was the closest thing to a malediction that I could imagine him muttering.

Elly told me that I was to sit on the bed at Viktor's feet, which I did. Charlotte stood at the door and chatted with Vesely while I talked to Viktor and Elly. Since I last saw him in 1994, Viktor looked thinner and more frail. But, physically he looked



fit, exceptionally fit for a 90-year-old. Mentally he was as sharp as ever.

Elly explained that Viktor has had many medical problems during the last few years, especially pulmonary and heart problems. They have been difficult years, especially for Elly who matter-of-factly stated that she has not slept soundly for a full night for the last two years because of her concern for Viktor.

I told Viktor that he should send Elly to Phoenix for a vacation so I could take care of her. She explained it would be impossible because they never separated. Elly fretted noticeably when she said that.

I remembered that Carl Whittaker once remarked that if he survived Muriel he would most miss the "we-ness." I suspect that a similar thought crossed Elly's mind. Viktor remarked that they had made 73(?) Trips to the United States. Elly accompanied him on all his trips except a few in the early years. They just celebrated their 50th anniversary.

Viktor told of a lecture tour in which he left Japan in the morning and addressed a group in San Francisco the very same evening. I pined that it would be nice if Renee could similarly travel with me. Elly shrugged saying, "What would she do while you taught?" Then, she remarked that separations were hard on a relationship. Elly attended all of Viktor's lectures when they traveled.

We talked about the difficulties of being on a "mission." Viktor indicated that a person must follow his destiny. Elly described how strenuous it

has been to support Viktor's pace. His fulcrum is meaning; hers is honesty.

Elly looked tired. She told of being called last night by a suicidal woman from California. The phone was on because the hospital might call. The caller needed help so what could she do? Elly was on the phone from 1:30 a.m. till 3:00 a.m. The woman called her back and told Elly that she was her saving angel.

Elly has no training in therapy. Viktor said how good it was to be with someone who was not in the field.

They discussed how Elly read to him because of his blindness. She read him the paper and psychology books. We discussed how there was so much chaff in the current literature and little germ.

Elly said that she was glad she did not have psychological education; it made her more able to listen from the heart.

I gave them a copy of the Evolution of Psychotherapy: Volume III. I autographed it in the room, "To Viktor: For your role in my evolution. To Elly: For your warmth. For your honesty."

I asked Viktor what it was like to live with a woman who suffered from "abnormal integrity."

Elly described how Viktor perked up when he was visited by someone he liked. When they left, he lapsed into a customary state of tiredness.



Viktor's fatigue interfered with their frequent walks; he would tire after 30 minutes. I said that I would, too.

Viktor was animated during our conversation. His renowned podium power shined forth. At one time Elly had to remind him to speak more quietly to avoid disturbing patients in the neighboring room.

Viktor told me a number of jokes. He related his indirection joke. . . for the third or fourth time. Perhaps he told it because of his knowledge of the Ericksonian method. Perhaps he told it because admittedly it is his favorite joke. It is the story about the Jewish man who wants to find the whore house. A stranger in the town, he does not want to be conspicuous. He goes to the town center and asks where the Rabbi lives. When he finds out, he surprisedly exclaims, "The Rabbi lives in a whore house?!" The informant says, "No. The whore house in the red building over there." The man replies, "Thanks very much" and whisks off in that direction.

Viktor commented to Vesely that I represent one of the few schools of psychotherapy that the majority of experts would view with few criticisms. He indicated that most experts would agree with its central tenets. Vesely asked what the other schools were. Viktor indicated that he found favor in the behaviorism and relaxation training. He commented that Adlerian therapy was not harmful, impishly implying that it was not especially helpful.

I reminded Viktor that the first time we met we had a subterranean struggle. Each of us worked to make the other feel good about himself. I

announced, "Viktor had me out-classed." Viktor immediately commented to Elly about how nicely I crafted my words. He remembered how we dined in 1990 at the Italian restaurant near his home. Elly found a way to say how much she loved me.

I indicated, after 45 minutes, that it was time to leave. Viktor indicated that I could stay as long as I wanted. Elly commented for the second time on how tired I looked. Viktor thanked me for taking time from my busy schedule to see him and said how much it helped him.

I got up from the bed, shook Viktor's hand and kissed him on the forehead. Elly hugged me affectionately. Although it went without saying, she reminded me that they had not allowed visitors but had made a unique exception for me because, "We love you." Elly said, "Send our love to Renee and Mrs. Erickson."

I stood at the foot of his bed and told Viktor, "thank you of being." I explained that he etched a place in my soul when he said that to me at the end of our first evening together. I said that I wanted to return the compliment. As we left, in the hall, Vesely apologized if he pressured me to visit tonight after I was tired from teaching. I blew a kiss to Elly from the corridor.

Charlotte saw I was moved. I was seeing Frankl from the last time. She commented on how much the Franks obviously loved me and said that Erickson must have loved me even more.

I obviously had (another) "senior moment" when I announced the dates of the People Without Perio workshop in last month's letter. It happens this month, February (not January) 13-14-15! Probably occurring while this is in the mail, so I'm sorry as you were probably meaning to be here and now we're missing you!

So now please plan to be with us for the next Perio workshop, September 11-13.

Meantime, plans are made for a March 17-19 Perio workshop in York, United Kingdom. We had hoped to take some people with us for that meeting, but I had insufficient information early enough to make an offer. At the moment, two couples are joining us for the Alpha Omega lecture on the 16th and then off to York that evening for the three-day meeting. . . thanks to Drs. Gankerseer (York) and Druian (London) for facilitating that meeting. We'll meet in London on the 14th and return to the U.S. the 23rd. Call if you'd like to join us for this no-tuition, tax-deductible opportunity.

Remember: Taxwise Lifestyle/Offshore workshop at the Radisson in Georgetown, Grand Cayman, April 16-19. **We're going early, staying late.** Join us.

The **Team First** workshop, May 1-3, comes on the weekend after Pentegra's Spring Symposium. . . not good timing for some, but perfect for others. This workshop meets all five criteria for the "reason" to participate: Fun, Profitable, Win/Win, Honesty/Integrity, and Doing good for mankind in the long run. A marvelous learning experience for the doctor, if the team can't come. . . but better if doctor and team can attend together as all sets of ears are better than just one set!

The Valley of the Sun waits to welcome you.

It isn't the things you do
It's the things you leave undone
That gives you a bit of a heartache
At setting of the sun.
The tender word forgotten,
The letter you did not write,
The flowers you did not send,
Are your haunting ghosts at night.

The stone you might have lifted
Out of a brother's way;
The bit of heartsome counsel
You were hurried too much to say;
The loving touch of the hand,
The gentle, winning tone
Which you had not time nor thought for
With troubles enough of your own.

Those little acts of kindness
So easily out of mind,
Those chances to be angels
Which we poor mortals find. . .
They come in night and silence,
Each sad, reproachful wraith,
When hope is faint and flagging,
and a chill has fallen on faith.

For life is all too short,
And sorrow is all too great,
To suffer our slow compassion
That tarries until too late;
And it isn't the things you do,
It's the things you leave undone
Which gives you a bit of a heartache
At the setting of the sun.

(Sent by BRW - Sioux Falls, SD)

INTERVIEW

Viktor Frankl, M. D., Ph.D.

By Dan Short

Editor's Note

These collected thoughts of Viktor Frankl, M.D., Ph.D. provide a rare opportunity to glance into the life of someone who at 92 years of age is a living witness to the history of psychotherapy. Frankl, having exchanged ideas with Freud, Adler, and other great minds such as Heidegger, is an impressive source of intellectual insight. Because he survived 34 months in the Nazi death camps; where his wife, unborn child, mother, father, and brother were murdered, Frankl is a testament to man's ability to master even the most tragic of fates.

In spite of his age and the trouble he suffers from degeneration of the retina, Frankl was still willing to correspond with us so that we could compose this brief account of his complex thinking and his exceptional attitude towards life.

Background Information:

At only 22 years of age Frankl founded the journal "Der Mensch Im Allertag (Man in everyday life), since that time he has written 27 books and been published in 22 languages. In 1928 he introduced the concept of "Logotherapy."

After his liberation from his last concentration camp he rewrote the "Doctor and the Soul", the reconstruction of this lost manuscript took only nine days. This was shortly followed by "Man's Search for Meaning", a book which has sold over 4 million copies.

Logotherapy, also referred to as the third Viennese School of Psychotherapy, is currently the only major theory which includes the human spirit as a source of healing and strength. His theoretical approach is known as Rheight psychology, S rather than Rdepth psychology, S because it recognizes the human capacity to aspire to motivational factors beyond mere instinct. Now faced with blindness and other physical difficulties Viktor Frankl continues to live as he taught, that is to find meaning in life by facing each new trial with courage and with dignity.

The question posed by a 14 year old child

As a 14 year old student in middle school, I did something which was very unusual at the time. I had a professor of Natural Sciences who was very distant, teaching as one would expect a scientist to do. One day he made the statement that life is simply a burning process, nothing more than the process of oxidation. Jumping to my feet I questioned him, "But Professor, then what meaning does life have?" That was when it all began, the first time that I inquired about the meaning in life.

What is the purpose of One's existence? This is a question which will never be answered through the nihilistic efforts of scientist who reduce everything to "nothing but..." You can say that such a person practices reductionism, or in the case of my teacher, "Oxidationism." It would be appropriate if a biologist, instead of promoting his own disbelief under the guise of science, just admitted that within the plane of biology there is no evidence of a higher meaning. This does not mean that such a thing does not exist. Ultimate meaning must be found in another dimension. For example, a cylinder is both a circle and a rectangle depending upon the plane from which you view it. However, only in a higher dimension can it be recognized as a cylinder. The higher dimension does not exclude: it includes.

Since the time of my youth I have tried to find, and take meaning from all of life's events. Life is not only meaningful in the larger sense, but there is meaning in each moment. This meaning I cannot get hold of by mere rationale means, but instead by existential means. I will it to be that way. I decide that there is ultimate meaning in the world rather than ultimate meaninglessness-meaning so rich that it cannot be entirely grasped by my finite intellectual capacity.

Work with Suicidal Clients

From 1928 to 1938 I worked with William Burner who was the Director of a center for people who suffer from depression. I learned something there that I was able to use when I became Director of the Suicide Pavilion at the Steinhof, a psychiatric hospital in Vienna. During my four years at the hospital, approximately 12,000 suicidal patients were put in my charge. As the Director it was my responsibility to determine whether or not a patient was ready for discharge, a decision which carried tremendous responsibility. Out of this experience I developed a series of questions which allowed me to assess the condition of a patient in only five minutes. During a face to face interview I would ask, "Do you know that it is time for your release?" He would say, "Yes."

I would then ask, "What do we do next? Should we keep you here.?" In almost every case the patient would say, "No." Then I would ask, "Are you truly free from all intention to commit suicide?" To this he would respond, "I have no more intentions of committing suicide. You can let me go home." But I had to make sure that the patient was not dissimulating, so immediately after his response, that he had no intention of killing himself, I would ask, "Why not?" Next, one of two things would happen. The first type would sink into the chair, unable to respond or to look me in the eye. With a toneless voice he might repeat himself saying, "No, no doctor... I am not going to commit suicide." This sort of response indicated that the patient was in very serious danger of suicide. In contrast, a patient who immediately stated that he had a duty, (e.g., "I am needed at work." or "My religion forbids suicide.."), some meaning to fulfill, (e.g., "My family is counting on me."), he was safe to release from care. He would not kill himself because he had a "why." As Nietzsche has said, whoever has a "why" will in almost every situation find a "how."

Human uniqueness

The uniqueness of an individual can be appreciated solely by a loving person. It is he who sees the essence and the potential in the beloved person, and will therefore promote the person.

The loss of a friend best

Every single moment in life offers a concrete opportunity for meaning to be fulfilled and actualized. This holds true even under the most miserable of circumstances and literally to the last breath of ourselves. Let me give you an example. During the time of Hitler I lost my best friend, Hubert Suer. He was arrested by the SS because he was working in the Underground. After two weeks he was given the death sentence. During his imprisonment his wife was able to smuggle into his cell a copy of my manuscript on logotherapy. This was the same manuscript that I reconstructed after my release from the last concentration camp. Before his death, my friend was able to smuggle out a message to his wife stating that in the last days of his life the manuscript from Viktor had given him strength and courage. His death was one of meaning and dignity. His wife could not save him from the execution but she was able to perform the meaningful act of providing him some comfort. And for myself, I can say that this was the most beautiful reward that I got from the writing of my book. It was much more meaningful than any of the thousands of copies that sold, after the war.

Logotherapy, as described in my first book, is something which deals with everyday problems, down-to-earth things, practical aspects of living that are enhanced by finding meaning in life. And, it is possible to find meaning in all of life's events, even when confronted with a fate that cannot be changed or manipulated in any manner.

For example, many years ago an elderly man came to me at my clinic. He told me that he too was a doctor and that since the death of his wife, two years previous, he had suffered from severe depression. He said that he had loved her above all else. Rather than giving him advice, I confronted him with the question, "What would have happened, Doctor, if you had died first, and your wife would have had to survive you?" He said right away that this would have caused her tremendous suffering. Then I replied, "You see, you have saved your wife from that terrible suffering. You have spared her this suffering, at the price that you now have to survive and mourn her." He said no word but shook my hand and calmly left the office. In the midst of his doubts he now saw reason for his experience, a meaningful sacrifice for his beloved wife. You see, even in a situation where you have no external freedom, when circumstance does not offer you any choice of action, you retain the freedom to choose your attitude toward the tragic situation. You do not despair because this choice is always with you until your last moment of life.

Speaking at San Quentin

A remarkable thing happened when I was invited to speak at San Quentin, at that time a high security prison for those who have committed murder, at least once.

After I was finished speaking I was told how favorable the prisoners had reacted to my address. One prisoner had said that other psychologists had always told them that their criminal actions were a result of their childhood and that try as hard as they may, there was little they could do to change this reality. This excuse was something they did not want to hear, because they were being treated as though they had no human worth, no freedom to make choices and decisions. In contrast, I had told them that, "You are a human just as I am and therefore you had the same freedom to make the choices that I did. You could of decided not to do something so terrible and senseless, just like every other man. You could have made use of this freedom through a sense of responsibility." You see, it is a prerogative of mankind to realize quilt. It is also his responsibility to overcome guilt.

The call to responsibility

Members of society must be provided with a direction, instruction that life does have meaning, so that a person in San Quentin realizes that the person he killed was a human being who had significance. Criminal behavior in adulthood and in youth comes from a lack of responsibility, or of meaning. When gangster youth were asked, "Why do you do these violent things?" the typical response was, "Why not?" The absence of an answer to the question, "Why not?" can result in senseless aggression. In other cases it results in depression and even suicide, or addiction and drug use. This trio of aggression, addiction, and depression is the mass neurotic symptomology of the feeling of meaninglessness or existential vacuum that exists in our society.

There is no such thing as freedom all by itself. Freedom is always preceded by responsibility; they are connected to one another. It is a mistake to pursue freedom without the consideration of responsibility. That is why I have recommended in America that in addition to the Statue of Liberty on the East Coast, there should be the Statue of Responsibility on the West Coast. As for the pursuit of happiness: The more we make it a target, the more widely we miss. Happiness is, and will always remain, the unintended effect of meaningful activity.

Therefore, Logotherapy is much more than a process of asking the client questions. It is a call to responsibility. I once had a patient tell me that he was suffering from an "evil parent complex." The patient had shifted his responsibility for his behavior onto his parents. In the same manner the logotherapist must be careful to see that the patient does not shift his responsibilities onto the clinician. To practice true logotherapy, meaning must be found in a place beyond the control of the therapist. In contrast to the concept of responsibility which I have described, a response which frightens me is when I see someone who has resolved themselves to hate or resent an entire race of people. When a Jew, or anyone else who has suffered, insists that, "I an mot willing to reconcile myself with the sons and daughters or even the grandchildren of those who are responsible for my suffering," then

he has embraced the National Socialistic concept of collective guilt. It was called "Zebien Haufen," which means the whole family. If someone opposed the Nationalist Party, the whole family: including the sons, daughters, and horrible conditions of isolation and torture, was the vision of coming home to loved ones or knowing that they would be needed at work. The moment in which they caught that vision was the deciding moment in their survival. Even when death comes, meaning remains as something that has been fulfilled. In contrast to religious or philosophical meaning, which can change over time, individual human meaning remains permanent. My conviction is that nothing is lost or destroyed. No one can deprive us of what we have sadly deposited into the past. Inside each of us there are full granaries where we have stored our life's harvest. The meaning is always there, like barns full of valuable experiences. Whether it is the deeds that we have done, or the things we have learned, the love we have had for someone else, or the suffering we have over come with courage and resolution, each of these bring meaning to life. Indeed, to bear a terrible fate with dignity and compassion for others is something extraordinary. To master your fate and use your suffering to help others is for me the highest of all meanings.

The majority of the information contained in this article can be found in Frankl's July 1994 address to the Evolution of Psychotherapy Conference in Hamburg. Translation/summary from German to English has been provided by Bill Short, Ph.D.

REED'S INTERNATIONAL LETTER

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/952-1200

As we approach April 15th and think carefully about our position in an economy that is changing more rapidly than we can perceive, I hark back to a well-quoted statement by Judge Learned Hand.

To Whom Do We Owe What?

“Over and over again courts have said that there’s nothing sinister in so arranging one’s affairs so as to keep taxes as low as possible. Everyone does it, rich and poor. And all do right for no one owes any public duty to pay more than the law demands. Taxes are enforced extractions, not voluntary contributions. To demand more in the name of morals is mere cant.”

Again, I say, to whom do we owe what?

Without question, nothing is more certain than death and taxes. What is certain is that we don’t need to be taxed to death. . . which is, indeed, something to be considered seriously as one realizes that the Internal Revenue Service imposed a tax on our personal income as an interim, or temporary, tax some years ago and it still exists today in greater force than ever.

The alleged inevitability of taxation has been propagandized for so long that most people are unwilling to subject it to analysis by the same standard that one applies to other courses of action. It is probably true that one has only to observe the penalties imposed by government for non-payment of tax to realize that most people pay their taxes without much fuss primarily because they realize that government will resort to force, very quickly, if the tax isn’t paid.

Ours is certainly not a voluntary tax system. One’s lifestyle can indeed be changed to alter the taxability in one’s favor by the behavior and the recording of that lifestyle. Those of us who are active in the marketplace

pay a lot of taxes. There’s more tax on a loaf of bread, for instance, than there is in materials and labor. . . so those who are actively involved in the exchange in the marketplace pay a lot of tax. I think the resistance to taxation is as natural to Americans as is pumpkin pie and Thanksgiving.

It’s this basic reason that this United States came into being. Maybe it’s time for another tea party!

If you look closely at the Constitution, you’ll begin to realize that although a head-on resistance to the tax law is probably not wise, there’s certainly cause for concern in our time. The radical tax resisters to whom we perhaps owe a debt of gratitude as they draw attention to the un-Constitutionality of the tax law. I seriously doubt that anyone in dentistry is vigorously involved with that feeling to the point that they follow suit.

It is interesting for me to note that most of the well-known tax newsletter writers are presently living outside the United States. This is a wise warning that overt resistance that generates profile is less than wise.

I believe that we all share, with a stiff spine, the general tenor of Americanisms. We are alert to the needs of our country and to honorably express one’s Americanism is somewhat popular. To concern oneself with the minimization of tax bite as much as is possible is an excellent way to vote for the misuse of funds that have been so vigorously procured through taxation. I strongly appreciate aviation and national defense; however, a 22 billion dollar airplane flying in 1988, and several copies at a billion apiece since then, without it having been involved with budget or without our senators knowing where it came from (supposedly), although favorable, is a bit shocking.

Most people aren’t willing to undertake the risk involved with radical tax resistance and are also quite



ignorant of the procedures that can be used by the "little guy" to take advantage of the provisions of the Internal Revenue code.

I would like to stimulate your concern and your interest in and your attention to the fact that if one lives taxwisely, one can make use of the methods available to minimize taxes and also be prepared to have proper records for the Internal Revenue review, should that come.

Since less than 2% of the population is audited, perhaps IRS *roulette* is reality. As the tea party has already been mentioned, perhaps it's fair to remind ourselves that our country was founded by a group of individuals who were voting against King George. The same spirit of unique independent Americanism that was then a phenomenon seems to be growing as the people healthily protest against the largest taxes any of us pays. . . Federal income tax.

Our society can remain most free and most prosperous in the world if the central government power is always held in check as it was intended. And this must be accomplished by those of us who are citizens of the country. Interestingly enough, large corporations and wealthy individuals often pay the least amount of tax proportionately.

In a recent letter that I read, a large number of corporations were listed who paid no Federal income tax in a recent year, even though they had world-wide incomes of well over two billion dollars. This list included US Steel, Bethlehem Steel, Armco, General Dynamics, Singer, Phelps Dodge, American Airlines, Chase Manhattan. . . etc. These non-taxpayers left a burden that is paid by the middle guy. A major inequity under the law favors the wealthy and most particularly the corporate bodies that practice their trade in the United States. The United States could well be called a corporate society.

As we now look at the accumulation of dental practices, in a corporate sense, you can bet your bottom buck that part of the incentive is the taxwise lifestyle. I believe that the corporate structures in dentistry have been overlooked as a power tool and must be reverted to as one of the great "loopholes."

I believe that it's proper for those of us in a small game such as dentistry to use the same smart thinking as is used by those who own and control great wealth. I don't believe it's amoral for the large corporations to use existing tax laws intelligently for their best interest. In financial matters, I believe it's most wise to get the best advice and pay for it. This is indeed how the corporate and wealthy use their loopholes for their own self interest. They legally gain advantages that are provided by the law, rather than by breaking the law. (The difference between "avoiding" and "evading" is ten years.) These same energies can be used well by the individual.

I definitely feel that a dentist needs to be incorporated as a part of his low profile tax resistance program and as you're well aware, I believe the accumulation of strength through corporate roll-up and practice acquisition is here in full force, for our best interest. The government encourages incorporation with a number of favorable laws, especially in the area of taxation. It's rare to find a successful individual who is not incorporated.

Corporate and low profile tax resistance is the cause of wealth, not the effect of wealth. The Revenue Act of May 1978 and the revisions in 1986 closed the door to practically all other tax shelters and loopholes while providing a tax rate on corporations, particularly the smaller ones, which is considerably lower than the personal, in most cases.

Also, to live by doing what you want to do as a business and expensing it is sophisticated and occurs



well under the corporate umbrella. Investment tax credit, the losses incurred and deductibility of those losses, recorded and properly managed provide great strength.

Corporate medical plans, reimbursement plans, research and development, travel and entertainment, continued education. . . all help a great deal when one's lifestyle is carefully planned.

It also protects your assets by limiting your liability in case of certain litigious activities. The amount of money that can be put into a deferred plan, corporately, is certainly a nidus for energy.

Sometimes, in dentistry, we find ourselves in a rat race existence that is contradictory to the concept that we had going into our profession. If one is to live according to one's own values, one must first know what they are and decide to monitor them. Values clarification is an important asset in any one of the long-term planning procedures. We should take a long, hard look at ourselves and consider the factors of age, sex, education, present professional status, career objectives, marital status, children status (their ages), our financial status, our intellectual interests, our emotional quotient, our physical interests and last, but not least, the general lifestyle that we appreciate.

I believe we must also take a look at the assets of life that are stimulating and challenging to us and probably relatively available to us. Proportionately too many of us are "doing what we're doing" and just using our weekends or evenings to do "our thing." I certainly believe that retirement is doing what you finally decide you really want to do in life and I find that I've been retired for quite some time now.

If you're not "retired" it's time to change that. It's simply to realize that no matter what you really enjoy doing, some one in the world is doing it and making a

living at it. So, if you like to fly, ski, travel, work with the arts and crafts, photography, someone's already living that way. Maybe it would be best to take a quick look at them and see how they do it. . . and "go and do thou likewise."

Almost every profession or occupation that will "turn you on" can be connected with a financially practical lifestyle. The original work of Mike Willer (*The Ultimate Loophole, Fly for Free, Boat for Free*) spells out the operative principle. Make your work your life and your life your work. If you're not having a good time at it, you've got a problem. Change it.

I was with a person who was whining and whimpering about having to dine with friends a significant number of nights in a row and the challenge is that if it isn't pleasant and anticipatorially exciting. . . change it. Ironically enough, the tax law may be the focal point that makes you do this.

The Internal Revenue Code is a bulky, complex document that is a result of years of log-rolling, back-scratching, lobbying and pork-barreling and other political activities that's nearly totally incomprehensible to any lay man. . . and to most lawyers and tax accountants. The Internal Revenue Code represents some of the worst legislation put upon us as citizens.

There are a couple of fundamental ideas that go a long way toward explaining the Code. The legislators have been guided by two basic premises; first, to raise revenue. Even legislators realize that they have to have bucks to pay their salaries and do their bureaucratic thing. Second, tax laws can effectually change social policy by taxing some things more heavily and discouraging taxes on others. Various procedures in our community can be stimulated or depressed.

Governance through taxation. . . like it?



We also have re-allocation of wealth from some people to other people and to persuade the recipient that it is a good idea to vote for the acting legislator in the upcoming election. The most obvious example of this is the income tax gradation that is penalizing the prosperous and subsidizing the prostitutes.

It's ironic and yet conclusively inevitable that a good way to beat the tax system is to do what you like to do as a business. You may start out as a moonlighting operation and add it to your dental procedure. But I believe every dentist has to be two or three, or maybe even four, businesses, incorporated or otherwise. I have a number of outstanding examples of this in dentists who heard this message in the 70s and are presently doing exceptionally well. How would you like to gross \$1,400,000/year and never pay more than \$8,000 in income tax?

The how to's must be carefully stated and applied personally. The current regulations in our tax world penalize the accounting, recording and reporting people if there's an error, or mis-interpretation, so not only are those who are assisting us alerted to destroy this taxwise lifestyle and profitless prosperity scheme, but they are penalized substantially if they are construed to be a part of it. Interesting. (\$10,000 per incident.)

Deductible expenses that occurred in operating the business are subtracted from the taxpayer's gross income, resulting in an adjusted gross income, which helps a great deal. I encourage you to do what you do as a business and report that, honestly and substantiate it with records for those who do your tax return.

The most important operating rule in this low profile taxwise lifestyle is keep records in a manner that business people keep records. This is why I feel that the corporate practice in dentistry is extremely wise from it's very inception. Most dentists don't live as

business people. They've "escaped" Business 101 and Behavioral Sciences 101 and they don't keep records. They don't have meetings, they don't make decision, they don't document decisions they do make and maintain the articles and by-laws to run their business and/or life. Therefore they are much less able to defend their transactions.

I prefer the tremendous advantage that comes from business procedure of the corporate structure whether it's enough money for pension, profit-sharing plans or not, whether it provides enough or not. Where taxation is concerned, the law places the burden of proof on the taxpayer. You're guilty until proven innocent. If one does not go about enjoying one's self in a businesslike manner, I believe that person owns the problem. If one does enjoy himself appropriately, keeping business-like records, he has a great likelihood of succeeding in the low profile taxwise lifestyle.

Of course, an audit may occur. That's fine. The worst is that the IRS can disallow and penalize which creates for you a rather civil situation, not a criminal offense. . . a low interest rate loan which you must now pay back. It's also true that the IRS requires that the audits be completed and an assessment made within three years of the date of the return; therefore, if the return for the prior year is filed on April 15, the IRS may make the assessment prior to April 15 three years later. As a practical matter, short of fraud, the IRS will not take an audit unless it has more than a year to complete its project before the three-year period expires, unless there's criminal suspicion. There's nothing as persuasive to an agent as thorough documentation of every expenditure and deduction that the taxpayer claims. We advocate that you keep a complete copy, in file marked Internal Revenue Code/Service so if he comes around, the agent at his request your response is "yes" or "here's your copy". . . "here's your copy". . . "here's your copy." He gets only the copies he asks for, but certainly it makes a great difference. There's



much that could be said about an audit and how one handles one of these situations, but I really believe this rests in the hands of your lay advisory board. Pentegra can certainly advise clearly on this one, or those to whom you intimately are acquainted or with whom you have high trust/low fear, including your tax attorney.

Profitless prosperity is certainly available in America. This involves first making an assessment of your own value system and interests and then organizing your life so you can conduct that which you enjoy doing as a business. You can be involved with several businesses at one time. In fact, we advocate that you do. The idea is to decide what you like to do, do it as a business. Do what you know well. Most dentists should have a dental laboratory, drop-ship or otherwise, at least a holding company or a clearing house as a beginning, possibly something to do with supplies and/or how you lease your equipment from your educational trust for your children's college education or back through your team. There's ton of ways to go.

I believe dentists can buy gold and document its storage, which certainly reduces the taxable income and stores an asset that's relevant to the practice. If a general person in the market can hedge on sow bellies and soybeans, the dentist can also hedge on the materials and procedures he knows well. The idea is to decide what you'd like to do, make a business of it. It's the only way to go. The IRS code provides tax deductions in the conduct of business or for the production of income and a great opportunity is created by one's taxable income, keeping one's taxable income as near zero as possible.

Most dentists have taxable income of in excess of the average. In fact, the American Dental Association recently reports \$120,000 as an average. It's certainly one of the upper tax brackets for individuals.

If the IRS audits you, the present system for audits and appeals and submissions for your records is certainly not impractical and it also creates an additional alternative for you to keep your money for at least a few additional years, even if you may have to give some of it back. The amount given back, as previously stated, is the economic equivalent of a very low interest loan.

We certainly want you to hark back to the Napili 3/4 model-building, plantrolling workshop which we do once a year. This year in the Grand Caymans in April at the Radisson Hotel. This is the two-manual type workshop available to you for long-range planning and the values clarification and focus that precedes taxwise lifestyle.

The global village is here for you to live accurately and honestly under the laws of the land as you do business. "Offshore" is part of what we consider to be not only reasonable, morally correct, but American.

RSVP ad lib.

By the time you receive this, we'll be in Vancouver for a one-day lecture and then off "over the Pole" to London for the Alpha Omega day on the 16th and then onward to York for People Without Perio. We'll be in London for two or three days after that to touch base with Pentegra members and teams and to do a couple of on-sites for potential new members. It's becoming obvious that the time is going to be too short to accomplish all that we'd like to do.

We're looking forward to being in the Grand Caymans at the Radisson Hotel for the Model-building/Taxwise Lifestyle workshop on the 16th of April. Omer and I will be there from the 12th until the 20th so come, join us. That will give you extra time to investigate the offshore nature of taxwise living and to meet and greet some of the persons with whom we've worked. The Radisson has given us a good rate, it's high season in the Caymans so we're especially pleased that we were able to get a block of rooms.

Have you read Hal Rosenbluth's book, *The Customer Comes Second*? This is the foundation for the Team First workshop, 1-3 May. It applies so profoundly to dentistry and to the persons on the dental team who are so very vital to the "profitable dentist" concept. How can I encourage you to be here? None of us is as smart as all of us. . . your presence is important and coveted.

I have space for four more people for the trip to South Africa in August (13-31). The cost is \$6240/person, \$500/person due right now. . .we're booked into four game parks, the Dental Congress in Sun City, and several days along the Garden Route on our way to Cape Town. We're traveling with 20 persons, so it is a custom tour. I must know NOW if you can join us. Call today!

The Ultimate Loophole is a method of tax planning, derived from the application of scientific problem-solving techniques, provides a system (a method of thinking) that allows any taxpayer to entirely eliminate his tax bill, if he desires. There is no "secret" or "loophole" per se: just a straightforward, common sense approach to the solution of an age-old problem.

The Internal Revenue Code, as amended, contains thousands of rules, definitions, loopholes, exceptions. The law is supported by special regulations, rulings, court cases and precedents in utterly incomprehensible volume. Congress after Congress has piled new law upon old; patchwork upon quilt; special interest legislation upon social incentive until no human even realizes the inter-related effects of newly passed law upon the operation of the old. Simply, the only reason the law seems to work is because it is so bewildering to laymen (and most professionals) that the task of reading, understanding and acting upon it to reduce personal taxes is quite impossible.

The taxpayer therefore dutifully fills out the form in belief that no other alternative exists. Other alternatives DO exist. We infrequently read of the millionaires who have paid little or no taxes. We never read of the thousands of people of more modest means who pay nothing each year. Yet they do exist. And their methods are straightforward, legal, simple, and completely within the spirit, meaning and intent of our laws. They have applied a scientific approach to the solution of their tax problem.

By objectively defining the end result desired, measuring and organizing their tax data and financial base, they have selected the law, rules and regulations that, when applied to their personal situation, result in the desired objective. Anyone who desires to can accomplish the same thing.

One word of advice: always seek help if you are the slightest bit uncertain about what you are doing. Good planning includes "verification" that your chosen course is proper and will result in the desired objective. Your attorney, accountant, or other professional advisor should be consulted before you commit yourself to a course of action with which you are not thoroughly knowledgeable.

Join us in the Caymans. . . you've paid your taxes by now. . .let's talk about how you can create an alternative plan for 1997. The resource book for your ten-year plan (personal, professional and financial) will be a guide for you to "fill in the blanks" and personalize. It's an eye-opener. The fresh ocean air on seven-mile beach is a "pore opener." You'll be far enough away from the tyrant called "urgency" to take a peaceful look at your preferred future.

REED'S INTERNATIONAL LETTER

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/852-0956

An issue of personal responsibility that is fundamental, not only to our civil society, but to our humanity is the ethics of speech. The Golden Rule should apply not just to how we act toward others, but how we speak about them.

Words. . .

The impact of words is powerful, often negative. Can you go for 24 hours without saying any unkind words about, or to, anybody? If you can't answer "yes", recognize that you have a serious problem. If you cannot go for 24 hours without drinking liquor, you are addicted to alcohol. If you cannot go for 24 hours without smoking, you are addicted to nicotine. Similarly, if you cannot go for 24 hours without saying unkind words about others, then you have lost control over your tongue.

How can one compare the harm done by a bit of gossip or a few unpleasant words to the damage caused by alcohol and smoking? Unless you, or someone dear to you, has been the victim of terrible physical violence, chances are the worst pains you've suffered have come from words used cruelly. . . from ego-destroying criticism, excessive anger, sarcasm, public and private humiliation, hurtful nicknames, betrayal of secrets, rumors and malicious gossip.

There is no area of life in which so many of us systematically violate the Golden Rule. If you went into a room and heard people talking about you. . . your character flaws and the intimate details of your social life. Yet, when you are with friends and the conversation turns to people not present, what aspects of their lives are you and your companions most likely to explore? Is it not their character flaws and the intimate details of their social lives?

If you don't take part, congratulations. But before asserting this as a definite fact, try monitoring your conversation for two days, noting on paper every time you (and others) say something negative about someone who is not present. Also record your reactions when that happens. Do you try to silence the speaker, or do you ask for more details? For accuracy, don't change the content of your conversations throughout the two-day period, and don't try to be kinder than usual in assessing another's character and actions. You may be unpleasantly surprised at the results.

Negative comments are but one way we wound with words; we also often cruelly hurt those *to whom* we are speaking. Many of us, when enraged, grossly exaggerate the wrong done by the person who has provoked us. If the anger expressed is disproportionate to the provocation, it is unfair, often inflicts great hurt and damage, and thus is unethical. All too often many of us criticize others with harsh, offensive words, turn disputes into quarrels, belittle or humiliate others, and inflict wounds that last a lifetime.

One reason that many otherwise "good" people use words irresponsibly and cruelly is that they regard the injuries inflicted by words as intangible and therefore minimize the damage they can inflict. For generations children taunted by playmates have been taught that "sticks and stones can break my bones, but words can never harm me." Does anyone really think that a child exposed to such abuse believes it?

An old Jewish teaching compares the tongue to an arrow. "If a man unsheathes his sword to kill his friend, and his friend pleads with him and begs for mercy, the man may return the sword to its scabbard. But an arrow, once it is shot, cannot be returned." Because words can be used to inflict devastating and irrevocable suffering, Jewish teachings go so far as to compare cruel words to murder. A penitent thief can return the money he has stolen; a murderer, no matter how



sincerely he repents, cannot restore his victim to life. Similarly, one who damages another's reputation through malicious gossip or who humiliates another publicly can never fully undo the damage.

Words are very powerful. Indeed, the Bible teaches that God created the world through words. "And God said, 'Let there be light,' and there was light." Human beings also create with words. Consider that most, if not all, of us have had the experience of reading a novel and being so moved by the fate of a character that we have cried, even though the character does not exist. The writer took a blank piece of paper, put words on it, and through words alone created a human being so totally real that s/he is capable of evoking our deep emotions.

Words are powerful enough to lead to love, but they can also lead to hatred and terrible pain. We must be extremely careful how we use them. Words define our place in the world. Once our place (our reputation) is defined, it is very hard to change, particularly if it is negative.

Considerate, fair and civilized use of words is every bit as necessary in the larger society as in on-on-one relationships. Throughout history, words used unfairly have promoted hatred and even murder. African Americans were long branded with words that depicted them as subhuman. Those who first described blacks in such terms hoped to enable whites to view them as different and inferior to themselves. This was important because, if whites perceived blacks as fully human, otherwise "decent" people could never have tolerated their persecution, enslavement, or lynching. When the radical Black Panther Party referred to police as "pigs" during the 60s, its intention was not to hurt policemen's feelings but to dehumanize them and so establish in people's minds that murdering a policeman was really only like killing a dumb animal.

Three types of speech that we should decrease or eliminate are (1) non-defamatory and true remarks about others, (2) negative, though true, stores that lower the esteem in which people hold the person being discussed, and (3) slander; i.e., lies or rumors that are negative and false.

What possible reason could there be for discouraging people from exchanging innocuous, even complimentary, information? An important reason for discouraging "innocuous" gossip is that it rarely remains so. How likely is it that you will devote the entire time of a 20-minute conversation with a friend to exchanging stores about his or her niceness? Maybe you will if that person is Mother Teresa. Otherwise the conversation will likely take on a negative tone. Exchanging critical news and evaluations about others is far more interesting and enjoyable than exchanging accolades. If I were to say "Janet is a wonderful person. There's just *one thing* I can't stand about her," on what aspects of Janet's character do you think the rest of our conversation will most likely focus? Nobody ever gossips about other people's secret virtues. What most interests most people about others are their character flaws.

Even if you do not let the discussion shift in a negative direction, becoming an ethical speaker forces you to anticipate the inadvertent harm your words might cause. . . although praising a friend might seem laudable, doing so in the presence of someone who dislikes her will probably do your friend's reputation more harm than good. Your words may provoke her antagonist to voice the reasons for his/her dislike, particularly if you leave soon after making your positive remarks.

Most people seem to think there is nothing morally wrong in spreading negative information about another as long as the information is true. Ordinary experience proves otherwise. Perhaps that is why the Jewish term *lashon ha-ra* ("bad language" or "bad tongue") has no precise equivalent in English. For, unlike slander,



which is universally condemned as immoral because it is false, *lashon ha-ra* is true. It is the dissemination of accurate information that will lower the status of the person to whom it refers. . . negative truth.

Jewish law forbids spreading negative truths about others unless the person to whom you are speaking needs the information. "Never tell evil of a man if you do not know it for a certainty, and if you know it for a certainty, then ask yourself, 'Why should I tell it?'" Intention has a great deal to do with the circumstances in which it is prohibited to speak negative truths. The same statement, depending on the context, can constitute a compliment or a mean-spirited attempt to diminish another person's status. If you say that a person known to have limited funds gave a hundred dollars to a charity, you will probably raise the person's stature because people will be impressed with his generosity. But if you say that an individual known to be wealthy gave a hundred dollars to that charity, the effect will be to diminish respect for the person who will now be thought of as "cheap." Unfortunately this realization does not deter many people from speaking negative truths. Gossip often is so interesting that it impels many of us to violate the Golden Rule.

The most grievous violation of ethical speech is, of course, the spreading of malicious falsehoods. To destroy someone's good name is to commit a kind of murder. . . that is why it is called "character assassination." Indeed, it has led to literal murder. During Europe's devastating 14th century Black Plague, anti-Semites and others seeking scapegoats spread the lie that Jews had caused the Plague by poisoning village wells. Within a few months, enraged mobs murdered tens of thousands of Jews. Too often, the victims of slanderous tongues suffer terribly.

What if we could share our consciousness of the power of words with many others. . . even the whole nation?

How about a "Speak No Evil" Day, a proclamation calling on the American people to:

- . . . eliminate all hurtful and unfair talk for 24 hours;
- . . . transmit negative information only when necessary;
- . . . monitor and regulate how they speak to others;
- . . . strive to keep anger under control;
- . . . argue fairly, and not allow disputes to degenerate into name-calling or other forms of verbal abuse;
- . . . and speak about others with the same kindness and fairness that they wish others to exercise when speaking about them.

This day would plant the seed of a more permanent shift in our consciousness. It would hopefully touch everyone. . . from journalists, politicians, activists, teachers, ministers, and businessmen to mothers, fathers, brothers, sisters, sons and daughters.

"It is not within everyone's power to be beautiful, but all of us can make sure that the words that come out of our mouths are." A "Speak No Evil" Day could be a 24-hour period of verbal beauty. . . a day when a child can go to school confident no one will say a cruel word to him; a day when an employee with a sharp-tongued boss can go to work without the fear of being verbally abused; when the sharp-tongued boss will say nothing that will cause pain to another; a day when a husband who always complains tell his wife what he loves about her; a day when a person of one race will see beyond the color of another person's skin; a day when people will use the words that heal others' emotional wounds, not those that inflict them. Only on such a day will we experience a taste of heaven on earth. "If you will it, it is no fantasy." If we only want it enough a "Speak No Evil" Day is possible Let us try.

(From Rabbi Joseph Telushkin's book "Words That Hurt, Words That Heal: How to Choose Words Wisely and Well" . . . Reprinted by permission from Imprimis, the monthly journal of Hillsdale College.)

Good things come in small packages! We enjoyed the attentive participation of a small package of excellent people in Vancouver last month. We met 57 exceptionally "cutting edge" folks at the Ultramedix day at the Renaissance.

There was a lot of excitement at the Alpha Omega Annenberg Lecture in London on the 16th. We were so pleased to be in the company of the AO international president, J. Steven Kahan, and to meet Dr. Chaim Tal, dean of the dental school in Tel Aviv, and John Wolffe, Mervyn Druian, Silvio and Diego Jazanovich from Madrid. . . and more. Wow!

London was gloriously covered with Spring green and daffodils blossoming everywhere! Forget "London Fog". . . we had lovely, balmy Spring weather.

Next, to the Caymans for the Napili 3/4 with a small, intimate group of those who will plan for a preferred, rather than a probable, future.

May 1-2-3: Team First in Phoenix. Even if your weather is beautiful and you hesitate to leave home, these three or four days away from your Spring will give you a return on your investment that will make the trip, and your summer, worthwhile. Join us!

May 22-24: Micro-teaching Experience in Case Presentation. . . we had not planned another of these opportunities for this year, but are doing so because it's been requested; hoping the timing is appropriate to entice 10-15 doctors to join us. Can you, will you, come?

June 20-22: Early announcement for the two-day microscopy course, pertinent to your health-care instructor, hygienist and you. Great clinicians, extremely important information.

Count That Day Lost

If you sit down at the set of sun
and count the acts that you have done,
And, counting, find
One self-denying deed, one word
That eased the heart of him who heard,
One glance most kind
That fell like sunshine where it went. . .
Then you may count that day well spent.

But if, through all the livelong day,
You've cheered no heart, by yea or nay. . .
If, through it all
You've nothing done that you can trace
that brought the sunshine to one face. . .
No act most small
That helped some soul and nothing cost. . .
Then count that day as worse than lost.

Mary Ann Evans

REED'S INTERNATIONAL LETTER

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/952-1200

The professional world is in a state of flux that is remarkable and the various dental publications and numerous practice managers and coaches, in their newsletters, have reviewed what is coming to be called "management service organizations."

Consolidation

These reviews and articles plenteously deride or extol the virtues of this relatively new concept at a time when most of us in dentistry look at private care in medicine as a thing of the past.

Being cloistered, monastically, in our widely scattered office arrangements, we're not prone to the hospital phenomenon that overtook medicine or the corporate takeover of the profession that followed.

Certain factors provide us with a difference that will produce a future position for our profession far different from medicine.

Nevertheless, the thoughtful understanding of this phenomenon management service organizations is appropriate.

There are eight orthodontic groups in position to go public, or that have gone public, and a comparative analysis of these organizations produces an interesting result. A careful study of the information presented in their offerings exposes the corporate officers, when the organization began, the number of doctors affiliated, the date of the initial

public offering, the underwriters involved with taking the group public, the practice valuation philosophy, the actual form of payment for the practice as it was taken into the group, the term of affiliation agreement for the group with the new corporate structure and the effective management fee, the compensation paid to the doctors (first, second and third years), and the minimum number of years the doctor contractually agrees to remain as well as the stated advantages that each group has as compared to the others.

This type of study is certainly more than appropriate for anyone considering this corporate lifestyle and the independent public offering that rolls the practices up into a single group as well as the energy provided by this group for the future of the dentist and his family.

The purpose of this letter is to alert our readers to our awareness and interest in this process and offering to be a resource for your questions irrespective of which group you may be considering in that we have invested a serious amount of time and effort into being aware of the corporate lifestyle practice that is available to the dentist.

The April issue of **Dental Economics** presents an article by Dr. Robert Hamric on the wisdom and numbers that follow in selling the practice early to a new owner and remaining in the practice as a worker and properly using the economic strength that comes as a part of your independence day program.

I'm certain that in the immediate future this particular subject will appear in all of the dental "rags" and the message on all the "wagging tongues" of



all of us who play on the field of dental consulting, coaching, whatever other title seems to be appropriate.

It is my feeling that for you to intensely study and be aware of these practices is critically important to your future.

Not to decide is to decide. To be totally disinterested is not in one's best interest.

Certain factors in the over-simplification of the idea system are critical to its understanding. The critical mass of economic strength represented by the paper value of a person's practice is not available until the practice is sold.

I believe it's important for the loved ones (the dentist's family) for a practice valuation and an exit strategy to always be in place, even for those who do not intend to exercise it as a part of the estate plan as in the event of death, the family may "hate the dusty bones" of the dentist for the mess left to the family if such a package is not in place.

Tradition in dentistry shows the maturing dentist toward the end of his professional career winding down his practice a bit, "cherry-picking," or reducing the number of days and therefore the productivity of the practice over the later years of the practice until the time of sale at which time the critical mass has been reduced over its peak. And any sale made is somewhat less than desirable.

Many practitioners have reached their economic independence day long before they decide not to practice and are in a position to have taken enough profit from the business to not sell it at all.

Many mind-sets exist in regard to this decision.

Several things are, however, appropriate for our discussion and they include the numbers run that can be made on the early sale of the practice creating the critical mass for investment and the accrual of economic strength over time while one works in the practice for either a salary or a percentage of productivity.

There is no way that you can "have your cake and eat it, too" that equals the early sale of the practice to a capable trusted source, person or corporation, and mathematically progressing that otherwise unavailable seed money energy over time.

The *Rule of 72* needs to be studied in that it's a quick rule of thumb in regard to gain. Taxfree growth at 10% of a corpus has it doubling every seventh year. Many dentists, when they view the mathematical progression and numbers run over a 10- to 15- or even a 20-year period, realize that they can double or triple the exit strategy of their business, in fact, by selling it early. In no other way could they enhance their retirement energy to that degree.

Each of us is remarkably different as to how we practice the efficiency of business in regard to its "vital signs" and it's obvious the practices with lower overheads, higher productivities, more productivity per unit time, and honest fee structures based on costs with no "in the red" segments are evaluated by brokers, dealers or estate planners more highly than those which are not.

It behooves one to have a lean, clean, green machine when approaching any kind of practice



transition as it benefits the seller and the buyer in a remarkable way to have such a practice to sell or buy. Several Pentegra practices operate well under 40% overhead. With a gross of \$400,000 to \$500,000, with a solo practitioner, income is a valuable commodity.

Other practices doing \$1,250,000 with an 80% overhead, scattered productivity and weaknesses in team arrangement, scheduling and fee structuring really would benefit by a program such as Pentegra prior to the exit strategy.

Many upscale practices that have reasonably low overheads and high productivity have tried to transition with associates, various brokerages and formulas available through commercial brokers and/or the ADA formulas only to find that it is extremely difficult and confusing and that it really doesn't make good sense.

You must "carry back (loan) the person buying your practice for five to seven years so he can afford to buy. Then you must stay in the practice (work in it to keep it together in case you have to take it back) and the amount of money you leave, by your productivity, provides him with more than enough to pay you for the business. It frustrates one's emotions to enter into such a process.

Practices with 30-50% of the gross from the dental hygiene department will easily find that cash can come out of the dental hygiene program for the buyer to pay the seller and most sellers find this emotionally "snagging" as well.

As the King would say, "Tis a puzzlement."

Now comes the corporate practice with the IPO, the roll-up and the public money that actually energizes the transaction and stock that can be used as currency over time and we have the best of all worlds.

It's obvious that if a dentist is going to have an associate come in and work on an equity basis for three years prior to buying, that, in most cases, the dentist is willing to go to work for the associate at the point of sale for the same contract that he was willing to extend to the associate. The haunting figures that come from most data searches shows this figure to be at or about 30% of gross.

Many dentists live out of gross instead of net and "play roulette" with the IRS. They have, in effect, been paid for their practices over time by the money not paid to the IRS by extending what we call discretionary overhead. If, for example, the practice provides the dentist with a large number of things and he moves the "take" from the business up to 50% or 60% of gross, then, in effect, the practice has been paid for in cash increments by the IRS over time, hasn't it?

This is a double-bind because at the point of sale if the dentist chooses to use a "second set of books" in order to value the practice and sell what he's been paid for again, it could create problems.

A most exciting formula includes 30% of gross on the point of sale and an incremental formula that allows the now-employed previous owner to participate in the purification of the practice in its leaning, greening and serening over time. That is to say, if overhead containment that benefits the



net, the employed former owner participates in that as well as in his 30% of gross. This is also true of production per unit time and other factors that provide a leaner, cleaner business procedure.

Without question, at 30% of gross with these factors worked in, within 18 months almost any practitioner can be back at the cash take home he was appreciating before and still have, in cash and stock, 100% of his previous years gross.

If this is mathematically allowed to progress in the form of proper investment and if the price earnings ratio of the stock that is used to purchase the practice from the doctor is allowed to continue to grow (tax free) individual "numbers runs" become remarkably enhancing in ten-year increments.

This kind of awareness and planning offsets the downside. Emotionally, the doctor doesn't want to lose control and work for some one or some thing else.

Dentistry seems to be an "honor bound" system that provides the dentist being his own boss. On close scrutiny, however, it seems that the dentist is not his own boss, but that the person coming for the care and the people who work on the team pretty much dictate what's going to happen on a day-to-day basis in the face of the best planning.

When the doctor takes a hard look at his future and evaluates the exchange, the downside dims considerably in the face of mathematical progression, critical mass, net worth enhancement and using stock as a currency, which is difficult for most dental cerebra to comprehend.

Nevertheless, I encourage vigorous study on the part of all dentists reading this missile to seriously consider the corporate world that provides the professional a new way to practice that if properly selected and governed is far superior to the cloistered monastic cottage industry system of the past.

We, as a group, can declare personal, private care, fee for service and corporately honor that position (most of the corporates are not personal, private care) thereby providing that which organized dentistry has not chosen to speak to with great clarity or much energy.

This niche marketing to people who value personal care is not unwise in that self-pay was over 60% last year and insurance, the Fed and managed care divided up the balance.

Properly approached, this market can be preserved and it's likely that there are more people out there demanding private personal care than there are doctors providing it.

To preserve this niche market relationship because of the unconditional commitment to philosophy, vision and mission, governance, strategy and structure is a remarkably peace-enhancing procedure.

As most of you know, Napili/Pentegra has proceeded to study this with great interest and we have formed a corporate entity, funding that entity, retained the corporate team, done a business plan and an executive summary with the help of Arthur Anderson and Faegre & Benson, a very large, capable legal firm in Minneapolis and have made the decision to proceed.



Without question, Napili and Pentegra, as functions with the teams in place and the history of Napili (35 years) and Pentegra (10 years), both through administrative and continuing education process, will provide the sustainable competitive advantage from within this corporate entity to make it be significantly different than any other.

General configuration of valuation will be 80% to 125% of gross, 30% of productivity as an initial contract.

We view the purchase of the business that we choose to buy as being somewhat sacred.

If it's good enough to roll up in the corporate entity, it would seem wise to not change what it's doing too dramatically in the early years so as to preserve why it is that the practice is worthy of being included.

On the other hand, the economies of scale that have been achieved by Pentegra will continue to provide higher profitability, less working hours, quality and excellence will be assured with the program of quality assurance, data base oriented and the economies of scale in purchasing supplies and new equipment and other items of future focus will be win/win.

In closing this generic descriptive, I must include the five-point checklist that is critical to any personal relationship and/or business, including this one.

Any one of the five points missing would preclude this being a desirable package.

1. It must be fun.
2. It must be profitable.
3. It must be win/win for all people involved. (This means the person sitting in the chair, the team, the doctor, the company, the investors of the stock market who participate.)
4. It must have honesty and integrity in its corpus.
5. It must do good for mankind over time.

Without question, this is a complex ambitious undertaking. Nevertheless, the next ten or fifteen years will be enhanced and the challenge and excitement of getting out of bed in the morning will be accelerated and the truth in "Hot dog! I get to go to the office!" will be manifest.

Come join us. This is going to be fun, profitable, win/win, have honesty and integrity at its heart and undoubtedly do good for mankind over time.

The Radisson at Seven Mile Beach in Grand Cayman is becoming a Marriott as of June, so Marriott "black card" holders will have another reason to be there with us next time we go! The hotel is undergoing some renovation and continues to be a great spot to change, learn and grow. The indoor restaurant has been moved to a lovely patio-type area which receives the balmy ocean breezes while eating delightfully presented gourmet meals. There is more to the Caymans than food; however, and 20 of us were heavily involved in meaningful discussions about living more taxwisely. What better time than when we'd all just paid our yearly dues to Uncle? Anne Cameron entered one of the Earth Day festivities and won the half mile swimming race. She proudly carried her trophy to our final "togethering" evening. The ferry from the Hyatt to Rum Point for dinner in a cleverly decorated indoor/outdoor restaurant is a treat that's worth the cost.

Change is in the air! In addition to corporate roll-up, these other "opportunity costs," if not attended, are offered, for the last time, to a general market:

May 23-24: Micro-teaching experience in Case Presentation.

June 20-22: Microscopy course with Kay Corbin, EFH, and Donna Frederick, DCT.

July 24-26: July Jamboree. . . with emphasis on care-pair, single chair, hands on tooth preparation and case presentation.

We have a real deal hotel situation, newly constructed, with a three-day package for about \$119! It's a walkable distance from here, across the street from all kinds of food. Come join us for a hot summer experience (it's not the heat, it's the humidity)! Casual dress required.

Re: The Dumbest Profession

Managed care is here to stay in all fields, but we as dentists do not have to accept it. There will always be a place for fee-for-service dentistry. The trick is to treat your patients so well that they will want to stay with you through anything. The future belongs to the dentist willing to raise his fees when everyone else is cutting theirs by accepting HMOs.

Raising your fees 20% and with a 65% overhead, you could lose 40% of your patients and still have the same net income.

I recently dropped a managed care plan (CIGNA) which was about 20% of my practice. Most of the patients have said they will switch to a new plan as soon as their waiting is up. Amazing to think I stayed with this plan so long, afraid to lose patients. It's so much nicer taking time to treat people with ideal materials and being paid full fees.

Dentists are not dumb, but perhaps afraid if they don't sign up for these plans they will be left out and lose a few patients. Unify to reject these plans which are taking over the profession as they did in medicine and pharmacy.

The future is in continuing education and comprehensive treatment plans.

KN. . .Windsor, CT

BUSINESS

Managed-care growth putting bite on dentists

Trend toward HMOs mirrors that of medicine

By David Algeo

Denver Post Business Writer

Dr. Daniel Dwyer, an Aurora dentist, found himself peering into the mouth of a worrisome new trend two years ago.

Increasing numbers of dentists in Colorado and other states are probing and poking about the same phenomenon: the rapid rise of managed health-care plans in dentistry.

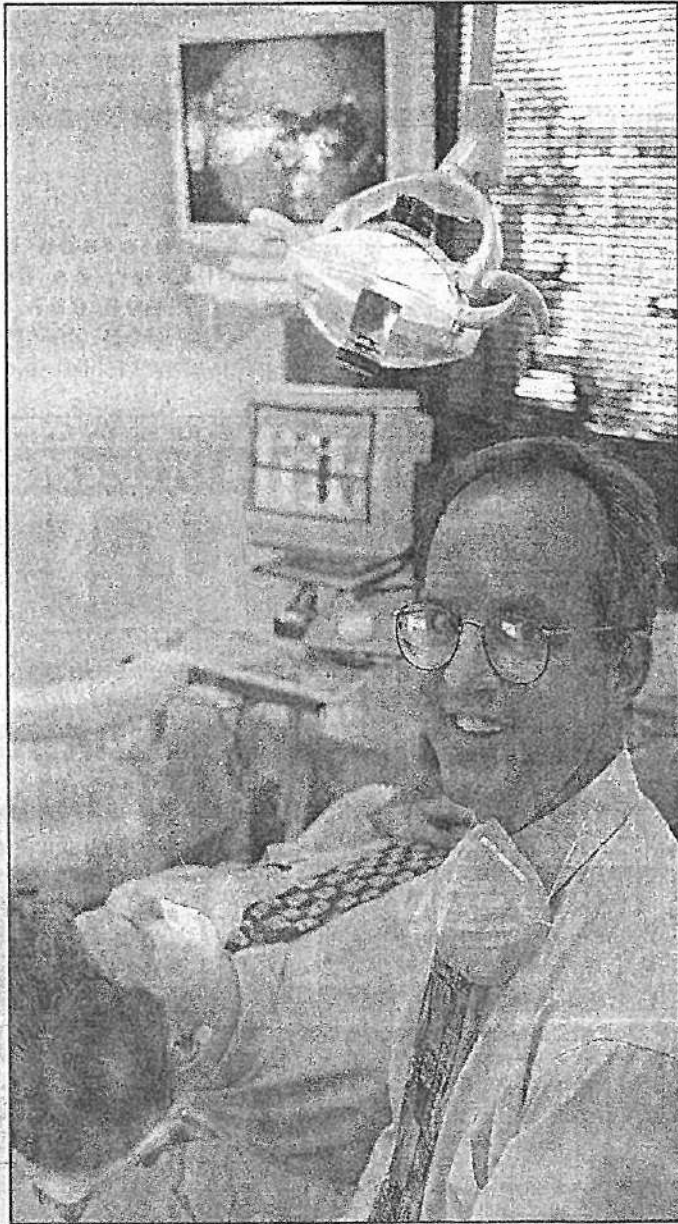
Managed care has come to dominate medicine this decade. Now it promises to make heavy inroads into dentistry.

About 60 percent of Coloradans who have health insurance are enrolled in health-maintenance organizations and other managed-care plans. The plans have put hospitals and physicians under intense pressure to provide cheaper health care.

An estimated 30 percent of Coloradans who have dental insurance are enrolled in dental HMOs and other types of managed-care plans. Some say the percentage will surge in the next five years. If so, dentistry will find itself where medicine is now — struggling to cut costs or swallow lower profits.

When Dwyer began taking note of the managed-care phenomenon, he had been in a solo Aurora dental practice for nine years. Most of his patients had been with him for the long haul. What disturbed him was that he was getting fewer and fewer new patients.

People who otherwise might



The Denver Post / Brian Brainerd

Dr. Daniel Dwyer, an Aurora dentist who left a solo practice to join a large managed-care operation, is representative of the changing industry.

Please see DENTIST on 7E

Managed care makes big inroads into dentistry

DENTIST from Page 1E

have come to his three-chair office were seeing dentists who had signed contracts with dental HMOs. Even some longtime patients were signing up with HMOs and saying good-bye to Dwyer, who hadn't signed up with any managed-care plans.

The 38-year-old dentist figured he couldn't make any money working with the plans. Their reimbursement rates were too low. But he also figured that if he didn't sign up his patient base would drop so low that he would lose money.

Sold out solo practice

So he sold the practice to Dental Health Clinics of America, a Denver-based, investor-owned company that buys and manages dental centers. Dwyer then went to work for Dental Health as a salaried dentist. Nearly half his patients today come from managed-care plans, he estimated.

The company's nine metro-Denver clinics attract so many managed-care enrollees that the volume offsets the lower fees that the plans pay. In addition, the clinic in which Dwyer works is so big — he is one of three dentists — that it operates more cost-effectively than solo practices do, Dwyer said. Dental Health also has the cash to buy the latest equipment, which boosts efficiency, and maintain a staff of six hygienists and dental assistants. They do many of the jobs the dentists used to do, freeing the dentists to see more patients.

"To survive in managed care, you have to do volume," Dwyer said. "There is no doubt about that. The reimbursements are so low you have to do twice as much as you normally would. I know a number of dentists who still aren't doing managed care and it's affecting them negatively, because they are losing so many patients to insurance contracts. Anyone who tells you managed care hasn't impacted them is probably not being honest,"

Clinics like Dwyer's — some dentists call them super-practices — remain a rarity in Colorado. The Metropolitan Denver Dental Society estimates that only 8 percent of its members have contracts with managed-care plans. And the vast majority remain in solo practice.

Wave of the future

But managed care clearly is erupting nationwide. Enrollment in dental HMOs swelled to 20.6 million in 1995, up from 7.8 million in 1990, said the National Association of Dental Plans. The growth of the plans is causing some consolidation to occur among dental practices, though the majority of U.S. dentists remain in solo practice.

The same trends are emerging in Colorado, said Dr. Stephen Perry, founder of Dental Health, the company that bought Dwyer's practice. Within five years, most insured Coloradians will be in dental managed-care plans, Perry predicted. If so, many of Colorado's 3,500 dentists will face the dilemma Dwyer faced two years ago: avoiding managed care and losing patients, or signing up with the plans and losing money.

The way out of the dilemma, Perry said, is for dentists to change their business practices — join big groups, hire professionals to do the paperwork, bring in more technicians to free dentists to do more complex work, and cut better deals with managed-care plans.

Dentists who sign up with the plans but don't change their business practices are "going to lose a lot of money," Perry said. Profit margins for dentists tend to run 30 percent to 40 percent. Managed-care plans try to cut that in half.

"That's why we are seeing the development of the super-practice," said Michael Iacoboni, a Loveland dentist and editor-in-chief of the Journal of the Colorado Dental Association. "It is a volume-based model, an adaptation to managed care."

In Larimer County, nine or 10 big practices that focus heavily on managed-care patients have emerged and they have taken a big share of the county's dental market, Iacoboni said.

He tried working with managed-care plans in the 1980s only to abandon them. "Most of us who tried it decided to go back to things the way they used to be," he said.

The high-volume, low-fee structure "makes dentists mad," said a Denver dentist who asked that his name not be published.

"When you're working for half the usual fee, you can't provide the same quality of care. You have to cut corners. You send things to an out-of-state lab instead of local labs. You get cheaper employees," he said.

Flat-fee plans

Many of his patients belong to capitated plans — plans that pay the dentist a flat fee, sometimes \$5 or \$10 a month, for every enrollee who agrees to be a regular patient at his dental clinic.

The dentist uses the money to cover all plan members who have signed up at the clinic. If he doesn't keep a lid on the amount and kind of care provided, money goes down the spillover.

"The less care you provide the better off you are," he groused. "Sometimes, the best thing you can do is go on vacation."

Perry and Dwyer of Dental Health Clinics said their company has been able to maintain or improve the quality of care despite financial pressures that managed-care plans impose. The use of more highly trained technicians is the key, Dwyer said.

Why it's this way

A number of factors have kept managed care from overrunning dentistry, said Thomas Oberle, executive director of the Colorado Dental Association.

The cost-conscious plans don't have as much room to create efficiencies in dentistry as they have had in medicine, he said. Traditionally, or indemnity, dental insurance pays only a portion of the patient's bill, leaving the patient with the rest. Even the best plans pay 50 percent, Oberle said. With patients covering so much of the tab, dentists have to be efficient, he said.

Perry sees room for improvement, he said: Dentists don't use assistants as much as they could, and solo practices have needlessly high fixed overhead costs.

Other companies like Dental Health are taking root around the country. Some are taking a far more ambitious bite of the market than Dental Health has taken.

Castle Dental Centers Inc. of Houston manages 35 dental centers in Florida, Texas and Tennessee. The company had revenues of \$26 million last year. Castle has decided to go public, in hopes of expanding to 50 dental centers.

Professional Dental Associates of Wellesley, Mass., plans to go public in hopes of becoming a \$50 million-a-year operation with 200 or more practices in the next few years. Modern Healthcare magazine reported in March.

Yet many dentists spurn super-practices.

"Dentists don't want to do this," Dwyer said. "We were trained to be by ourselves in our own office with two people working. This is a major change."

The Chicago Dental Society recently surveyed its members and found that 59 percent "strongly believe that managed-care programs are not valuable systems for the delivery of care." And 72 percent said they strongly believe man-

aged-care programs aren't beneficial to the doctor-patient relationship.

Dwyer conceded that relationships can suffer in a high-volume clinic — he sees nearly twice as many patients as before. "Some patients are taken aback at the changes they are seeing," he said.

"Maybe managed care won't work in dentistry after all," he said. "But it is going to make huge inroads."

Looking at the law

In Colorado, it isn't clear whether state law allows outside investors to snap up dental practices.

This spring, the state Board of Dental Examiners is reviewing state dental and insurance regulations to decide that question, said Rose McCool, the board's program administrator.

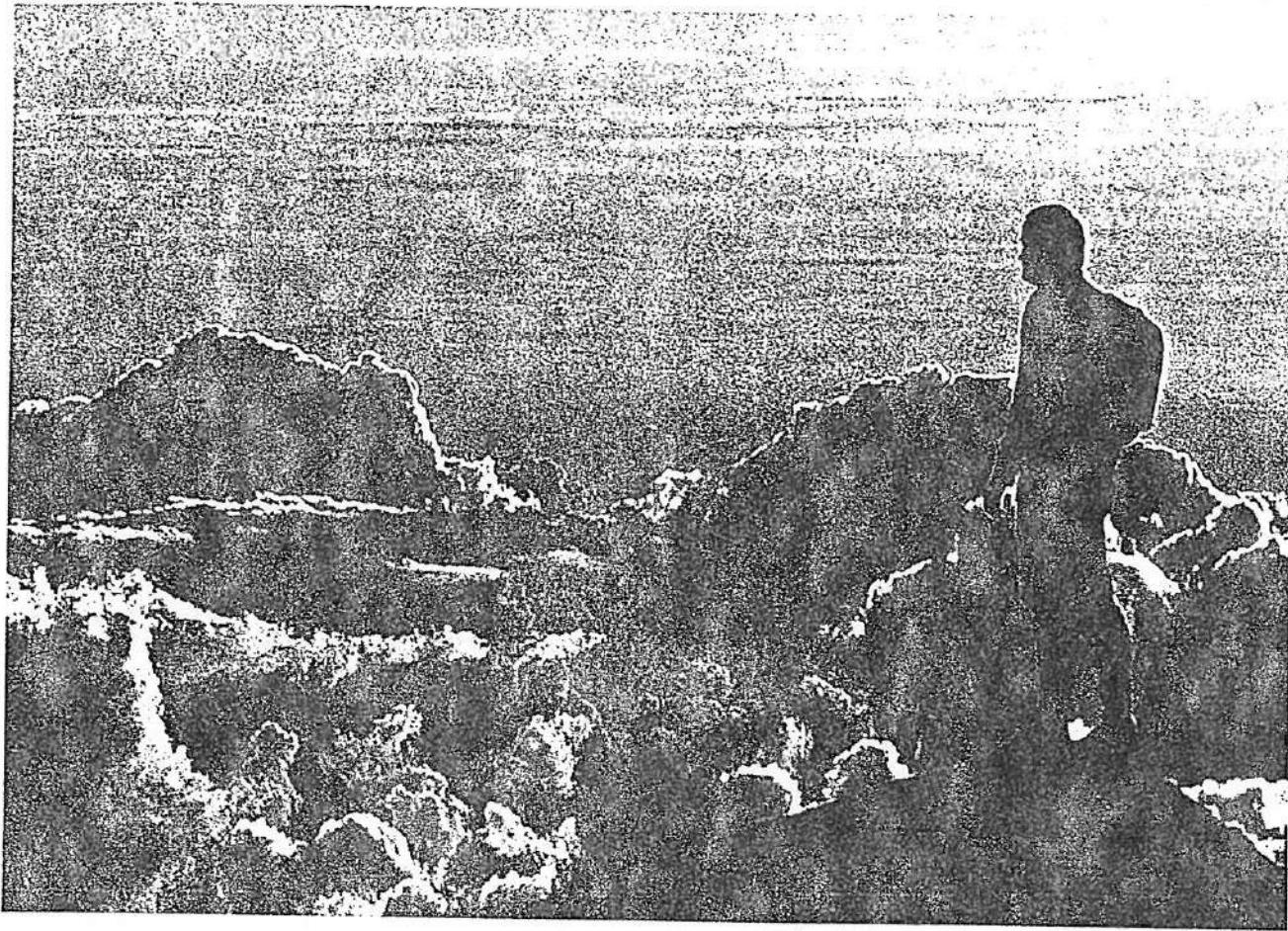
The question has arisen because increasing numbers of practices are being purchased by investor-owned companies.

"Right now, if you look at the state Dental Practice Act... you have to be the dentist to be the owner of a practice," she said. "The board has been going with that interpretation. But there are other statutes — insurance statutes — that deal with provider networks."

Whether the insurance regulations allow for exceptions to the Dental Act is what the board will try to determine.

Dr. Stephen Perry, founder of a Denver investor-owned company that buys and manages dental practices, said state laws enacted in 1995 allow non-dentists to own dental practices. His company, with nine clinics in metro Denver, is banking on it.

— David Algeo



Funding Your Future

by Robert E. Hamric, DMD

Make sure you're not among the 95 percent who 'die by the chair'

I once heard a high-profile dentist say in one of his lectures, "No dentist past age 50 should own a practice." At the time, I was about 40 and, like many of you, thought he was absolutely nuts.

At age 40, I was looking toward my children growing up, sending them to college, and owning all the expensive toys and good things we dentists like to buy. At age 40, my practice was full of energy,

booming, doing great. I was seeing nice profits, enjoying dentistry, working hard and, believe me, selling my practice was the last thing on my mind.

Why in the world would I ever want to sell my practice? Of course, I was like so many others, funding very little toward my retirement plan. By the time I paid for all my goodies—house, vacations, kids and taxes—there was very little left over. Sound familiar?

When is the best time to sell a business? When it is highly productive and profitable or when it is tapering off, slowing down and not so attractive? When is a dental practice most valuable? A doctor's practice at age 50 may be worth 10 times what the same practice is worth when the doctor is age 60.

But, I love dentistry. I don't want to quit. I need to work. I like to work. I like what I do.

Destined to Die by the Chair? However, to sell the practice does not mean quit practicing dentistry, as we tend to think in the past. Why not sell the practice, work for the buyer as the associate, work as much or as little as I want and enjoy ultimate freedom?

The ADA reports that only 5

percent of dentists have enough in retirement accounts by age 65 to truly quit—retire from practice. This means 95 percent of dentists are trapped in private practice. No way out but to die at the chair.

Why is this? Because, when they were 40 years old, they were not able to put enough money away. I was in the 95 percent group who didn't adequately fund a retirement plan. Are you? I have found that more than 50 percent of dentists have less than \$100,000 in retirement funds.

Hold on! I have a great idea for you! Sell your practice, work for your buyer, and take the value of your practice to fund your retirement.

Here is how it works in a nutshell. Find a buyer for your practice and work an agreement that is win-win for you both. Structure the agreement with a down-payment buy-in, with the seller holding the note for the remainder of the balance, at 10 percent interest. This note can be for five to 15 years, depending on the value (cost) of the practice. Include in the agreement that the seller can remain in the practice (part-time) and continue to see patients, as an associate, paid on a percentage of the collections for the dentistry he or she produces.

In other words, sellers' income will be a percentage the amount they generate as an associate. Actually, this revenue pays the buyer enough to make a decent profit and pay his notes to the seller.

A Healthy Practice Sets Up a Nice Goose Egg

For the sake of simplicity, let's say your practice is valued at \$400,000. If you sold your practice for \$400,000 at age 50, worked for your buyer, and followed the scenario outlined in this article, at age 65 you would have, at 10 percent interest, \$1,670,899 in your retirement fund. The numbers look like this:

\$400,000 Practice Sold at Age	Funds at Age 65 @ 10% Growth
45	\$ 2,691,000
50	\$ 1,670,899
55	\$ 1,037,457
60	\$ 644,204
65	\$ 200,000 (If you're lucky!)

Th numbers all depend on the magic of compound interest. Note that waiting from age 45 to 55 actually costs you \$1.5 million; waiting until you are 65 is absolutely insane, unless you already have fully funded your retirement.

The seller can work three days maximum and generally generates income equal to what he or she was making prior to the sale. Then, take all the payments for the sale of your practice and place them in a retirement account (Defined Benefit Plan).

How do we determine the value of the practice? There are several factors, such as city, area, supply and demand, demographics, etc., to consider. To establish a good starting point, take your last three years' collections and figure the average. A good practice-transition specialist can advise you. (Call me and I'll tell you who I recommend.) In my area, 80 percent of my last three years' average was considered

a fair figure.

A Good, Fair Price

If your practice is incorporated (P.C.), as I was, here is the good news. I am not selling the corporation, only the *assets* of the corporation. I, personally, remain incorporated. I am the *only employee* of my corporation, working as an independent contractor for my buyer. If you are not incorporated, talk with a knowledgeable accountant; otherwise, you will be paying unnecessary tax.

The value of the practice should include: equipment, furniture, fixtures, office and clinical supplies, miscellaneous assets, goodwill, and a restrictive covenant. The assets-purchase agreement

will be very detailed, leaving no stone unturned. A good transition specialist will cover areas you have never thought about—if there is a paragraph on a specific subject in your contract, there is a reason.

There should be a reasonable down payment. This is negotiable, depending on the financial status of the buyer. A down payment is a commitment and I would not consider a sale without one. The seller is holding the note, and the down payment reduces the note. Consult your accountant about the best tax plan here. The down payment should

cover capital-gains tax for the seller and transition expenses, at least.

What about existing account receivables? Most transition specialists recommend that this money go to the seller. However, the buyer will need operating funds immediately.

One solution would be to lower the down payment, leaving some funds in the buyer's account. I chose to get a larger down payment and allow the buyer to purchase the existing account receivables, adding that amount to the note. In other words, I loaned him the value of the receivables, so he

would have a good start financially. I want this arrangement to work financially, and not be a struggle for either party.

The restrictive covenant will vary from state to state. In Alabama, they are not enforceable. One major concern is that the buyer will default and go elsewhere to practice. However, patients will be loyal to the seller; they have been coming to him for years. The seller could pack up and practice down the street. But this will hurt the seller, because then the buyer probably can't make the payments.

All this can be avoided with

Want To Buy? Meet My Representatives—All Three of Them!

Again, the basic plan is to sell the practice, while it is really worth something and highly productive, with its greatest value. Then, the seller continues working for the buyer as much or as little as he or she wishes for a percentage of the collections generated by the seller. The seller puts all the payments for the practice into retirement funds.

The plan looks great on paper. But for this to work, it will take the right combination of players to create a win-win relationship. Here are the players:

- **Transition specialists**—As in any consulting area, there are many who claim expertise, but few who really are experts. This specialist must be able to help you and your buyer reach the proper agreement for both of you to prosper. Some transition people simply are brokers, who are in it for the money, and really mess up the long-range structure of the plan.

The transition specialist should represent *both* parties. This is not a “your lawyer against my lawyer, rewrite contracts in my favor, argue

over minor points” sort of thing. If your buyer can't understand that, then look for another buyer. I know of two transition experts I can recommend, without reservation, who have done thousands of transitions.

- **Accountants**—Both parties should lean heavily on the accountants for tax advice, along with the transition specialist. If your accountant is not up on the latest, then the transition specialist will know a great accountant. For instance, one accountant thought it impossible to fund all the payments for the practice into retirement. He will quickly learn, or his clients will change accountants.

- **Lawyers**—Do not get into a legal battle. Lawyers feel they must get all they can for their clients and can mess up a deal, as a result. Keep the lawyers out, unless one attorney can work for both parties.

- **Seller**—The seller must have the correct mind-set. The financial future of his or her family is what's most important. What you are seeking is the right buyer . . . and the right buyer is

good communication and profitability. The key is to choose the right buyer and make it work.

The contract will have the promissory note, amortized with principal and interest breakdown. I chose a 10-year payout at 10 percent interest. This can vary, depending on how long you want to remain in the practice and the total amount of the payments.

A \$1 million buy-out may take longer than a \$250,000 buy-out. I prefer to take payment on the note around the 15th of the month. This takes the pressure off the buyer's financial load at

the first of the month.

The security agreement uses all present and acquired goods as collateral. The buyer must cover the debt owed to the seller with adequate life insurance, in the event of premature death.

A Three-Day Work Week

The seller should plan on working no more than three days per week, allowing the buyer to have some space to develop his own peer group and market the practice. The buyer will be paying all the bills in the practice, while the production of the seller will

more than provide a profit for the buyer.

With this plan, it is important to keep your corporation active, so you can fund your retirement. (Remember, you now are the only employee of your corporation.)

For the first five years, I think, practicing three days per week will be the maximum needed. After five years, re-evaluate your time, but leave yourself the option to practice as you elect to practice.

The contract should outline how the seller will be paid. A fair arrangement would be 30 percent of the money collected

(Continued from page 28)

seeking you!

- **Buyer**—The buyer must realize the tremendous income opportunity he or she has to purchase a profitable practice and take the practice to higher levels. Profitability from day one begins with this system. A person starting from scratch may spend \$100,000 and not have a single patient.

A good transition adviser will do a great deal of homework before you will be able to sell the practice. It will take time to complete an analysis and time to locate the buyer. The transition adviser will do a complete practice proforma and tell you the selling potential of the practice. You may not have enough patients to do this type of transition, so get a management team to boost your practice. We are talking about a business here!

The transition adviser should do a retirement-funding projection. How much do you have now in retirement? How many years do you have left to practice? How much money will it take to retire? How can that mathematically be done? A market-value analysis will

determine what your practice is worth, city, town, location, profile, equipment, furniture, supplies, decor, potential growth, management style, etc.

Of course, for this transition to be a success, there must be a buyer. How do you find a buyer? Your transition specialist will have a source of buyers. Frankly, a recent dental graduate would be stupid to start a practice from scratch. Why spend \$100,000 to set up a practice without any patients? Buying an existing practice gives the buyer a profit from day one. Another source of buyers would be faculty members who want to go into practice, people exiting the military, or perhaps a younger dentist in your neighborhood who wants to merge.

Once you have found a prospect, check out everything possible (state-board results, financial condition, speak to the prospect's friends and peers). You want to know about his or her personality, character, philosophy, and beliefs. I would run a personality profile with the D-I-S-C (Carlson Institute). If anything indicates this person is not compatible, keep on looking.

A Little Homework Makes All the Difference in Tracking Mutual Funds

Fidelity is the largest mutual fund company in the world. It has a mutual fund for every need. I have all my funds in Fidelity, and I can switch funds very easily with my touch-tone telephone. I subscribe to an independent newsletter on Fidelity Funds, *Fidelity Insight* [(617) 369-2500].

I follow every Fidelity fund, including volatility risk. There are growth funds, growth and income funds, asset-allocation funds, international funds, bond funds, money-market funds, and select funds. The monthly newsletter gives me information on the best funds in Fidelity each month.

My good friend, Dr. Mike Tabor in Tennessee, and I monitor our funds on a weekly basis. Each Saturday, in *USA Today*, under "Mutual Funds-Fidelity," we chart percentage change for the week. We are able to place our money in funds doing very nicely and stay out of ordinary funds. For example, in 1996, we captured the following funds:

Growth Funds:

a.) Dividend Growth	30.1%
b.) Low Price Stock	26.9%
c.) S & P 500	22.9%

International Funds:

a.) Nordic	41.7%
b.) New Markets	41.4%

Select Funds:

a.) Energy Service	49.1%
b.) Natural Gas	34.3%

Using Charles Givens' advice and technique, I placed all of my investments into no-load mutual funds. My rate of return for the past nine years has been:

'87— +22.4%	'90— + 2.1%	'93— +19.4%
'88— +19.4%	'91— +23.1%	'94— - 4.1%
'89— +36.3%	'92— +12.0%	'95— +26.9%
Our nine-year average equals 17.5%		

from the production created by the seller. The buyer pays all expenses incurred—lab, staff, supplies, everything.

Another alternative would be a 40 percent commission with the seller paying his or her own lab. How much can the seller make on a three-day work week?

- \$2,000 a day x 11 days a month equals \$22,000; multiply by .30 (percentage of production), which equals \$6,600 in take-home pay each month.

- \$3,000 a day x 11 days a month equals \$33,000; multiply by .30, which equals

\$9,900 in take-home pay.

It is not unreasonable to expect to produce or collect \$22,000 to \$33,000 per month, with take-home pay between \$6,600 and \$9,900 per month on your collections.

What about hygiene? The doctor who does the exam should be paid for the exam. All other hygiene production should belong to the buyer, including soft-tissue management, because the buyer pays hygiene salaries. When the seller is in the office, he or she will check most patients, since they are accustomed to seeing

him. He should introduce the new buyer to everyone and, over time, the buyer will begin alternating check-up exams.

I have found that I averaged 100 to 125 exams per month . . . an additional \$2,500 to \$3,000 per month. Therefore, the seller should make in the neighborhood of \$10,000 to \$13,000, working three days a week, with no stress.

A Steady Source of Income

What does this mean for your buyer?

A great deal—70 percent of what the seller collects belongs

to the buyer. On \$33,000 per month (from the seller alone), the buyer will keep \$23,100 before expenses. If the lab bill is 10 percent, staff 5 percent, and supplies 5 percent, the buyer will net close to \$20,000 from the seller. The money generated is going to provide enough to pay all the notes, and then some.

The seller now can turn over patients to the buyer and select the cases he really wants to do. The buyer will begin to attract patients from his social contacts and peer group.

Patients requesting to see the seller should be allowed to do so. Why would the buyer care? He benefits without having to work!

I feel the seller should take a decent vacation. My suggestion is to take a week per quarter . . . and put it in the contract.

The buyer would be wise to develop skills the seller refers out—endo, pedo, surgery, perio—keeping those services in-house, if possible. Also, a smart buyer will realize the staff is the reason this practice has done so well. He should never attempt to replace staff for fear of a lack of loyalty. Staff should be loyal to the practice and to *both* doctors.

Investing for the Future

Now, let's talk about what to do with the money! In 1976, Harvey Sarnier incorporated my practice. He did a magnificent job for me, as he has done for thousands of professionals. He helped me begin to get a

handle on my money. In 1976, I was 38, had three children, and was living high.

I was funding retirement, but not always to the max. I was the trustee of my pension program and personally handled the investment routing of the funds, making about a 7 percent return. In those days, most of my retirement funds were in the stock market, and some were in mutual funds. To me, the stock market was like shooting craps . . . up and down, hit and miss.

In 1988, I attended a lecture by Charles Givens. He gave me tremendous advice on money management. His plan is to invest in no-load mutual funds, and he has a great technique for knowing which funds are the best investments. He uses the prime-interest rate and T-bills as indicators.

This is explained in his book, *Wealth Without Risk*. I highly recommend this book. Givens feels that the prime interest rate and the 30-year treasury bonds directly drive the markets. This dictates where you place your money.

When prime interest is below 9.5 percent, money should be in stock growth funds. Currently, the prime rate is below 9.5 percent; therefore, most mutual funds we use are those type funds. When the prime moves to 9.5 percent, we will go to money market funds. When the prime drops, we go to bond funds, until we reach the 9.5 percent barrier again.

If you follow the 30-year treasury-bond record, the cur-

rent rate is 6.79 percent. When this reaches 8.5 percent, we would switch out of stock funds to money market funds. Givens, in his monthly newsletter, tells you the best funds to be in. We follow that advice very closely.

Also, I have attended money-management seminars by Darryl Cain, Greg Stanley, Fred Willeford, Richard Collier and the DuMolins . . . all were excellent. I learned a lot from each of them.

How much will it take to retire? Have you taken the time to figure out how you can reach that goal? I have outlined a way to take the value of your practice, continue to practice dentistry as much as you want to, start a new quality of life, invest that money from the sale of your practice in a safe and practical manner, and, hopefully, change your life forever!

Will you do it?



Robert E. Hamric, DMD

The author is in part-time practice in Birmingham, Ala. He is a management consultant and a professional speaker, appearing on many dental programs. He can be reached at 3100 Wellington Parkway, Birmingham, Alabama 35243.

REED'S INTERNATIONAL LETTER

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/952-1200

The four P's of any marketplace and/or profession are appropriate today more than ever. . . and there's a fifth. . . personalization.

The Four P's Price, Product, Place and Promotion

The product, its price, its place of delivery and/or system of delivery and the promotion of that package, which includes advertising, public relations, word of mouth, incentives. . . whatever. . . are common in our industry today. After the law suit by Arizona attorneys, the freedom to advertise became common and now most professions have a large segment of their practitioners "yellow paging" and advertising in overt ways. This was probably the beginning of dentistry's actually making an entry into the marketing age.

This marketing age has been made possible by the changing of the marketplace and consumer habits, dramatic developments within the profession and the range of services provided to people coming for care.

People coming to the dentist no longer come for the relief of oral pain, primarily through surgical means, which in itself could be painful. Over half the time, the dentist now proceeds to restore, rehabilitate or cosmetically improve the people coming for care, as a result of previously placed restorations wearing out or because they can be esthetically enhanced for today's society.

When people go to the dentist these days, they expect more choices and they expect better service than in the past. Choices must reflect the highest of quality, so again we're back to the triad: quality, service and price. You can have any two, but you can't have all three.

It has been said that price is more of an issue in dentistry today than every before. That managed care is the visible display of price sensitivity in the marketplace. Some see the world through this window. I do not. Price competition for our profession is now treated by the Federal Trade Commission, not as if we are a profession but as if we are a trade. Price competition is expected and the public oftentimes seeks it.

This is not threatening to those of us who understand quality and service, which justifies the price being the lesser of the three in regard to sensitivity.

We all sense the tremendous change in the delivery system. HMO, PPO, IPA, capitation, managed care, brokered care. . . all exist and are choices people have in our society. Oftentimes geographic accessibility, extended hours, short waiting times, are a part of the advertising schemes that are presented to the public.

The term, *fee for service*, in dentistry is used to indicate the private care aspect of our profession. Definitely personal, private care places a tremendous emphasis on the quality of the product delivered to the person coming for care. There are those who believe that marketing is everything and everything is marketing and it belongs in this segment of the professional delivery system.

All five P's are important, which one holds primary sway?

Dentists who differentiate their products as excellence demands and personalizes this product with excellence in service will overwhelmingly manage the other P's in the equation. The question is how does the consumer recognize the differentiation of product quality? In the UK it is declared amoral for the quality of amalgam restoration as such to be different in the National Health Service as compared to the private service sector. The same is true in America. The differentiation that distinguishes private, personal care is the



speed of delivery, the professional manner of the team, the gentleness and the caring that is exercised on behalf of the person coming for care by the dentist.

This is the reason people go to one dentist instead of another. This is the reason that dentists in the same neighborhood. . . one doing \$400,000/year while his colleague down the street is doing a million and a half in services in the same year.

Marketing is administering the process responsible for identifying anticipation and satisfying the needs and wants of people profitable. Dentists have a fear and guilt (for whatever reason) of profit, as a word. . . and in fact! Obviously, the dentist must have a profitable sequence to remain in business yet promotion and price are not exercised intelligently in most practices.

Price is not a synonym for profit.

Products that are un-differentiate-able are called commodities. Dentistry is not a commodity. Salt and gasoline are. From a marketing perspective, difficult to differentiate, commodities must compete on price.

Marketing segmentation or the delivery systems geography oftentimes make a difference. We certainly expect that the 5th and Madison office in New York City will differ from the rural practice in Northern Minnesota as the cultural differences that exist in the two geographies speak for themselves. We don't offer the same product on 5th and Madison as we do in rural Minnesota and vice versa, but again, morally, we expect the quality of any similar solution to be identical in both settings.

Dental schools have trained us to think in a way that's unique. They cater to people, or the niche market, if you will, who are willing to trade their time for reduced fees in most cases and/or people who have little if any money and will accept a piecemeal approach to fit the needs of the student. This has its backlash in creating

and awareness or perception in the mind of the dentist as he leaves the school that does not prepare him for 5th and Madison. We find that the attractiveness of the market geography oftentimes creates a distribution problem in any profession or marketplace in that it is perceived that 5th and Madison is upscale as compared to rural Minnesota and yet careful study of practices that come from both geographies do not necessarily uphold that portrayal. If however, a dentist chooses to be a dental missionary in a field where people and the culture have little or no money and accept with difficulty even minimal care and where people choose not to let their personal habits contribute to their well-being, one can expect to have a much more difficult time in practicing one's profession.

In a practice where a standard of care and a baseline are established with a new person experience and a data-based quality assurance program is in place (which is rare in dentistry today) we would find that the dentist would have little difficulty differentiating his product. The actual philosophy, vision and mission of the dentist and his team can differentiate the product as the preventive, interceptive lifestyle attracts a niche market. As time goes by, the educational hurdle is overcome and people referred to the niche market provider are "birds of a feather."

Self-image and the self-esteem of the team continues to build and the barriers tumble. The competition for the dental dollar is basically travel agencies, new automobiles, television sets and other commodities and other market opportunities rather than other dentists.

Few dentists who fit this values niche market category have "generic products." A values-added product has been "plussed up" to differentiate it and this is valued and appreciated by the person recognizing this standard of care.

This is at first an educational responsibility of the



dentist and his team, but once it is established it remains in tact as long as that servitude attitude delivers the quality product and excellence in service.

Much of this depends on the courtesy of the team, the professional manner of the dentist, the choices provided for the person, the listening and caring attitude, the careful arrangement of the environment, the "word of mouth" from friends and neighbors to promulgate this message.

State Boards of Dental Examiners usually license the dentist on factors that are not technically available to the public with the basic idea being that the points being judged on are part of the quality of the product. Managed care brokers really prefer that dentistry remains a "fix it" profession with the product being a commodity as defined in dental state board technical terms because this permits competition on price. A cost-related fee structure in dentistry where fee equals cost plus profit will honestly and fairly price the product and/or service for the consumer at a rate considerably more effective and efficient than the piecemeal fee schedule of common dental practice today. It is calculated that a dentist could easily take 20 points out of his overhead and for four years, if properly placed against his debt structure to alleviate his personal fears and needs, the fee schedule could be lowered to that level and his net would remain the same. Managed care people know this and most dentists do not. Some of the claims they make on pricing are extremely valid from a business point of view, but we interpret them as attempting to get the least expensive acceptable alternative treatment which indeed they have written into their lifestyle. Nevertheless, excellence and quality can be effectively produced for considerably less than the average practice produces it. The doctor really deserves that margin for a period of time to restructure his debt after which he could provide a very competitive pricing scale that would allow even competition with managed care groups.

There is comparative magic in cost-related fee structuring, "real-time" productivity scheduling and with modest cost-containment through re-engineering the practice.

In most cases, the niche market on which we focus is responsive to the criteria and perceptions of the person coming for care rather than the criteria as defined by state boards in regard to technical features.

The person we call the patient captures the perspective of our profession on a price values curve. The horizontal on the chart is the cost incurred in receiving the product and the vertical axis is their perception of its value. People are willing to pay more if they perceive the value is greater. The ambiance, the venue, the care, skill and judgment may well comfort the person to the point where they seek the experience rather than the fix.

I believe this is indeed true in most of the offices reading this newsletter. If we choose to serve the free market economy, it's possible to service market segments that vary along the price values curve. People are not willing to pay for more than they perceive they're getting, so the profession becomes an art as well as a science in regard to serving its population.

One of the major services that we provide is the reduction of fear. People who are fearful can listen, but they can't hear. In marketing the quality of product in a Class I place for the price we ask, it's critically important to recognize the alleviation of fear as being the first necessity.

For the most part people "buy" the personage of the dentist, his team, and the environment far in advance of true technical ability. *We replaced* a crown yesterday that had a millimeter open contact on the distal with food packing fiercely. Also, it had a four millimeter overhang where the laboratory had interpreted the



margin to be, where it couldn't have been. The dentist inadvertently missed it and seated the crown. This posterior molar crown cost the person \$1350. This would certainly not be accepted as quality care. Yet, the only complaint the person had was that he had a bit of soreness in his gum.

He asked if there was something I might do, or would I give him a second opinion on this since the recently placed crown was to be replaced next week by the same dentist who made it. He was going to "give the guy a deal" and only charge \$900 for the replacement. He felt that he could "...re-shape the area where the gum was sore with a new crown."

What constitutes price? What constitutes value?

From the perspective of the person coming for care, the fee the dentists charges and the level of quality he receives is not a measurable entity and is only a perception. Also to be considered are the opportunity costs and the psychological costs of care. The person coming for care must forego the opportunity, while he's sitting in the dentist's chair, of any income he would have earned if he remained at his work. If he's in the upper echelon of the professions and is only paid as he serves, his opportunity cost may be high. A person who's on an employed salary with a generous benefit plan may actually be paid his working wage while sitting in the dental chair. The out of pocket costs of to and from, parking, babysitting, other procedures have to be added to the cost of the crowns.

The psychological costs such as discomfort, cosmetic embarrassment because of the temporary. . . are certainly deterrents to people perceiving and wanting to pay for value.

Hard data shows that there are Americans who would not seek dental care even if it were free and if all the incidental opportunity costs were paid. Some people

wouldn't even go see the dentist if they were paid to see him. Is this a piece of the market into which we choose to project our proposed services?

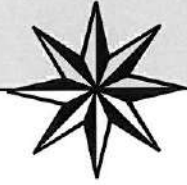
Some dental teams greatly exceed the technical minimums, but are not perceived by the person coming for care to be providing value. Mostly, the technical quality of the dentistry rendered is only measured in its service per unit time. Having practiced for 40 years, I am able to observe my people over a long span of time and listen carefully to how they appreciate what's been accomplished, mutually, for their best interest. Their referrals are absolute and unconditionally committed.

In most cases, the value dimension as perceived by the person coming for care is gleaned more from our sense of responsibility as they perceive it, the aesthetics that we provide and the gentleness and speed of service being rendered in an environment of which that they approve. Courtesy, convenience, respect, predictability, professionalism, an unhassling environment play a significant part in the perception of value. The team, when comprised of sociologically mature, skilled people provides great power in this personalized equation.

The question is the answer. We must listen for and provide answers to needs and wants expressed by people coming for care. This is impossible if we refuse to use the question. . . then listen instead of telling them what we believe they need. It's that person's needs and wants, not ours, that "closes the sale."

"The doctor has asked me to report his findings" can be used after careful listening (co-interview, co-discovery and co-diagnosis).

"Make me feel important" is a large, though invisible, sign hanging on the front of each of us. Read and obey that sign on the person coming for care and the case is closed.



Uniqueness is our standard of care. We are "Mayo Clinic" thorough, noticeably. When we co-diagnose and co-treatment plan, we provide a service for which there is no competition. We offer second opinions as we differentiate our product and service through thorough human care and concern.

The American Cancer Society oral exam has been around for nearly 50 years. And yet it is used in less than 5% of dental offices in routine new person exams and recalls. The OraTest (Zila Pharmaceuticals) toluidine blue for malignant epithelial tissues for people over 40 who use tobacco and alcohol or have lesions that are chronic shows a love and concern that is unmatched.

Preventive philosophy (even after ASPD) is rare in dentistry. "Drill, fill and bill," "whack 'em, pack 'em and gum gardening," "if it ain't broke, don't fix it" . . . remain the primary philosophy in dentistry.

Unique? Post-operative calls by dentists and team routinely; a social visit and tour of office with introduction of team and standards of care (at no charge); re-exams on recall once every two years to re-introduce standard of care and to review inventoried, presented but uncompleted dental care; a descriptive brochure of office and team to "on paper" confirm the verbal message; introduction to new technology and the world's cleanest, sharpest, environment. . . wow!

In the reception area, rather than magazines advertizing for dentistry's competitive markets, to be exposed via user-friendly, interactive CD information on the dentist, his family, hobbies, history, the team, photos and a catalog of their family activities. . . wow!

Price, product, place, promotion and personalization. Discrimination to believe, to feel, to smell. . . "When we cease to struggle to understand, we can know without understanding." People buy because they feel

understood. . . without judgement. . . not because they understand.

Does the educated person buy? Not necessarily!

They feel "good belly" about people, places and things. . . and proceed on faith. We **need** them to know, so we educate.

Third party brokers would love to have dentistry reduced to an issue of technical quality that's measurable by a State Board. This game would drive the price values curve down and reduce the differentiation of dentists and the commodity then called dentistry would have a downward price vector as a result of competition. Dentists who understand quality and service will differentiate their products in ways that meet the wants and perceptions of the people in regard to value and will note a positive expectation on the part of the people coming for care to pay a fee commensurate with their perception of value and excellence.

The Case Presentation "Research Project" last month was absolutely super. If I ever decide to stay in bed till 7 a.m. and never fix my hair or wear anything but blue jeans and a sweat shirt, I'm definitely going to miss the people who have inhabited my life through the Napili experiences. The people who participated in this workshop were a two-day reminder of how valuable the Napili people have been and are to our life.

There's change in the air at Napili/Pentegra these days. . . and each of you knows what change brings: chaos. It's not negative chaos (well, maybe a little), but the corporate roll-up challenge/opportunity is stimulating our change buds.

There is a two-day meeting for those signing the "letter of intent" to be with the entire corporate body on the 13th and 14th of June, half-day for presentation and information and half-day for questions and answers. So, it's actually a one-day meeting, but some may want (and are welcome) to be here for both days.

June 21-22: Microscopy course with Kay Corbin, EFH, and Donna Frederick, DCT. Not too late to register, we welcome 10-15 participants for great one-on-one study.

July 24-26: July Jamboree. . . Omer has a really good line-up for the Charisma segment and will do a new person experience with record-keeping/documentation and case presentation on the second day. The third day will be spent in dialogue and hands on technically and clinically while the team persons spend time with Kelly regarding schedule, production and collection.

Make plans to be with us for the next Perio workshop, September 11-13.

The Free-Tail Bat Advantage (Order Begets More Results)

"Trying to find a telephone by picking up the clothes, moving the CDs and pushing aside the debris in my son's room put me to thinking about the erratic flight of bats. Perhaps, you, like me, believe that the quick-flight moves of a bat (like me trying to find the ringing phone) are the result of the bat searching for insects, moving abruptly to catch some dinner. And while this is an accurate assessment, more often the bat's erratic flight is not a biological necessity but an aeronautical problem caused by the bat having no tail. Any tail-less flying thing must maintain straight flight through banking maneuvers. This practice causes the flight path to wander. More significantly, it causes an animal's energy to be consumed in flight-path corrections rather than propulsion. If planes did not have tails, perhaps 20% or more fuel would be used to correct atmospheric, mechanical and pilot error off-path flight. The same applies to the bat. . . . and to men and women.

". . . the free-tail bat has a tail, not much, but nonetheless, a tail. It has the unique ability among bats to fly a straight path. Its ability to catch insects may not be too different than any other bat; however, it can do so with the free-tail's exertion of much less energy. What does this mean to the free-tail bat? It means that the free-tail requires less food, flies less, and spends less time in pursuit of mundane food-catching. If all bats had the desire to contribute something to the world besides quano (an assumed desire of men and women), it would be the efficient free-tail bat that would have the time/energy to lead the way.

"Those humans with messy drawers, rooms and closets, inaccurate message conveyance, unkept cars, etc. are like bats without tails; spending much of their energy correcting for erratic flight paths: looking for matching socks, lost keys, buried telephones, repairing car failures and correcting mis-communications. They also buy more socks than needed, miss telephone calls, are regularly late for appointments, need extra time to unscramble messages, and spend more money on their cars than others. The result of this confusion requires correction and the correction requires additional effort, money and, eventually, time. Unfortunately, the days of men and women cannot be stretched beyond 24 hours. Thus, the no-tail human equivalent of the no-tail bat gets much less from his life than those that are organized and can fly a straight path."

(Clutter's Last Stand?)

(From Leo Rogers, Mesa, AZ)

REED'S INTERNATIONAL LETTER

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/952-1200

The interest and ability to adapt to a large number of probable futures and the selection of a *preferred* future is most aptly called *futuring*. This is antithetical to strategic planning. Futuring requires re-engineering the thinking of strategic planners. Selecting a single preferred future after thoroughly considering the numbers of probable futures is best done by a "mono-maniac with a mission," according to Tom Peters.

Futuring

Peters, in his description of mono-maniacs includes that they start the day with the end in mind. They establish time frames and action plans. They have a "S.M.A.R.T." mission statement.

Specific
Measurable
Attainable
Relevant
Trackable

To monitor against plan is critical. The remarkable five-point checklist emerges here as well. It must be fun, profitable, win/win for all involved, have honesty and integrity and it must produce good for mankind over time. It seems to me that's certainly worth repeating.

So, action plans will be tied to objectives. Things will be put in the order of heir priority, not what we have an affinity to do first, but what has priority to be done first.

We must understand where the decisions are made and remember that team function is critical. To be sure, teams have coaches. Coaches make some of the calls. Teams get results. Teams compete. . . and as a

parenthetical, it's important to remember that total elimination of competition is not healthy, but that primarily teams cooperate and recognize that performance counts.

When, in a collateralized way, the team is involved, by jointly developing objectives and plans to achieve, they are prone to manage change against the plan on an hourly schedule, a daily review and feed forward a weekly, monthly and annual review.

In the technology and discipline of dentistry, if it isn't monitored, it won't get done.

If one chooses to have profitable end points, one must provide profitable choices and the right for members of the team to choose. If the "question is the answer," and if "Shakespeare" was right (Knock and it will be opened. Seek and you will find. Ask and it will be given you.) Then the "just ask" campaign is appropriate.

Along with it comes a three-point checklist that mandates success:

First: what you ask.
Second: How you ask.
Third: When you ask.

And then a fourth: Who, What, When, Where and Why you ask.

We, in dentistry, have a great product and we provide great value.

It's just extremely important for us to remember who gets to choose.

Resiliency is the ability not to just survive change, but to actually bounce back stronger than before its challenge beyond the obvious necessity of making sound decisions, developing personal and



organizational resiliency is the single most important competency in increasing an organization's sustainable competitive advantage.

This is a tough and competitive world. Everywhere we look major changes are occurring. These changes are continuous and overlapping. Please refer to the *Ten Commandments of Change* included as an addenda.

Change has become a way of life in the corporate environment and that includes dentistry. Organizational consolidation is taking place much to the confusion and bewilderment of many and this is exactly where *futuring* enters the picture.

With the continual shrinkage of our global boundaries, even dentistry is pushed to its competitive limits. Those of us who want to get ahead in today's private care, personal marketplace must learn to respond to a growing number of changes and how we structure our teams, conduct our business, implement our technologies and relate to the people coming to us for care, as well as relating to the team.

Most dentists focus on deciding what to change to improve their performance and quality and the human element of executing these decisions is often left unattended. To successfully implement a change that will allow *futuring* to take place, we must find the connection between the team person, the leader, and in an organized way initiate the change being introduced.

Futuring transforms the mystery of change into a manageable process. It lets you focus on the "end of the day." It's often what distinguishes the winners whose projects are implemented on time and within budget from losers who achieve short-term, superficial change infrequently.

So, we want to tie our action plan to objectives. We

want things to be in order of their priority. Not what we would like to do, but what priority is all about.

I have just completed a five series new training video by Joel Barker where he has about 20 executives from the Fortune 500 companies together in a retreat atmosphere and carefully, in two or three days, goes over a number of points with their contribution. It's definitely a hands on participative process that is applied to the subject.

Some may receive that set of tapes as it is critically important to the changes in the particular projects we are currently undertaking. We understand the *Ten Commandments of Change* implicitly and understand that there's a price to be paid for not changing as well as a price to be paid for changing before prior change is assimilated.

We remember that the "paradigm pioneer" is the person who leaves before the data supports that change and before his colleagues will allow him to objectively. Nevertheless, a pioneer is the guy who's out there far enough so that oftentimes even his friends don't realize what he's up to and he ends up with arrows in his back from both sides of the equation.

I have experienced paradigm shift, used paradigm pioneering and have increasingly been blessed by the cutting edge of change as I find that founders of this, in a pioneering sense, benefit far more greatly than the settlers who come on behind. Much easier to assimilate when it's been done before en masse and we see that everyone benefits.

I'm specifically referring to the orthodontic group that went public three years with, in my opinion, one of the worst working agreements and buy/sell agreements that I've ever seen. Yet, they are the darling on the market today and if you unravel their annual report against their prospectus to see what the founders present



position is, these guys are all fat and happy. An awesome thing at which to point a finger.

Nevertheless, even though it's been done so it's probably possible, I find that each and everyone of us finds our self in a position where a leap of faith. . . a pioneering procedure is often necessary to make the quantum leap into the future.

One of the things I've learned with this recent paradigm shift, as a pioneer, is that if an individual, a family or an organization's culture conflicts with the goals of the change that's being suggested (and of course this is always true in a paradigm shift, it can not be true), the rhetoric of the change can be disseminated, discussed and dialogued and numbers can be run on it. But it's full intent cannot be realized.

Without question, resistance is a natural component of the change process. People actively oppose major transition when they feel that their well-being is in jeopardy or that they do not know how to accomplish the change. It will be expressed either overtly or covertly, but resistance is a constant companion to the kind of change we're talking about.

Unconditional commitment in the hearts and minds of individuals who make the change find personal injury they could have no other way. Their organizations get to this level of commitment when their team decides also to make an investment. Leaps of faith are oftentimes accomplished by the entire team. It is then essential to reorganize the resources and devote the help that comes from the team once the impending change is understood and they are able to "future" its value. They, then, manage the resistance that will inevitably surface.

The culture of our organizations and/or indeed our families is completely important to the success of the change that we create. Model-building and plantrolling

as designed by the Manhattan Project and the moon project that we've gone through so carefully in the Napili 3/4 over the years is truly an organization of beliefs, behaviors and assumptions that we can organizationally use to face the conflict of the goals and objectives we presently have in place.

I usually find that the fear of change that is obvious in human nature and even appropriate can be turned into the energizer that perpetuates that very change of which we speak. Without this, the full intent of the effort cannot be realized.

Futuring, then, is truly having your dream castle in the clouds and then building a foundation under it to reach that which you have "futured."

Your resiliency, your readiness to grow, change and learn, your willingness to create new rules and new process will be the saving grace of your ability to future.

It is important to remember electronic data transmission is here in its various forms. You've seen the new box you can connect to your video so you can roam the Web and play the "games" on the Net.

It won't be long and this newsletter will be a web-site.

I would encourage you to organize a telemarketing schedule and maintain this agreed schedule of contact with the people who have come to you for care. This is primarily to ask questions and to listen.

The real purpose of futuring, if properly felt, raises the question, "What does it take to change a culture?"

Or, as is appropriately being asked on the street, "Do you have change for a paradigm?"

We enjoyed the challenge (literally) of good dialogue with the folks who were here for the in-depth discussions on the 13th and 14th of June regarding the corporate roll-up. Great and relevant questions/answers, terrific fellowship. . . a brain-stretch for most of us.

We were pleased with the attentive participation of teams who joined us for the Microscopy course last month. Kudus to Kay, Donna and Kary for facilitating and coordinating, and for Tim Rector's assistance with microscopes. We missed having Perry Ratcliff with us this year, but he couldn't be in two cities at one time.

Omer and I will be in Vancouver BC, then Whistler for the first part of July, looking forward to celebrating Canada Day on the 1st and then our Independence Day on the 4th.

Omer will be in Denver to meet with Ron Yaros' study group on the 11th of July, then to Houston for a couple of days, and back to Phoenix for the July Jamboree. . .

July 24-26. . . Charisma on the first day, then new person experience with record-keeping and documentation, quality assurance and consultation/case presentation on the second day. The third day will be spent in dialogue and hands-on, technically and clinically, while the team persons spend time with Kelly regarding schedule, production and collection. We also have four new Pentegra members in-house for their triad experience, all in the month of July. As Omer says, "Time flies. . . whether or not you're having fun." And we are.

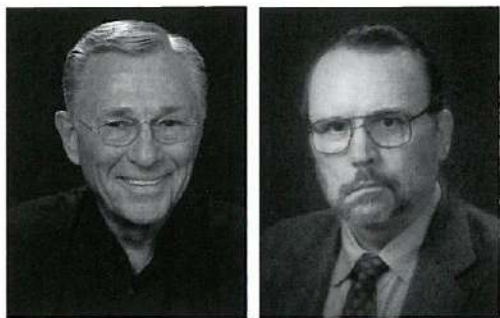
I drive home a different way every night to get used to change! The change/chaos at Napili/Pentegra is less. . . and remember, change is good, it keeps us on our feet.

The Unknown Citizen

He was found by the Bureau of Statistics to be
 One against whom there was no official complaint,
 And all the reports on his conduct agree
 That, in the modern sense of an old-fashioned word, he was a saint.
 For in everything he did he served the greater community.
 Except for the War till the day he retired
 He worked in a factory and never got fired,
 But satisfied his employers, Fudge Motors Inc.
 Yet he wasn't a scab or odd in his views,
 For his Union reports that he paid his dues,
 (Our report on his Union shows it was sound)
 And our Social Psychology workers found
 That he was popular with his mates and liked a drink.
 The Press are convinced that he bought a paper every day
 And his reactions to advertisements were normal in every way.
 Policies taken out in his name prove that he was fully insured,
 And his health-card shows he was once in hospital but left it cured.
 Both Producers Research and High-Grade Living declare
 He was fully sensible to the advantages of the Installment Plan
 And had everything necessary to the Modern Man,
 A phonograph, a radio, a car and a frigidaire.*
 Our researchers into public opinion are content
 That he held the proper opinions for the time of year;
 When there was peace, he was for peace; when there was war, he
 went.
 He was married and added five children to the population,
 Which our eugenicist says was the right number for a parent of his
 generation.
 And our teachers report that he never interfered with their
 education.
 Was he free? Was he happy? The question is absurd:
 Had anything been wrong, we should certainly have heard.

From an "old" poetry book, written in 1940.
 *Times really have changed, haven't they?

ECONOMIC INDEPENDENCE: HAVING YOUR MONEY WORK AS HARD FOR YOU AS YOU WORKED FOR IT!



by
Omer K. Reed, DDS
Phoenix, AZ
www.omerkreeddds.com

Kelly W. Reed, BS
Scottsdale, AZ
empath60cox.net

INTRODUCTION

Abraham Lincoln once said: "How long should a person's legs be? They should be long enough to reach the stirrups." Certainly, this is akin to the current subject of economic independence and how much money is needed so that it—your money—works as hard for you as you did for it. Economic independence is also the point at which you do not have to continue working all the days of your life.

Without having an appropriate plan in place for what needs to be done in order to achieve financial objectives, the dentist may feel a sense of hopelessness that affects how he or she treats team and patients alike.

The goal of achieving economic independence is the ignored driving force for many dentists and, therefore, the reason behind decisions made in the practice. However, without having an appropriate plan in place for what needs to be done in order to achieve financial objectives, the dentist may feel a sense of hopelessness that affects how he or she treats team and patients alike. Decisions within the practice may be made randomly and, hence, ineffectively in terms of tracking production, goal setting, and monitoring production/collection and relating it to the dentist's personal finances.

The two are connected, and setting objectives for personal economic independence helps to establish what needs to be done in the practice so that the dentist can best determine his or her "net tracking" goals. It also helps to establish clear expectations for all members of the dental team and create a more positive environment for team and patients. The question that must be asked and answered is: "How much money is enough?" Setting objectives without knowing the answer to this question is risky. Dentists risk being simultaneously old and poor or, worse yet, passing the station (retirement years) and not knowing why you are still on the train (working).

LIFESTYLE

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ECONOMIC INDEPENDENCE:

HAVING YOUR MONEY WORK AS HARD FOR YOU AS YOU WORKED FOR IT! ❖

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By Omer K. Reed, DDS

Kelly W. Reed, BS

FINANCIAL FREEDOM...THE ATTAINABLE FUTURE ❖

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By Trent W. Smallwood, DDS, FACE

REED'S INTERNATIONAL LETTER

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/952-1200

In reading the work of John Rutledge, an economist, and chairman of Rutledge & Company, a merchant bank in Greenwich, Connecticut, I was fascinated to review one of his pet peeves.

Absolutism

**It's the competitor you can't see
that will "kill" you**

At Board meetings he had noticed that a company's lousy performance was acceptable because it was doing better than its competitors.

People who are in administration were losing money or were behind plan or who frequently show up at board meetings with charts and graphs showing better inventory turns, more loyal customers, superior products or services than a selected list of competitors.

They call it "benchmarking."

But doing better won't necessarily pay the rent. In order to earn the right to use the shareholder's capital, the administrator's must meet absolute standards, not relative standards.

This is important for us to understand as the analysts take a look at the quarterly reports of our Pentegra Dental Group consolidation. As I review my experiences for the last 25 years on the Board of two major insurance companies, these terms are familiar to me, yet unfamiliar to the "average" dentist.

Yet, we are business people and it flies in the face

of accepted practice for us to say that we aren't concerned and that we don't "compete" against someone else for our "customer's" business.

The basis matter is, we should have a plan, achieve the plan through competing with ourselves to be the very best we can be, both in the quality of service, the quality of product and in the pricing of our products and services.

We definitely want to "benchmark" and study the best practices to improve our performance.

But too narrow a focus on a company's existing competitors can breed complacency that will allow the next competitor to drive all of us out of business.

...that competitor? Managed care?

What I'm really saying to you is you can go to the "rags" in dentistry that provide us with fee surveys and general profiles of the good guys, and you can attend Napili's Million Dollar Roundtable workshop. . .still it's important to realize that you and your plan are the priority and not how you compare to someone else that makes the difference.

The big companies that are on the top these days (Walmart, Southwest Airlines, Newcor, Home Depot) are all samples of companies that prosper by satisfying the consumer's needs and those needs have been ignored by existing competitors who were focused on beating each other.

It's the competitor that you can't see that will "kill" you. It's important not to be blind-sided by a new competitor who is able to focus on the absolute



level of quality you deliver and do it in a marketable environment that supersedes yours.

Coaches on major athletic teams do not spend most of their time running plays or running practices against specific opponents, but drill their team to be the very best they can be. . . period.

This is as a result of a standard of care, and a standard of performance, that is predetermined on a proactive basis.

Without question, our consolidation is going to be a strengthening of procedure for each of us in regard to the corporate practice because for the first time we will have data that is extremely well-integrated and per unit productivity, a quality assurance program and bottom line numbers that are meaningful in a win/win fashion.

When a business, such as a dental practice, is going through transition, those who are in charge are able to expect unavoidable challenges that come with change. The objective we have, however, is to throw enough resources at the problem to keep the resulting chaos from the person coming for dental care and/or the team member on whom we so heavily rely.

This means extra training, extra concern, extra question answering capacity and a corporate team that is extremely capable as well as an alert Pentegra team in charge of dental operations.

Recently, when some company affiliations and mergers were going on, the computer system wasn't standardized and it threw the companies involved into delay in regard to delivering services

as ordered. The administrators of these companies resolved the problem almost instantly by establishing absolute standards for the service of the consumer.

No order for product or service will be accepted that can't be delivered when the consumer wants it. Every phone call will be answered on the second ring. Every order taken will be entered into the computer system with a confirmation sent back to the consumer before anyone goes home for the evening and this was decided to be an absolute!

If this happens in your office and it's necessary to bring extra people in for brief periods to put the administrators on the phone taking command and/or sharing tasks across the board, then, until the problem is solved, do so.

If you have a strong reputation with the people coming to you for care, they won't jump ship during the time when these problems are being addressed as long as you're open and communicate with them. Your team won't jump ship if it's an open book procedure and they understand the "meritocracy" that's being accomplished for the well-being of the person coming for care.

In the case of the consolidation, absolute standards apply to a company's responsibility to its shareholders as well.

Both the founding corporates and the acquired practices are shareholders and so are the people who have purchased money in the stock exchange to fund your exit strategy.



Being more profitable than other firms in the same industry isn't good enough.

We can indeed arrange that. We already have seen the changes that can come through Napili/Pentegra as a sustainable internal competitive advantage over other companies like ourselves. We're already miles ahead of them in our ability to produce growth.

Our attractiveness as a "clean, lean, green machine" will accelerate acquisitions and between growth and acquisition, we expect to see corporate improvement go out of sight.

We must generate risk-adjusted returns on capital that are systematically better than investors can earn on all other investments if we want to continue to use that person's capital.

For most companies our size, that means generating after tax cash flow, cash profits adjusted for any necessary capital spending or increases in working capital of at least 15% of invested capital per year.

Pentegra's been doing better than that as we monitor the practices we effect, so a return on equity as is expected by the market being somewhere between 8 and 10, this ought to be the way life is to drive the stock upwardly.

If the administrators meet this standard, the Board's job is to give them more capital to grow more business. That means more acquisitions the more growth within those we acquire.

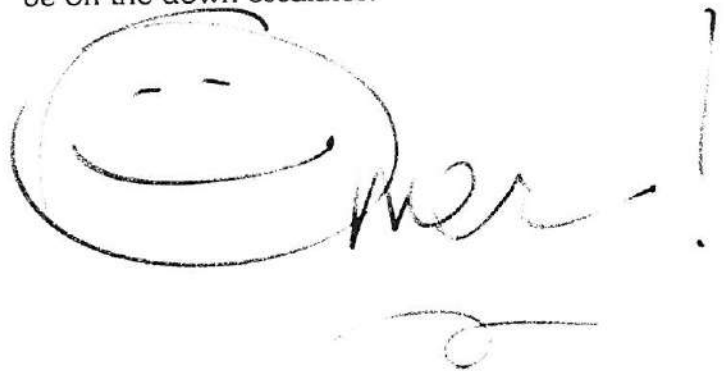
If this does not happen, the board, which will be six dentists and five corporate members should get a new executive leadership team or re-deploy the capital to other value-producing uses or return the money to the owners through dividends or share re-purchases.

This is a new world with stock being the currency. Most dentists must read the primer on economics and clear economics 101 to fully value and understand the process. Nevertheless it's a part of the absolutism in the world in which we live.

Doing better than the other guy may be good enough for horseshoes, but in business it's absolute standards that really count.

We definitely insist on and will attune our performance to standards that are proactive within our own parameters and let the other guys compare themselves to us.

Please take on the same attitude in regard to your own private care, fee-for-service self pay practice in dentistry and avoid any managed care opportunities or values, profits and quality are all going to be on the down escalator.



Vancouver/Whistler . . . the Canadian Rockies, snow skiing in July, black bears roaming the woods, celebrating Canada's birthday on the 1st of July with a 15th floor view of all the festivities, including watching the big cruise ships come and go at Canada Place, hiking in the forest, donning sweaters and raincoats. . . What a blessing to live in an era which allows us to be enjoying the mountains and in four or five hours to be enjoying the desert. *It's a wonderful life* (in memory of Jimmy Stewart and the truth of that phrase).

The Madikwe Game Park, the DASA Dental Congress at Sun City, Victoria Falls, the Okavango Delta, Hermanus and the whales, Cape Town. . . another opportunity to see, in half a day's travel, another culture, another country, more beauty in this global village we call home. (August 14-September 1)

The registration for the July Jamboree has been exceptional and we're very pleased because the format for Napili/Pentegra and the International Letter will be altered considerably in the future. In fact, the September People Without Perio workshop (September 11-12-13) is the last scheduled Napili workshop.

The workshops will not be available to a general market after September.

The only constant we have is change.

Recommendation: For those of you with young children, I refer you to the poems and books of Crystal Bowman (Dr. Bob Bowman's talented better half), specifically and recently published, *Ioan and the Dynamos*. It's the story of 11-year-old hockey players. You may be familiar with her first (I believe) published book of poems, *A Crack in the Sidewalk*.

The Dynamics of Change

At exactly 5:13 a.m. on the 18th of April, 1906, a cow was standing somewhere between the main barn and the milking shed on the old Shafter Ranch in California, minding her own business.

Suddenly, the earth shook, the skies trembled, and when it was all over, there was nothing showing of the cow above ground but a bit of her tail sticking up.

For the student of change, the Shafter cow is a sort of symbol of our times. She stood quietly enough, thinking such gentle thoughts as cows are likely to have, while huge forces outside her ken built up all around her and. . . within a minute. . . discharged it all at once in a great movement that changed the configuration of the earth, and destroyed a city, and swallowed her up.

. . .if we do not learn to understand and guide the great forces of change at work on our world today, we may find ourselves like the Shafter cow, swallowed up by vast upheavals in our way of life. . . quite early some morning.

The Dynamics of Change
Don Fabun, 1967

REED'S INTERNATIONAL LETTER

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/952-1200

Martin Moore-Ede authored a book titled **The 24-Hour Society**, *Understanding Human Limits in a World that Never Stops*.

A World That Never Stops

I recommend that you read this book, at your convenience, because as the world careens on in its ever-shrinking global village make-up, we hear from our counterparts around the world and their existence, 24-hours a day. Furthermore, when we travel to their country, we get to enjoy their time block and they ours here.

Moore is an associate professor of physiology at Harvard Medical School and has spent his career studying what makes people tick, particularly the human biological clock. His consulting firm is ironically called **Circadian Technologies**. He's worked with all the big companies on the Fortune 500 list and maintains a "sleeper" laboratory with around-the-clock workplaces in various industries.

Charlie Keating ran a 24-hour investment package with his computer people running shifts and he traded on the markets as the stock was appropriately priced and as the markets closed "as the world turns." It was fun to go to his place for a meeting because he would say, "I'll meet you at 3" and he didn't mean 3 p.m. Dress code was a blue suit, blue shirt and blue tie, minimum. When I went in to meet with him on committee matters for a Board on which I served, I would often wander by the room and see eight or ten people monitoring computers and stock markets in various parts of the world as the markets approached their closing hours.

These people had instructions as to how to deal and they were dealing.

It isn't uncommon for me to think in a 24-hour term because when I get a Pentegra call from the UK, South Africa, New Zealand or Australia, it could well be at a time when a mismatch was made by those who called without apology. And, as you know, that's fine with me.

Man still is not designed for 24-hour physiology and the book clearly points out that problems arise. . .with a price tag on the problems. Industry has measured it carefully and we know the impact even on national security, if not on international air travel.

We know, for example, that it can damage individual workers. Studies accomplished in Sweden show that people on irregular shifts are two or three times more prone to coronary disease, heart attacks, after four to ten years on these shifts than those who are not. Virtually every product can be made around the clock, from diapers to computer chips, nuclear weapons, or transportation. . . and most of them are. Retailing, insurance claims processing, banking, stock trading, electronic media. . . all run 24-hours a day.

It's not just coincidence that Three-Mile Island, Bhopal, Chernobyl and Exxon Valise disasters all occurred in the middle of the night. Suppliers run 24 hours, plastics operations, wrappings/packaging run 24 hours. Obviously FedEx and all the package transfer couriers run 24-hours. Just-in-time delivery for manufacturing puts a tremendous pressure on these people because shipping gets to the point where it costs in human fatigue and accidents beyond belief. Most of the "management" goes home and doesn't go back during the night hours, so there's a completely different atmosphere in most manufacturing sites.

Las Vegas has 24-hour dental offices, three eight-hour shifts for the 24-hour services providing to the people who work on 24-hour shifts.

We know that the new software and hardware packages with particular color graphics have a requirement for a dimmer environment and this means that fatigue and contrast create an almost jet lag atmosphere for the people who deal with these technologies.

In the book, there are some specific applications for who you are, and how you operate. There's a remarkable emphasis on ergonomics in regard to seating. We have found that although this works nicely on airliners it gets to a point where it lulls people off to sleep if they're too relaxed in their physical position.



In the future, we feel that there will be technology (in fact, there already is) in the form of headsets, etc. that can actually monitor the human attention level. This device will integrate the room's environmental control so the lights will go up, or the temperature will go down. You'll see changes in the task as the computer pulls up things on the screen for the worker to do that are subtle enough not to be noticed. There will even be an appropriate napping sequence arranging with high tech napping chairs in offices to allow interrupted work schedules to be more productive and less risky. These chairs will automatically recline you, massage your back, wake you up at a predetermined time, blow cool air across your face to refresh you and arrange for you to have a cup of coffee after your ten to twenty minute nap.

The research that Dr. Henry Ott in Florida has done on light and its effect on everything from sexual activity to the growth of plants and all of the industries of our lives is appropriate here in that light can alter productivity when it's changed (up or down) but usually the effect washes away in an hour or so. So, it gets to be a bit "big brotherish" about this environment in which we live if it's constantly being monitored and modified to increase workers' productivity, or their safety.

I don't think that is a legitimate complaint because our society isn't going to go back to a leisurely less than 24-hour societal structure. We simply can't afford to. The problem is that we've made all kinds of pragmatic decisions that ignore human physiology. Now we must learn to do things to help protect the physiology of the human.

Now there's no particular reason why we must sleep at night and work in the daytime, provided we take control over the exposure to light and sleep schedules. In Alaska, the school children are put into bright "light rooms" for an hour a day to maintain their attitudes.

We have a freedom to choose our own schedules and I would like to have you know that, although many of you have been somewhat interested and/or critical, Marci and I have done just that. You make a conscious decision to construct personal space in time to cocoon for yourself means controlling outgoing and incoming flow of information. In this time answering machines, voice mail, satellite

cellular telephones, modem connections, e-mail can appropriately input to you 24-hours, seven days. It's important to create time buffers between transmission and receipt of messages for thoughtfulness.

Oftentimes saying, "I'll sleep on it" is an extremely good thing in regard to deferring decisions appropriately. The author, in putting together the book, mentions that he was running a research institute at the time, undergoing major reconstruction of its activities and a consulting firm that was expanding its business into Europe. This, in itself, seems to be enough not to tempt him into writing a book.

Several new research contracts produced, product rights agreements were under negotiation, his wife and family had their own demanding work schedule and the school for which he was a faculty member had its priorities. Faxes were pouring in from Japan, Europe. . . questions, concerns, opportunities were flooding his day and his night and if this weren't enough, his father and his father-in-law were admitted into the hospital on opposite sides of the globe. This is enough for some type of madness to set in.

Nevertheless, this gentleman's solution was to develop a schedule suited to his biological clock that allowed him to perform management duties and family responsibilities first. He blocked those times out. For six weeks he worked two shifts. The first, from 4 a.m. till noon, was time protected to write in his home office. He was totally insulated by staff and family from the flow of information and requests that would otherwise find him. He could sustain this schedule if he went to bed at 10 p.m. In the afternoon he went to the office, responded to the "in" tray, took phone calls, opened the window to the world and in the evenings he retained complete autonomy for the family, relaxation and family activities. His schedule became more flexible.

Business plans that protect the rights and times of the citizens of our newly constructed global village need to be established. The Emily Posts of the 21st century will require, for instance, that senders of inquiries bend their schedules to that of the recipients if the desired response is less than 24-hours. Etiquette of this nature has been observed in Pentegra. I find no problem with the UK, New Zealand, Australia, South



Africa and that the time blocks that are used for personal conversation via telephone have not been violated and work well within the humanness of my response-ability.

Technology has done a great deal to speed up the electronics communication, but very little to speed up the humanness part, so appropriate is it that we speed up the technology in that the humanness is already able to outstrip the technology. It isn't how long you listen, it's how fast you hear. It isn't how long you look, it's how fast you see. Without question, in a nano-second you can process things out of your values, out of your knowledge base, and make a decision. It's just that most of us are not accustomed to do it. We like to feel guilty, we like to feel fear. We like to feel greed and we have similarly allowed ourselves to habitually do so.

Can anyone imagine how 540 channels on the telly could be of any use to any single human being? Even with a 24-hour society, there is no adaptation that would allow anybody to come anywhere close to assimilating information on all the channels, even around the clock.

Yet, major networks offer news only in narrow time slots. CNN, of course, has an exception. Their technology applies to the realities of the global village. Ted Turner's genius was in seeing the world as it is, creating a common experience and information resource for citizens and travelers everywhere, 24-hours a day, seven days a week.

The ultimate in human-centered news is the CNN Headline news repeated endlessly around the clock. Whatever time of day it is, you can punch in whatever time zone you're in. We've found this to be very valuable. We can get good information, globally and locally, almost instantly.

This kind of knitting binds us into a global village. In the new consolidation of dental practices we are international as we "come out of the gate." We have Australians, New Zealanders, Brits and soon South Africans as well, to say nothing of our neighbors to the north and south of continental United States.

I encourage you to experiment with your biological clock. After a reasonable weekend at home, relaxing and enjoying

some of the things you like to do, set your alarm for 4 a.m. for every week day for the next week. Go to bed at 10 p.m., watch the ten o'clock news, turn the lights out at 10:15, 10:30, get a good night's sleep. Eat a light meal in the evening, low fat, and enjoy the 4 a.m. alarm. When your feet hit the floor, get up and say, out loud, if not yelling at the top of your voice, "Hot dog! I get to go to the office." Spend from 4 a.m. till 7 a.m. with your books, with your correspondence, with your thoughts, with your plans, with your future focus, with your "feed forward" and with you exercise (both aerobic and muscle tone) and by the time you land running at the office at whatever hour you choose, you're well-prepared for a happy, productive day.

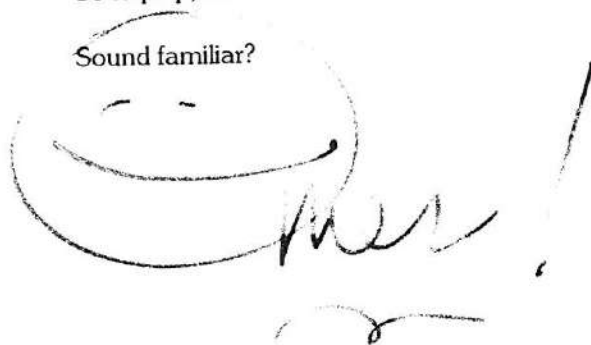
Have a large breakfast, a light lunch and you could do a bit of "grazing" during the day in regard to nutrition. Definitely eat a light meal (early) and stay high on your vitamin supplements and your anti-oxidants. Be certain to get physiological exercise every day and life will treat you well.

I would also psychologically plan to live to at least 110, and so it's wise to shed obesity and be sure the cardiovascular is in good shape, along with the muscle tone of the body. Remember the work you've been able to experience with Dr. Jim Peterson and be sure your muscle tone and muscle mass are in tone. You don't have to build muscle, but you have to have it in tone and in shape. This will allow you to quickly take advantage of technological capacities and at the same time preserve your human capabilities in a way that's remarkable and productive.

Remember, you can do anything you want. . . you just can't do everything you want.

So step up, oh discontented man. Pay the price, and take it.

Sound familiar?



Summer's over, school's in session, vacations are over and everyone is "back in the saddle" and ready for action. I love September, not only because it means cool weather is soon here, but because it, like Spring, is a time of renewal. I may even clean my desk.

And now that routine is the order of the day, reminder: The Case Presentation "Research Project" paperwork has not been received. I believe the time parameters that Omer set have now passed us by, so please send your information. It is indeed a research project, so we need your input. Thanks.

Great to have Naomi Rhode, Carl Hammerschlag, Charlie Keating and Ron Geistfeld with us as "clinicians" for the July Jamboree, four of the folks who create diversity, optimism, and joy to our lives. Thanks to Mack Greder for putting teeth into our Saturday. We really enjoyed each of the 65 participants who joined us and celebrated July's heat, dust storms and warm fellowship.

Brenda and Dick Mains, Jeannie and Rod Koleno, Ann and Harold Pebbles, Dixie and Bill Mauthe, Marcia and Brian Kniff, Lucille and Don DiGiulian, Iona, Irene, Royce and Ed Dougherty, Kay Corbin, Mary Anderson, Marla and Bruce Kanehl. . . the South African Safari-ites. What a trip! Many thanks to Andre and Julie Dreyer, and Retha and Wynand Dreyer for much assistance and for arranging the home visits in the Cape Town area. We left enriched.

Looking forward: People Without Perio, next month (11-12-13 September), brisk registration, the announcement hasn't been mailed, but will perhaps be in your hands by now: this is the last opportunity for this workshop in its present format; i.e., availability.

He is the Very Model

"The designer is essentially a solver of problems, problems presented to him by the nature of the task, of the materials he is using, of the people who will be using his design, and of the market for which it is being produced.

"The model of man (Please read "man, woman") which emerges when we consider him as a problem solver. . . whether his problem is to land an aircraft or design a coffee percolator. . . is a data processing model. These words are operational, they define concepts in terms of what is done.

"Man is seen as a hierarchy of systems in which he receives data, processes data, and puts out data. . .

"This does not imply in any way that a man's mind works like a digital computer. . . though it does not deny the possibility. It does say that the relations between what goes into his head through his eyes and ears and what comes out through his voluntary muscles, often suggests what he does."

E. Llewellyn Thomas

"Problem Solving in Design" from *Design and Planning*

Aquaphobia

Robert E. Horseman, DDS

We are on a mission. Our mission, should we choose to accept it, is to determine why so many of our otherwise normal citizens are carrying their own personal water supplies with them at all times as if the specter of fluid insufficiency were the uppermost thing on their minds. Noting that when a man tries to drown his troubles, he never uses water, the phenomenon of people going about their business clutching a bottle of that particular liquid becomes a puzzle worth investigating.

The predominant theory seems to be that ordinary tap water is so suspect that if the truth about it were to become common knowledge, we would all become aquaphobics. Therefore, one must never be separated by more than an arm's length from a safe and reliable source of water in case a sudden attack of dehydration sets in.

There is another theory that we find more credible. Some recovering alcoholics, conscientiously endeavoring to follow their 12-step programs while at the same time not putting a damper on their social activities, began favoring water with a twist of lemon as if it were Dom Perignon or some other overpriced CNS libation. To create the illusion of sophistication and maintain the panache of this act, ordinary tap water with its complement of chlorine could not be considered *tres chic*. Enter Messieurs Perrier, Evian, et al.

Water, to have the cachet required by celebrities and wannabes, must never emanate

from a mere faucet, but must spring virginally from the depths of ancient glaciers or deep in limestone caves of southern France. It doesn't necessarily have to have the curative powers of the fountains at Lourdes, but a rumor to that effect couldn't hurt. Above all, the designer logo of a well-known purveyor must be visible at all times on the bottle, because drinking the house brand of a local supermarket at 25 cents a quart just doesn't cut it.

Our research concludes that the key to reducing the contaminants of ordinary tap water is activated charcoal. The water is filtered through the activated charcoal and, voila, the result is purified water, more expensive to be sure because of the expense of activating charcoal. We are all adults here, but few of us know how charcoal is activated. Our parents never told us and unless we've picked it up on the street in questionable company, the process remains a mystery. The closest we've come to understanding the metamorphosis from inactive charcoal has come when we've doused the stuff with lighter fluid and set it afire for a barbecue. How this would make water more palatable is dubious, so the activation process must be something entirely different.

In any event, the current bottled water craze is Big Business and has spawned satellite enterprises. Transporting your little bottle around along with your wallet, purse, car keys and other impedimenta of our age can be such a drag as to inspire water

bottle carriers, slings and belt attachments. Fancy lids with pop-up valves, built-in straws and cunning spouts are common. Every sporting goods store, athletic event and convocation of like-minded aficionados features water bottles of such clever design that you can express your individuality and uniqueness to your heart's content. The old admonition of eight glasses a day now becomes a less tedious task and, indeed, a popular pursuit.

All of this is occurring at a time when the investigation of water in the dental office environment is in full cry. Although portable potations may only be a passing fancy, like reversed baseball caps, there is an opportunity for dentists to take advantage of the phenomenon as long as it's here. We could easily do away with our three-way syringes and tap water rinses by simply fitting a disposable pump on the patient's own water bottle. Long operations such as bridge preps might require that he bring along perhaps a five-gallon supply, but at least the brouhaha over backflow, cross contamination, etc., would subside. Or the more enterprising among us could put our own logos on the bottles along with a sachet bag of charcoal and sell them to the aquaphobics in our practice. At the present, the only inexpensive way to prevent suspect water from coming into our offices is to not pay the water bill. To argue otherwise holds water no better than a newborn puppy.

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REED'S INTERNATIONAL LETTER

Quarterly

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/952-1200

A "browser-based" society is the new world, not a face-to-face world, but an "information now" world where attention spans are extremely short. This leads us to the essence of strategy for today, which is *deciding what not to do*.

There is such a plethora of things that could be done and informational sources that are available, that one must choose to choose.

Cyberworld. . . The Network Economy

Getting new ideas in is not the problem. Getting old ideas out is the problem. An empty space in your mind is necessary for change, growth and learning.

In the year 2000 we have a problem. The 386 computer cannot operate after 2000. Thermostats, automobile power plants, appliances, chips. . . all by 1998 will create a business awareness of the computer 2000 chip problem.

We believe a lot of insurance companies will be for sale because they won't be able to process claims and/or premium calculations. Brand new programs are much less expensive than conversions. There aren't enough computer programmers around to change the existing programs.

The good news is that the IRS will not make it. Not only are they overloaded now, but they must start over. It'll be the year 2007 before they begin to catch up.

We do not believe, in listening to the economists, that this will drive an international depression by any means. Security companies already have auditors

flying to sites to assure connection and compliance because one site not complying will cause a melt-down.

This is a sign of progress in our time.

We, as a result of our awareness of the paradigm shifts in our society, need to review the "modeling" tool being used to design our future. We must also be certain that enough people spend enough time to model the future in a feed-forward fashion as they communicate with one another.

People communicate to control their future. People who fear can listen but cannot hear. Long-range planning does not deal with the future decisions, but with the future of present decisions. It is totally essential to success to define the desired result and then to set guidelines to achieve these results.

Next, identify the resources for the achievement and the tasks necessary to utilize the resources.

Next, who will be accountable for these tasks. Identify these people.

Finally, determine the consequences of failure, delay, modification and. . .not the least. . . determine the consequences of success.

Ask for life as long as you have work to do and work as long as you have life. That seems to be the best answer for the dynamic state of change the world is in.

Here are some bullets that relate to these subjects. It's up to you to apply these to the dental team, the dental environment, the family and your personal economic independence.

- What happens if we continue as we are?
- Is this what we want to have happen?



- What is the cross section of the team responsible for this function as we perceive it?
- Do we report this function and its results to the producer/marketplace?

A flow-forward process replaces the annual business plan that has been so common in many businesses (obviously lacking in most dental businesses). Here's where we are, presently. Six, 12 and 18 months from now, here's where we're going.

- A budget is a cross-section of current position and a report of the projected year. We're citing the leading indicators of productivity for our team.
- If we hire someone new, how long is it to their measured, successful productivity? A team without trust and faith is not a team.
- What number of training sessions have there been and are necessary for productivity to be achieved appropriately?
- Is there available data on the team, the doctor and the hygienist in productivity per unit time?
- It's tough to grow old, but solid success comes over time, from growth.
- How committed to growth is the organization? Does the team understand the plan? Is the team aware of and participating in the development of the plan?
- How do we monitor growth and will we track it against plan?
- What are the major impediments to growth?

- What is the determined chosen growth rate?
- Have we done a case study to learn about resistors and accelerators for this growth rate?
- We must know what the strategic significant sustainable competitive advantages are that we have and apply them intentionally.
- We must know the cost:value ratio and selectively out-source those things that don't produce the desired result.
- Understand the trends that are driven by the consumer.
- Break paradigms.
- Design a delivery system in bands or divisions that answer the consumer group needs.
- People's buying habits are changing rapidly.
- Have a significant one "back room" but a divided up front delivery for the products and services you provide.
- Know what your costs are in real time for each segment or and of service you deliver.
- There is a danger in one division subsidizing any other division, segment or band of product or service. We must master strategic response to structural and technical change.
- We must have "end point" vision of capabilities and infra-structure to deliver to the consumer the high cost values ratio s/he desires.
- Refer to the model-building addenda included



as it is one of the tactical answers to your future.

- The culture of an organization is dependent upon the type of people who have been hired.
- Mass customization is essential in the personal services market.
- Modular teams and collateralized administrative procedures will work. Hierarchy will not.
- We need core commitment and network alliances. We mustn't lose track of each other as we grow and learn together.
- This is a relationship-based sales process.
- We must sell benefits to the consumer.
- We must train the team, coach the team, monitor the team and report the results of the team's function.
- We need to monitor growth, celebrate growth and be certain that leadership continues to communicate on the monitoring of growth against plan.
- What technologies are required for this growth/team project?
- Continuing education must be implemented and the modus of this intended change must be monitored. We have to link computers in the team environment.
- Lotus Notes and PC Mail are current links available. A version of Open Architecture for reporting and monitoring is essential.
- What "group ware" can you conceive?
- Objectives precede commitment which precedes results.
- Software is essential to play the necessary "what if?" games, including a slowing economy as we review business in the "same store" growth patterns.
- We can grow double-digit even in a slowing economy by cost-related fees, scheduling productively, and knowledge-basing the treatment plan/presentation off of a baseline and uniting the trust/team faith quotient.
- We can spend less time, do a better job and be more profitable.
- We cannot do this in isolation. We must communicate as a team.
- We are doing less than we think we are and we can do more than we think we can.
- Very few teams increase their execution by increasing their information. Data, information, knowledge and wisdom do not necessarily lead to change in behavior.
- What are you going to do about deficits? Identify deficits. Deficits are a big issue.
- It's relevant to have information; now comes administration. What do I do about the deficit? It is the change, growth and learning, the productivity that's critical. Just do it!
- Regular review of what's working will identify the proper "drivers" to success.

A quantification tool to monitor action against plan is essential.

- Some of the things that seem to be “obviously important” may not be the positive drivers at all. Do the right thing at the right time at the right place with the right people **for the right reason.**
- Technology has added to productivity to such a unique degree that it’s very difficult to adequately measure this increase. There are some paradigm shifts that we recognize in our community that are critical. There is a credit card behavior that has magnificently magnified the United States debt structure and there is a tremendous change in the savings patterns of U. S. people. These seem to be linked, hand-in-hand, as savings increase and the massive credit card debt becomes a concern to the individual.
- Network economy requires technology and training.
- What are your top consumers? (The top one hundred.) There’s a terrific problem in your system if you do not know.
- All computers must have modems. We must become a network technology.
- The law of unintentional consequences.
The E-Bank in South Africa has an ATM technology that adapts to 37 different languages. The Smart Card tells the machine which user’s face must come up and which language must be “spoken” by the machine to the Smart Card bearer. It welcomes the user in the user’s language. The user’s I.D. is his thumb print so he knows his number/money is secure. There’s

a biometric reader on the ATM, then, that disregards the PIN number, and uses the thumb as the identifier. The ATM machine will bring up three clay pods and identify for the member using the system, to show whether depositing, saving, or paying bills in the transaction, as is the custom of the tribe. This helps visualize the transaction.

- The law of unintentional consequences governs all technical revolutions. Much like smog came after the industrial revolution and the automobile, unintentionally, credit card theft in South Africa for the E-Bank Smart Card includes the theft of the owner’s thumb. This is oftentimes referred to as the “revenge affect.”
- We can’t cost-contain the practice to success if the income stream is dwindling. Think about that. We usually tend to the cost containment because there isn’t available cash when income streams dwindle, but there’s seldom a relationship between course of the dwindling of the income stream and cost containment. Better to focus on what caused the income stream to dwindle than to cost contain. Cost containment is exceptionally essential, but during a plateau or an up-swing in the economy of the income stream. We cannot market a manufacturing glitch out of the system. This is very true in dentistry. We always want more warm bodies and then do the same dumb things with the new ones that we’ve done with the old ones and that’s why we need more. It is very true that a manufacturing process that has a glitch in it cannot correct the glitch by adding more market. Marketing will not successfully help a “glitched” business. It must deal with the issue that needs to be changed.

REED'S INTERNATIONAL LETTER

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/952-1200

This is a time of great transition in dentistry and we have all taken a good hard look at what is happening to our brothers/sisters in medicine as managed care gobbles them up, takes them out of personal touch and destroys the private care, self-pay profession that once was the backbone of medical philosophy.

The recent article by David Cashman is fascinating and I certainly am convinced that it will be of great value for my readers to have access to it.

McDentist?

It is a familiar kind of energy that comes at you with the enthusiasm and the spirit of the author hitting like a D-9 caterpillar.

Recently, I had the privilege of sitting with four different underwriters as we interviewed each other for the co-underwriting role with Lehman Brothers for the new Pentegra Dental Group Inc. which is identified as a private care, fee-for-service, personal practice, self-pay package as compared to the other corporates that integrate with programs and managed care contracts.

I was amused as I listened to the analyst (on the team of five people presenting their views to us) as he depicted the gospel of one of the recent corporates described in Cashman's article. In keeping this generic, I'll avoid any harsh comment. Nevertheless, I'm more than willing to discuss the "intimate" details if you choose to call. At any rate, please enjoy the generic intent of this article.

The particular underwriting group with whom we were speaking has taken this "McDental" group public and were extremely pleased with the growth and the marketplace as they were indeed, at the moment, the "darling" of the industry. They pointed out the brilliance of the administration which *owned* and *operated* the dentists.

This team had "trained" the dentist to do crowns and dentures very rapidly and to compete with the fees of the local capitation programs in that they could do these crowns for \$270 rapidly enough to make a profit and they were actually stealing away from the capitation programs at the "high end" services. Give me a break!

In speaking with the analyst, in particular, and the other partners in the underwriting group, I was amazed at how the knowledge of dentistry seemed to include only this kind of competition and no concept whatsoever for the price values ratio or the fact that service, quality and price are interrelated. You can have any two, but not all three. This seemed to escape them. In seeking to unravel this for them, in asking for feedback, I was unsuccessful in getting through the barriers of the mind-set. The synapses were completely closed. There was no communication. I failed. (That didn't surprise me.)

One of the things that I find to be exciting and interesting about all of this is that it takes a great deal of energy, time and money . . . and unconditional commitment to segment a target market. Dentistry in general has not seen any reason to segment a quality market that has a values added attitude or to specify how critically important service is in the face of fear. (Read **Nichecraft** by Linda Fackenstein)

I'm not being critical. I'm merely being observant, historically. It is true that this segmentation of private care, self-pay market has been done for us by the capitation programs, the HMOs and even, to some degree, the "insurance" contracts. Insurance is a risk pool for catastrophic events . . . and it's a misnomer to use the word in regard to dental programs which are co-payment packages with their management taking money out of the center that would better serve in either the hands of the provider or the beneficiary and adds to the sickness of free enterprise. (In my opinion.) Dentistry in the United States has not been *standard of care* oriented. I have in my hand a document presented by a very skilled team of



people to the trustees of the American Dental Association some years back. This team was selected to provide a generic standard of care, the minimums. It was rejected by the trustees in that were this to get into the hands of litigators there wouldn't be a dentist in the country who was safe because of the differences we have within our standards of care and the procedural habits in the dental game we play.

The American Academy of Periodontology has believed it to be appropriate to publish such a document, and others are beginning to emerge. Dentistry has not, traditionally, had a data-based quality assurance program, but it is provided with one now through the Pentegra Dental Group Inc. This data-based quality assurance program shows what our standard of care is, what the efficacy of that standard is, what the consumer satisfaction is, and how we support a cost-related fee base. Fee = cost + profit is critically more important than fee — cost = profit.

Another fact that is important, I believe, is that the concentration of offices, or penetration of market for market share is not the target plan of the Pentegra Dental Group. The success of personal, private care in small rural communities as well as metropolitan areas can be manifest. The net can be increased, the overhead reduced, the productivity per unit time increased and the waste that comes from piecemeal fee scheduling can be ameliorated by going to a cost-related fee base.

Speaking of market penetration, is dentistry really penetrating the market available? Consider what would happen if every person in the U. S. was qualified to attend a *healthy* prophylaxis three times a year (average, some should be 12 times/year for periodontal maintenance). Consider that, with bite wings, panos, FMX and other standard health maintenance procedures, the average fee would be \$65. Dental hygiene would be a \$68.9 billion dollar industry. In recent studies, dentistry, on the whole, is reported to do some \$45 billion dollars per year. This

means that if all 189,000 practicing dentists and the 30,000 or so licensed hygienists took on the task, their annual production would have to be \$314,612.

Are all patients qualified for the healthy event? If not, would the amount of services go up or down? Can we begin to imagine the pool of unfinished dentistry in this crowd? Are there really enough dentists or hygienists around to "penetrate" this market?

265,000,000.00	Current U. S. Population
4.00	Healthy visits per year
65.00	Dollar average prophylaxis visit
68,900,000.00	Healthy hygiene market capacity
189,000.00	U. S. Licensed dentists
30,000.00	U. S. Licensed hygienists
219,000.00	Dental hygiene providers
314,611.87	Average productivity
2,296,666.67	Average if hygiene does it
364,550.26	Average if dentistry does it

We know what to do, we know how to do it, we know we can do it . . . **and why is to know not to do?**

Vision without action is lost. Action without vision is hopeless. But vision, with action, manifests great change and profitability.

The Pentegra game, then, is extremely antithetical to the McDentist that's being portrayed. With some degree of humor, I choose to point out that the end point of David's article is that you're going to prostitute your soul by building your practice to monster proportions and then "fake everyone out" at the McDentist level by selling it to these prostitutes as they come into your community so you can really show them who the boss is. This would be philosophically the antithesis of personal, private care. The abandonment of the people coming to you for care, rather than handing the practice off to another skilled, qualified person, is not a morally correct objective, in my opinion.



The purpose of building this "fortress practice" to sell and exit is again antithetical to the Pentegra game where we are bringing together quality people, not for exit strategy but for the manifestation of creating objectivity to the paper value of the business, letting it become the seed money for mathematical progression as earlier stated, while the dentist stays on. We have many younger people coming in who have no intention of leaving at the end of the fifth year of their agreement. And, if you run the numbers for the last 50 years, even with the corrections that the American Stock exchange has experienced, you will certainly see that the mathematical progression for the dentist (with the multiples and the new currency called stock) is the way a professional deserves to live as contrasted with the way it's been.

Dentistry has often been cash poor, in a bind with cash flow, scratching and scrambling to get the bills paid because of never really having had "Behavioral Sciences 101" or Economics 101" behind us in our professional training. We now have an opportunity to re-live Dr. Pankey's prescription: *Technical excellence is preceded by economic independence.* We can now become what we're able to be because of the freedom that is coming to us through this process . . . with "free time any time" (not free time all the time) which is what most of us are focused on for our lifestyle.

So, in spite of the fact that David's article portrays the "biggest threat ever" . . . "ten times bigger than managed care," most other "corporates" out there are managed care. You can't separate sheep from goats in their game. We must be strengthened as we unite, nationally and internationally, to maintain the personal, private care sector. The personal care niche will be highlighted and elevated by the behavior of the managed care sector that is pumping lots of time, money and stomach-lining into creating their sector. This isolates private, personal care as a niche market in a way that we could never afford, financially, to do. Our professional organizations have

never bothered to try to do a profile of personal care, self-pay and we can now take that position, with a voice.

It is good news to you that there are several practices in South Africa, Australia, New Zealand, UK and Canada that are interested in this project. I find that everywhere I go the idea makes sense. We will not only be strong in a national sense in our philosophy, but internationally. I find that everywhere I go the idea makes sense. It promotes the proper win/win aspect that my pappy's old checklist brings to us.

Remember his five points: (1) it has to be fun, (2) profitable in the free enterprise system, (3) it must be win/win for everyone involved, (4) it must have honesty and integrity at its heart (some systems don't, you know), and (5) it must do good for mankind over time.

My friends . . . we have arrived. This is where it is. The other five point checklist in social maturity will be ours. We will have happiness, health, wealth, wisdom and peace of mind as a result of our co-laboring in this project.

Watch for the power that comes from productivity scheduling the single chair with a decimated calendar, with a "care pair" front deskless team as this is the most productive, least costly, most personal delivery system this intensely personal service could ever enjoy.

Remember that personal dental care is a relationship transaction. It's "not what you think ,it's how you think that makes a difference, " as Barkley so aptly stated. I believe that most dentists on the outside playing games with managed care are running around like hemophiliacs in a razor blade factory. . . their phobo-phobia sticks out all over, doesn't it? I'm sure the law of unintentional consequences will devour them, without any question, before it's over.

It's an interesting time for us at Napili and Pentegra as we're in a "holding pattern" for activity until the Pentegra Dental Group Inc. is finished "going public."

All systems (nearly all) are on hold until then and we are in the process of refining and re-filing (cleaning the closets, so to speak) getting ready for our new challenges. We have three new Pentegra members, so we're keeping the computers, monitors, and triad room occupied.

Our expanded functions hygienist, Kay Corbin, who does Pentegra on-sites, has had many requests for assistance with hygiene programs in these offices, both from the doctor and from his hygiene people.

Kay and Kary (our other EFH) are offering a two-day workshop for hygienists and assistants on Monday and Tuesday, the 8th and 9th of December, here at the Pentegra headquarters. The cost is nominal, considering the return on investment. The workshop will be a small group, which means great one-on-one activity. If this is something that will enhance the future of your practice, call and speak with Kay, who will answer any questions or assist with more information.

Correct Manners (19th Century Style)

Never break an engagement when one is made, whether of a business or social nature. If you are compelled to do so, make an immediate apology either by note or in person.

Be punctual as to time, precise as to payment, honest and thoughtful in all your transactions, whether with rich or poor.

Never look over the shoulder of one who is reading, or intrude yourself into a conversation in which you are not invited or expected to take part.

Tell the truth at all times and in all places. It is better to have a reputation for truthfulness than one for wit, wisdom, or brilliancy.

Avoid making personal comments regarding a person's dress, manner, or habits. Be sure you are all right in these respects, and you will find you have quite enough to attend to.

Ask no questions about the affairs of your friend unless he wants your advice. Then he will tell you all he desires to have you know.

A true lady or gentleman, one who is worthy of the name, will never disparage one of the other sex by word or deed.

Mention your wife or your husband with the greatest respect, even in your most familiar references.

If you have calls to make, see that you attend to them punctually. Your friends may reasonably think you slight them when you fail to do so.

Be neat and careful in your dress, but take care not to overdress. The fop is almost as much of an abomination as the slovenly man.

If wine or liquors are used on your table or in your presence, never urge others to use them against their own inclinations.

DAVID CASHMAN, DDS

18351 JAMBOREE ROAD
IRVINE, CALIFORNIA 92612-1011

The Biggest Threat Ever to Your Practice — 10 Times Bigger Than Managed Care — Has Just Arrived. Is Your Neighborhood Next? Are You Ready? Or Is Your Practice Toast?

Dear Fellow Dentist Who's About to Be Caught Napping,

I'm a private practitioner like you and I'm writing to alert you to a major new threat that can devastate us all. It's a fast-growing, lethal cancer that, if ignored, is sure to spread. In fact, it's already spreading.

Are You Growing as Fast as This McDentist?

Coast Dental

Stock Symbol: CDEN

1996 Revenues:
Up 144.45%

1996 Number of
Offices: Up 163.63%

1996 Net Income:
Up 534.07%

1997 Expected Growth
In Offices: Up 93%

Comments: "The company is becoming dominant in its key markets," said Robert W. Baird & Co Inc., which expects earnings to jump 120% in 1997 and growth rates to be 40 to 50% for many years.

This warning is not hype. Please don't take it lightly. Because, odds are, very soon, you'll face a challenge the size of a 10.0 earthquake, a Category 5 hurricane, and the Mother of All Tornadoes — that will affect the very existence of your practice. There is no escaping it.

How you face this challenge will determine your personal success for the remainder of your practicing years. For many of us, our response will quite literally determine our practices' life or death.

But if you do the right things right now, you'll not only protect your practice, the biggest asset and investment in your life, you'll also reap exceptional new gains in production and profits in the next 12 months — and perhaps the greatest cash bonanza of your entire life. Do the wrong thing — **or don't do anything** — and you'll see all your hard work melt faster than butter on a hot stove.

All you need is a fair warning...and a winning plan.

Here's the evidence and the warning. In a minute, I'll give you your winning plan.

But first you have to understand — THIS TIME, IT'S FOR REAL.

So get ready for...

The New World Of McDental Corporate Dentistry that Arrived on July 14, 1997.

July 14th marks a special day for dentists. It's the day a behemoth Wall Street McDental chain started running a national ad campaign for discount dentistry starring 2-time NFL MVP Brett Favre. You may have seen 'em...and if you have, like me, you probably cringed.

But why is this day different from every other day? Because it's

(Turn here to discover more...)

This McDentist Is Almost At Your Door!

OCAI

Number of Offices:
272

Net Revenues:
\$71,273,000

Total Active Patients:
83,000

1996 Patient Increase:
Up 56.25%

Comments: Bradley Wilson, health care analyst at GS2 Securities in Milwaukee, said the third-quarter results were as good as he could have hoped for. Wilson said, "If this doesn't move the stock, I don't know what can."

Vulture Capitalists controlling all of the patients in North America!

And if you don't think this is a direct threat, if you don't think you'll have problems paying your mortgage, if you don't think the value of your practice will be **zero**, maybe you need to understand how they work.

How They'll Cut Your Practice by 50% in 12 months or Less

This cartel's strategy is simple: it's called "Dental Pac-Man." They just pick off dental markets one by one by surrounding and conquering the most vulnerable practices. And they don't stop until they **dominate** the market. Then, when one market is done, they gobble up the next. Then the next. Then...You know, Pac-Man — McDental-style.

Can't happen to you? Ha!

Let me briefly give you the blow-by-blow formula of how just one of these Wall Street Barons is taking over towns like yours while you're sitting around reading this. (By the way, there are no secrets here. Everything's spelled out in their SEC and annual reports, so we've verified everything.)

First, they set their targets, just like any military army which doesn't plan on taking prisoners. They quickly open 4 to 8 practices located like a hub-and-spoke on a bicycle. They strategically locate

the day of the first salvo in a nationwide campaign that'll put private dentists and orthodontists out of business! With this and future TV and newspaper campaigns, this corporate doc-in-the-box has thrown down the competitive gloves and challenged it's throngs of money-hungry copycats to put up or shut up.

And one thing is certain — the 20-plus corporate McDentals are going to put up. With more and better ads to outdo the Favre campaign. And guess who loses in this corporate do-or-die battle?! Guess who could lose everything? You bet, we can!

RRRIIIIIINNG. (Or is it ka-ching?!) Either way, consider this your wake-up call — because the new world of corporate McDentistry has just been born.

Unfortunately, there's absolutely no turning back. They've already opened over 1,000 dental and orthodontic centers. And by the December 31st millennium, none of us are going to be partying because we'll be facing 5,000 McDentists in every single shopping center in America!

And these Richer-than-Rockefeller behemoths have just started.

How about 8,000 mega-practices by 2002? 12,000 by 2004! And 20,000 monument-sized practices within 10 years of today!!

And since each one can be about the size of three of us, that's really 60,000 dental practices!!! Think there'll be room for all of us? How about all of us existing little guys and gals?? Of course, not.

You see, my friends, this is what I call a power- and profit-driven CARTEL. Just like oil. Just like coffee. Just like in California, where there's just a handful of health plans left in the whole state. In our case, the McDental Cartel will have twenty-some-odd Wall Street

"The amount of dollars being raised in the stock market this year that'll put private dentists out of business is over \$100,000,000!"

these practices so they can get all the benefits of major TV, radio, and newspaper advertising (which you can't) and divvy up the costs among their practices.

Then they spend 10% of all practice revenues on advertising! And since the average dentist spends just 1% on practice development — and many of us spend nothing — that means, we'll be outspent 10 to 1!!

Wow! Now the Cartel's practices in your town are using the nightly news to recruit your patients while you're still sitting around wondering if it's even ethical to advertise! Want to bet who's going to win that war?!

Let me give you the blow-by-blow about how you'll first notice the corporate aliens have arrived. You know that 10-20% of your patients leave every year for demographic reasons — moving, death, divorce, etc. — right? Well, one day, you'll wake up and ask yourself, "Hey, how come I'm not replacing lost patients like I used to?" That's when you'll discover the Cartel's operating in your area and has FOREVER decimated your new patient flow.

It's like eating all those steaks and not having heart problems and then BLAM — it hits you and you never saw it coming. Gradually — step by step — your arteries close...and then you die. Make no mistake. This is a Practice Killer.

But Don't They Need Us?

"The typical cartel member's business plan calls for spending 8-10% of revenues on advertising! That means they'll outspend you 10 to 1! And guess who'll win that war? Then guess who'll lose!"

Sorry. Unlike with medical practices where Wall Street is buying up every generalist in sight — THEY AIN'T LOOKING TO BUY YOUR PRACTICE! They're looking to

run you the heck out of town!

But you might ask, "Won't I at least have a job, if not a practice, left?" Not in my book. If I were they, I'd just get a few fresh grads whom I could work to death...my thinking being you can get more production out of young squirts than with more seasoned practitioners who would be suspected of demanding too much money — and being prima donnas!

And how do they "attract" your patients and run you out of town? One guess — price.

They undercut your fees by an average of 25%! Then they carpet-bomb your area with major TV and newspaper advertising funded by Wall Street MONEY. That's big M-O-N-E-Y with more than a capital "M." The whole word's in caps!

You can't even open the paper or watch TV without hearing their spiel. They're relentless. It's like trench warfare in World War I — wave upon wave until their enemy just gives up. That's right, they get all your profitable patients and YOU GIVE UP!

But how do they make money doing this? Simple — they get their hired-gun dentists to agree

Want to Compete Against This McDentist?

Gentle Dental

Stock Symbol: GNTL

1996 Revenue Increase: Up 33.65%

1996 Revenues: \$21,423,000

Comments: "Continued growth... very large."

This McDentist Is Springing Up Everywhere!

Monarch Dental

Stock Symbol: MDSS

Presently: 150 offices

Going to: 500 offices

1997 IPO raised: \$30,000,000

Stock up since recent IPO: Over 25%

This McOrtho Covers 17 States Already!

OrthoAlliance

Stock Symbol: ORAL

Presently: 156 offices

Covers: 17 states

1997 IPO: successful,
no lack of takers here

visions of Porsches and country clubs dancing in their heads. And all that's standing in their way is you. Or more precisely, your patients.

The bite they're planning to take out of your hide makes Evander Holyfield look fortunate!

Then, on top of these **DENTISTS AT WAR** with you...

...the suits at their home offices handle everything else — and cut costs to the bone through economies of scale. Salaries, support, dental supplies, and every other expense are rock bottom — that's the power of their multi-million-dollar buying strength.

On top of that, they add salt to your wounds by trying to take any juicy, capitated dental HMO contracts you have. And you don't even see it coming.

Isn't it true that once you get a capitated group up and going, all the work's already been done? So now there's just maintenance and profit? Your profit? Finally?

Unfortunately, private dentists like you and me who spend their time getting a group up to snuff won't see dime one of profit. The reason — these cartel members can swoop down and low-ball the contract — and there's nothing a poor, unsuspecting dentist can do. Tough luck. They got the gold, and you got the shaft.

So now your practice is surrounded. And your revenues are cut by 50% — but your expenses and family obligations certainly aren't.

So How Does All This Feel?

Well, try high anxiety like you've never felt. Then followed by a deep depression that'll give you new insight into why dentists have the highest suicide rate.

And what about funding your retirement? Forget that. Or a good college for your kids? Not anymore! A decent car, a relaxing vacation? Or paying your BIG mortgage? That was all Pre-McDentists!

Can't happen to you?

to 26% of the gross with stock options up the wazzou as incentives. These corporate turncoats get nice little salaries and promises of millions when the company goes public.

And you can forget that old saw about "No salaryman will work as hard as me." Or your fantasy of "My patients are so loyal — they're not interested in any McDentist wearing a little paper cap who only cares about getting home by 5."

Bull!

Listen carefully. We're talking stock options here. Real wealth. Super wealth. To a man and woman, these hired drillers, fillers, and billers dream about options to buy 100,000 shares at \$5 and sell out for \$50. You do the math. Yup, \$4,500,000. Net!

And while you're busting your hump truly caring about your patients' welfare, these guys are racing down the road to Wall Street mega-wealth. They have

Guess Who Else Is Coming to Your Town — And Soon

These behemoths have dancing fantasies of Porsches and country clubs. And they're amassing war chests right now with mega-stock sales to go on their rampage through your neighborhood. When? Soon, very soon.

**Princeton Dental
Management**

Omega

**Apple
Orthodontix**

**Family Dental
Center Service
Company
of America**

... plus dozens of other
Wall Street types right
on their heels!

Well, I agree...**IF** you know the key secrets to fighting off these predators before they attack you.

You see, I've seen their business plans. And I have to admit, their battle plan is good — reeeal good. And any private-practice, caring dentist who isn't prepared to fight off these corporate piranhas is going to be toast. Dust in the garbage can of history.

Unfortunately, the great majority of dentists will never get close to their dreams. They'll be run over by the steamroller of the rushing-to-riches McDental Cartel — which won't even notice they've hit something. To them, you'll be just one more roadkill.

But I'm here to tell you they DO have an Achilles heal. A mortal weakness you can use to repel their encroachment into your turf.

Yes, it's YOUR turf and you can fend them off!

Yes, you can protect your practice and build a virtual shield around it. You do it with our specially researched "Total Corporate-Proofing Program." That's right, you can be made completely corporate-proof! After all, I've done it. And thousands of our brother and sister dentists, also. We're Cartel-Busters! So why shouldn't you?

We Can Show You How to Be So Strong and So Powerful...

...that when these opportunists storm into your town, you can say, "Hey! Go ahead. Take my charts. You can see I'm the most successful practice in town and you've got to beat me. Let's just see if you can pry my patients away!"

And when they won't even try, instead going on to a **weak area**, you'll relax back in your Adec and whistle, "I really am corporate-proof!"

But, listen, I also have one more strategy for you. We do know that these corporate Terminator types WILL BUY a few practices — they're trophy practices.

They will use these prime properties as anchors to "build out" a territory. These lucky few dentists will be wined and dined and an auction mentality will drive THEIR PRACTICE'S VALUE right through the roof.

BUT, Guys and Gals, to make up for overpaying for an anchor, they have to be even more aggressive after an acquisition.

So don't rest your hopes on selling out unless you have a true trophy practice (not just one **you're** proud of.) We're talking a business-analyzed, cash-cow, super-premium, Top-Gun Trophy. Otherwise, it's dust-in-the-garbage-can time again.

But how do you create your true Trophy Practice? (Maybe getting them to massively overpay you for your practice isn't such a bad idea.)

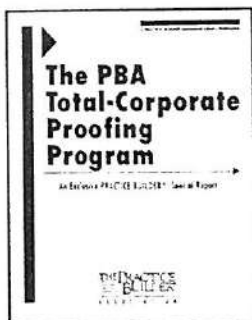
And What Are the First Steps to Totally Corporate-Proofing You?

We'll, we've mapped your entire action plan, either way you want to go. There's nothing else like the **Total Corporate-Proofing Program** and the **Trophy Practice Program** anywhere in existence. And I want you to have it — today — for FREE.

Then you, too, will be protected like me. After all, right in the face of this Jurassic Park onslaught, I'm protecting — **and quickly growing** — my million-dollar-plus practice. So I'm not worried at all. And of course, you can do it, too.

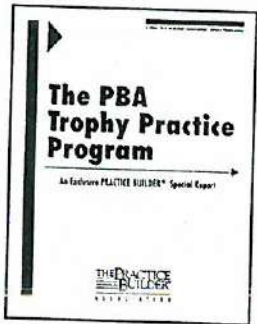
Here's how. Just join the PRACTICE BUILDER Association (PBA) — the real Cartel-Busters — like I did and you'll receive your battle plan all laid out. Here's what you'll get:

1. The PBA Total Corporate-Proofing Program: How To Make The McDental Corporate Cartel Conquer Someone Else's Neighborhood By Turning



Your Practice into a Fortress of Wealth and Safety

This special report is just the first part of your Total Corporate-Proofing Program. No one else is even talking about this carnivorous Cartel threat, let alone guiding you to true safety and protection. But this special investigative report shows you exactly how to build an impenetrable shell around the boundaries of your turf and your practice. So keep it for yourself and have the roving carnivores go elsewhere to feed.



Want the only steps ever created and tested to completely corporate-proof your practice? Well, get them for FREE when you join the PRACTICE BUILDER Association for 2 years. And I'll make sure the staff sends it right out to you, so, like me, you can be safe and not worry.

2. The PBA Trophy Practice Program: How to Build the True Trophy Practice and Be Bought Out at a Ridiculously High Price!

When these T. Rex types buy a lucky trophy practice as an anchor to "build out" a territory, why not let it be you? We've already seen several of them wine and dine selected dentists and then a bidding-war mentality drives their practice's value right through the roof...so, hey, why not you?

But how do you create a true Trophy Practice and get them to massively overpay you? Well, we've got the answers in this very special report just for our 2-year members.

You see, you can do what I did — position myself to protect my practice against these corporate marauders — or have them buy my Trophy Practice. See why I don't worry? So why don't you do the same? Just act now, join for 2 years, and I'll make sure the staff sends this second anxiety-melting, bonanza-paying report out to you posthaste.

3. The Outflank & Out-Think Strategy: How to Beat the McDental Corporate Cartel at Their Own Game!

But here's another way to thrash these BIG-BUSINESS BULLIES, one which I haven't mentioned before. And that is to beat them at their own game — before they pulverize you. This strategy is for the more business-minded of us who want to protect their turf and grow a mega-practice at the same time.

You need to understand this unique, never-before-revealed idea to see if it fits you. You may be extremely surprised, and extremely pleased! And if you pull it off, extremely rich!!!!!!

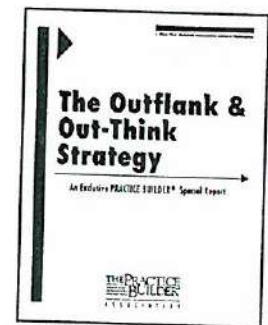
Nowhere have you ever heard this before. It's just for our new, special members. But I'll send it to you, again, for FREE. It comes with your 2-year membership. And boy, will you ever be excited!

4. What's Working In Dental Practice Building

But we're going to do overkill here, because you can never be too safe with these carnivores around you and your family. So I'm going to send you this award-winning, 11-times-a-year journal that keeps you up-to-the-minute on the newest, most innovative ways to corporate-proof your practice. You'll get all these ingenious take-aways — on an ongoing basis — right when you need them most.

You see, here's the problem. These corporate types can reinvent themselves faster than a mutating retrovirus in a Petri dish. That means, they're coming up with new ways to seduce your patients every day.

But *What's Working* tells you what's working to keep all the sharks at bay, and away from your family. That's why you need it, need it every month, and need it now!



5. Your Own Corporate-Proofing Consultant to Keep You Out of Harm's Way

How would you like one of the most eminent practice consultants in the world making sure you grow your trophy practice, or totally corporate-proof your practice for safety — or do both simultaneously? Or even beat them at their own Cartel game?

And how about if he gives you his time for FREE?

Well, that's exactly what you get when you join the PBA for 2 years. You can call your PBA Corporate-Proofing Consultant for 10 half-hour consultations to make sure you're doing all the right things. He'll lead you through the minefield

you're about to enter and bring you out safely on the other side — just as he's done for thousands of other dentists before you.

And if you want, he'll also guide the building of your trophy practice for a ridiculously sky-high buyout.

These are almost all of the essential ingredients to make you totally bullet-proof. But I have one more to make you ultra-ultra-profitable.

6. The Practice Builder's Buying Club

One thing these Wall Street vultures have going for them is brute power — the ability to buy supplies at rock-bottom rates. So, we've got to even up the odds here, don't you think?

And that's exactly what PBA's Buying Club has done. We've copied what these gorillas did by putting together all the buying power of our member Dentists. Then we negotiated hard with the dental distributors, just as the gorillas did. And look what we got!

23,000 products. All fresh. All name brands. Plus the generics you want. 2 day delivery anywhere in the U.S. No shipping charges. And...

20% less than Patterson

20% less than Sullivan

16% less than JB Dental

14% less than Meer

22% less than Darby

Same products, but 20% less! But as someone who knows their way around numbers and numbers games, you're probably asking, "Are these savings real?" The answer, we're proud to report, is that these numbers come from the only price survey ever authenticated by a CPA firm, the giant Windes & McClaughery. So you know you can trust the numbers.

This means the average PBA member can save about \$3,600 a year! (That's not chicken feed when it's money back in your pocket instead of out of it.)

But we're not finished saving you BIG MONEY yet. We also got you 20% off all your lab bills!

We impaneled a group of advisory dentists to test out labs and recommend which ones they scored as exceptional. And they're the ones with whom we negotiated. Again 20%-plus off their actual prices. With free overnight shipping.

Plus we recruited labs for different price points, so you will have a quality choice, no matter what you choose to spend.



And what will your lab savings put back in your pocket? \$7,200 more for the average practitioner. So now you can save a total of \$10,800 each and every year! And more if you're bigger.

Of course, the best part is that your membership in The Practice Builder's Buying Club is FREE when you join PBA.

So, my friend, the choice is yours, and it's simple. You're in this up to your eyeballs whether you want to be or not. And now, you have to decide:

- * Do nothing — and die
- * Make yourself completely safe and totally Corporate-Proof
- * Become a Trophy Practice — and be bought out at a ridiculously high price
- * Or beat the Cartel at its own game — and become enormously wealthy.

I do hope you choose to survive and thrive, and join us today. But whatever you do, DO NOT DO NOTHING! DO SOMETHING! And, for your sake, DO IT NOW!

Yours in safety, security and peace of mind,

David Cashman DDS

David Cashman, DDS
Spokesman
Practice Builder Association

P.S. I've made a special request of the Officers of the Association because I think we should "over-arm you"...because I believe that in a war like this, you can never be too safe. So thanks to them, if you phone in your membership, we can now give you an additional set of special security strategies. And they're FREE. The names of these 5 additional security reports explain everything:



Special Report #7 — Low-Cost/No-Cost Instant Income Strategies: Learn to bring in patients NOW, not later, without spending your money.

Special Report #8 — Corner the Cosmetic Market: Collect \$500,000 a year from cosmetic dentistry alone with this special report.

Special Report #9 — The 95% Referral Practice: Flood your office with private-pay patients by igniting 30 years of word-of-mouth in 30 days.

Special Report #10 — The Platinum Collection: The Best Practice Brochures And Yellow Pages Ads In The World — Create a stunning office brochure and save money by emulating one of the finest brochures of ALL TIME. And if you use the Yellow Pages, get rid of all the risk — with a great Yellow Pages ad!

Special Report #11 — The Lifetime Patient Plan: Develop a lifetime patient plan that avoids high-complaint patients and attracts only high-quality patients.

Remember, you'll get these only IF you phone in your membership order right now. So call now, and be even safer.

REED'S INTERNATIONAL LETTER

2999 North 44th Street ♦ Suite 650 ♦ Phoenix ♦ Arizona ♦ 85018 ♦ 602/952-1200

There are five steps you can take that will give you marketing that is exactly right for your personal and practice situation. These steps are inexpensive. I expect it will cost no more than a few hundred dollars and they are simple and even easy. I expect they will increase your net within the first two weeks of their implementation. I have found that these steps work well in professional services and situations where professional marketing consultants are not necessary, such as in dentistry.

Five Steps to High-Powered Marketing on a Limited Budget

I believe goods and services that we provide are non-traditional and require non-traditional marketing solutions. The actual quality of person that we choose is critical and broad sweeps, such as 1-800-DENTIST will not resolve the marketing needs of a quality, private care, self-pay practice.

I am, more and more, seeing people on the lecture circuit in strange and unusual costumes, promoting the national network of 1-800 DENTIST. This is, I'm certain, one way to get the PR and the image (that dentistry doesn't have) on the street. I am certain that it does not provide the proper profile for the private care, fee for service practice.

As my pappy used to say, "the older I get, the fussier I am who likes me." Think about that for a minute. When it comes to personal, private care, birds of a feather stick together.

I much prefer to have people who have values and appreciate values-added service, as well as a very high quality product come to my practice for care. If that person is willing and able, we don't need too many of them.

The Hwang Window that accompanies, as an addenda, clearly points out that there are four kinds of people who come to see us.

The willing and able.
The willing and unable.
The unwilling and able.
The unwilling and unable.

One. One must first have a profile of those people coming for care who are desirable. . .the willing and the able as has been outlined by the Hwang Window. Obviously this leads us to the "Top 100" project where we begin to learn about the asset that is in the practice. The old 80-20 rule comes to the fore. We finally sort out the "Top 100", copy attached, among ourselves and enjoy the team-building exercise of bringing together the values that were used to select these people. We begin to realize that the personalities and the performances that are desirable in those coming to us for care.

If we go back to the appointment book, we'll find that the genetic and the generic families of these people; i.e., those that have referred them and those that they have referred as well as their genetic family members have contributed more than 80% of the cash flow of the practice in the last 12 months. Whereas the bottom third of the practice, as selected by the team, (a second exercise for you) will take up 70% of your schedule on the appointment book last year, but when compared to the cost per hour per chair data that you can glean from your own information (call me if you have a question), you'll find that these people are all paying you less per hour than your actual true cost per hour. That is to say, they're all in the red.

One would choose not to high power market to that group, would one?

How does 1-800-DENTIST sort them out, I wonder?



Two. Find out how the people found out about you and decided to buy from you? These facts are critically important. In the "Top 100", you've already determined who referred them and why they came. Now find out, by asking, why they bought. Nine times out of ten you'll find that they "buy" you or one of your team persons *en toto* and that it's a personal thing. This is a relationship sale. But we don't have cause we don't ask, and I require of you (if you're going to go through the steps) that you ask and document the above information.

Three. Find out what benefits of your product and/or service are most important to these people. What is at the top of their list? You'll find that it's strongly varied. Those of you who are broad-spectrum in your service will find mouth odor testing, the cosmetic aspect, the comfort and pain relief aspect, the peace of mind aspect of keeping teeth for a lifetime. . . a broad range of things that are critically important. . . and you'll find out more about you.

Four. Adjust where your promotional message goes so that it reaches the people who are in situations similar to those you've discovered in step two. Go where they came from. First of all, I would bring the "Top 100" together in groups of five or ten (barbecue, office visits, wine and cheese, noon lunches. . . whatever) and tell them that you're going to do this and why you're going to drop the bottom third of the practice and replace them with their personal friends, the personal friends of those who referred them.

Five. Adjust what your promotional message says so that it emphasizes the benefits you discovered in step three.

Now at first blush, this seems to be much too simple, that these five steps would be critically important. But, the "gorilla marketing" that is important for a practice in a market such as ours demands that we at least

simplistically build this base. I have found that those who do build this base need do little else to perpetuate an active new person flow.

Successful marketing in dentistry is simply a matter of *limitation*. It's first identifying those persons that take up your time, energy and stomach-lining and deleting them. If you're net fishing and you pull the net up on the deck and find that some of the fish are too small, some are out of season, and you have to spend a lot of time sorting them out, it's a lot more expensive to stomach-lining, heart muscle and budget than if one specifically target markets and baits the hook on the line for those specific catches that are desirable.

Profitable marketing is simply a matter of *imitation*. Find out what caused the success in business in the first place and imitate those causes as closely as you possibly can.

I know that these five steps seem obvious to you as you read them. But most small business owners, dentists included, and professionals particularly, do not pay any attention to them in their marketing.

Look at yourself. Be honest. Have you really "nailed" these five things to the wall? The Napili/Pentegra followers who've been around for awhile have certainly heard these things before.

Why do you suppose it's so that we do not pay attention to this discipline in marketing? Why doesn't every dentist follow these five steps.

Well, it's certainly not a lack of money because the plan costs less than is being spent now on any energy being put into marketing. I know people who have \$40,000, \$60,000, \$80,000 a year going into marketing with the result, and I'm confident that they could replace it with this simplistic.



It's certainly not a lack of time because following the five step plan saves time and since it brings more of your better people for care and fewer of your less-desirable people for care, you spend more time productively and efficiently caring for those who enjoy. It's certainly not a lack of knowledge. If you didn't know who your best people were and what benefits you get from them, this five step program wouldn't seem as obvious to you as it does.

And you probably would have been out of business a long time ago.

It's not a lack of desire. The success of your business or professional practice is possibly the most important thing in your life. (Next to God, spouse, and family. . . and hopefully in that order.) If you can assure yourself of getting exactly the type of person coming for care that you want, it would be the key to your business success, wouldn't it? So, what is the real reason?

The real reason is lack of confidence, lack of self-esteem. Lack of good self-image, lack of recognition of the charisma that you could be and must be using to provide the ease of practice that you deserve. Being surrounded by dentists, other companies and small business spending millions of dollars on sophisticated marketing plans, it's hard to believe that for a few dollars you can be every bit as effective as these huge campaigns created by dozens of experts.

One of the things that Pentegra Dental Group Inc has not done is concentrated membership to penetrate a local market or gone to the yellow pages, but indeed enhanced the relationship sale and private care, self-pay, fee for service dentistry in whatever community chosen by the member.

Lacking confidence that any market effort will measure up to your standards, you fail to give marketing the

priority and attention it deserves in this simplistic game we play. It becomes a vicious circle. The lack of confidence leads to half-hearted marketing and half-hearted marketing clearly damages confidence and lo and behold! It becomes a downward spiral.

There certainly is a simple, gradual, inexpensive way to break out of this vicious, double-whammy downward cycle. The simplistic is: become your own marketing expert. Go through the five points. Do them diligently with your team and you'll find that no outside marketing expert (and that includes the one you're probably using now) knows more about marketing your product or service than you do. In fact, the most fabulous success stories involve the people who started out with excellent care for those coming to them and gradually became their own marketing experts, using the skills and judgement that brought in the best and made them the happiest.

Since marketing is usually the heart of your business, it's important to not leave it to an outsider, even the most brilliant outsider. Become as inter-independent as you possibly can with your team persons and those coming to you for care. . . the "Top 100". It is an enriching experience, which means that everyone benefits. People coming to you for care can afford to, and will happily, invest in your primary services and refer those who also have value.

Remember one thing, the cold, bloody market, including Wall Street, is unable to put a value on values. The very subjective nature of what values and values-added procedures are completely escapes the objectivity of measurement on a quarterly analyst's report.

This means that when it comes right down to it, you, personally, get to work on the difficult marketing challenges that can really be interesting.



Now there are four obstacles to becoming your own marketing expert you can overcome these obstacles without any question simply and inexpensively.

The first obstacle is not knowing where to start. Before you take any action, you must gather some information. Remember what Deming said, "In God we trust, everyone else has to have data." Data gives information, information gives knowledge, knowledge gives wisdom. Don't go running around thinking your exercising knowledge and wisdom when you don't have data and information.

Luckily this information is easily available. You may not know exactly where to start looking for it. To make a few false starts and fail to turn up the right information, your all important confidence will suffer.

A standard of care, documented record with a baseline for every person in the practice is where to start.

This alone will uncover a massive amount of information as you sensitize yourself to your own relationship marketing.

Without question, the next thing is to transfer to a cost-related fee base. In the transfer we change from piecemeal to real time productivity scheduling with a stop-watch study of our best last average time/procedure. This uncovers an entire new way to value our time and the opportunity cost of losing it.

The second obstacle is not knowing where to stop. Like obstacle one, this will be overcome by time. I'm certain that you'll develop a feel when your marketing problem is out of your depth and you know exactly when it's profitable to call in outside help or if you need a consultant. But until you develop this feeling, and you may not, you can avoid any serious mistake with a simple inexpensive step. Learn how to stop being your own expert by measuring the results of your

marketing. You may need to bring in outsiders and/or taper off the energy you put into marketing when you're achieving that which you set out to achieve.

Remember, success and happiness come in life when you know how much enough is.

If you do your homework very carefully and have your data in place, outside consultation in this particular area would not take long. Listen to and fine tune the advice you get from outside, if indeed it's necessary, and switch back to your own team and execute the instructions you receive

Obstacle number three is the technical details that become irritating and oftentimes this subconsciously becomes a more serious obstacle than one would believe. The solution is quick and inexpensive. Dozens of technical details can keep your marketing plan from getting off the ground. Think of the last time you started a project and abandoned it after it had just begun. Probably a few irritating uncertainties about exactly what to do next killed the project. Remember the double-loop learning from Minnesota. Philosophy, vision, mission, governance, strategy, structure. . . then tactical; i.e., "how to" information is critical, and last but not least is the reward.

We go round and round between tactics and reward to get the changes that will reward us without going back up in the double loop and going down the chain of events that's critical. Not knowing exactly what small step to take next at the "how to" or tactical level, forces procrastination and then you run across something "more important" to do and your project dies.

Put your stuff together, be unconditionally committed to your discipline and the technical details will not be obstacles that stop you.



The solution to the technical details obstacle comes first by your reflecting consciously on your confidence, that you can do these things on your own and that most of these details are obvious and simple. Sometimes they're not easy because simplicity and ease are not synonyms.

We realize that technical details come along, including buying, renting, graphics, organizing our package to the point where we understand it and can execute it, keeping records on the marketing so we can document its efficacy, ordering mailing supplies and dealing with suppliers and setting aside the uncertainty that we know that we don't know how to handle each detail.

We can and we will.

The fourth obstacle is the lack of companionship. This may seem like an odd point to raise, but it's the downfall of many of the talented dentists that I know. They remain aloof and isolated from the team of people working around them and consider themselves at the top of some industrial pyramidal power structure.

Improving our marketing involves more than gaining knowledge. We must improve the relationships, the habits, the record-keeping, telephone manners, the time management, the kinds of things that you've read in **Gorilla Marketing** recommended to you years ago. (Gay Conrad Levinson wrote a number of books that are simply outstanding, **Gorilla Marketing Attack**, **Gorilla Marketing** and **Gorilla Financing**. Richard Marchenko wrote **Leadership Secrets to the Road Warrior**, don't miss it. **Management of the Absurd** by Richard Farson, **Leadership Secrets of Atilla the Hun** by Wes Roberts, Ph.D, **the Popcorn Report** by Faith Popcorn, **The Flight of the Buffalo** by Jim Belasco, **Marketing to Boomers and Beyond** by Wolfe. . . and there are many more.)

There's your companionship. It's there waiting for you.

Most widely proven aid to improving habits is the buddy system and this can be the electronic media, the printed word and the people on your team. They can advise, encourage, help tactically and . . . it's been done, so it's probably possible.

There are some tremendous benefits from seeing the buddy system as an important game. . . that companionship or inter-dependency is critical in our time. (Not co-dependency, and not independency) talk over your marketing experiences with me, with us at Pentegra Dental group Inc., with each other, with the Napili group, share your perspective, your clarity and do so with confidence. Perspective of an outsider, close to the action as you are will often notice things that you don't notice. I might see through a window you don't see through and our companionship would be helpful.

Clarity, you'll have to clarify your own thinking before you can talk to me to get the most out of your conversation. Some of the people who call me say this is the most important benefit of the conversation. It's ironic that some have even told me that once they're prepared to call me, by the time they get the job done, they didn't call. I certainly don't take any credit for this because you're looking in a mirror and clarity happens before you (all) most of the time.

Sometimes reiterating what you're going to do and thinking out loud with me listening is a big help. Most of the time I say nothing. Don't need to. In confidence, self-esteem, charisma. . . all big factors in your marketing success. It's important to do everything you can do to keep it growing.

Love your neighbor as you love yourself. If you don't love yourself, your neighbor doesn't have a chance.

Think about it. . . RSVP ad lib.

As most of you know, we are still processing the IPO project. The S-1 was filed on October 10, and the response came later than we anticipated by two weeks, therefore, we are now making the required amendments and will re-file again this week. It now seems apparent that the IPO will not occur until January 1998.

All indications are that dental practice management companies are perceived as strong investment opportunities.

Our management team is as excited as ever about our IPO and is dedicated to its successful consummation. Many like-minded dentists continue to call us and indicate that although they realize they can no longer be Founders, they wish to affiliate with us as soon as possible after our IPO is completed.

So, please continue to refer any of your interested colleagues to us!

Meantime, DDS, Ltd. is in full swing, Pentegra, Ltd. has welcomed four new members, and Napili, Ltd. (All these Ltds. will change with the IPO) is presenting a two-day workshop for hygienists, assistants and schedulers on the 8th and 9th of December. Kay Corbin and Kary Reed, our two expanded functions hygienists are the featured clinicians and our home care instructor, microscope expert, Donna Frederick, will enhance the meeting with her presence.

Attitude is Everything, by Francie Baltazar-Schwartz

Jerry was the kind of guy you love to hate. He was always in a good mood and always had something positive to say. When someone asked him how he was doing, he would reply, "If I were any better, I would be twins." He was a natural motivator. . . always telling his employees to look on the positive side of a situation.

Seeing this style really made me curious, so one day I said to Jerry, "I don't get it. You can't be a positive person all of the time. How do you do it?"

Jerry replied, "Each morning I wake up and say to myself, 'Jerry, you have two choices today. You can choose to be in a good mood or you can choose to be in a bad mood.' I choose to be in a good mood. Each time something bad happens, I can choose to be a victim or I can choose to learn from it. I choose to learn from it.

"Every time someone comes to me complaining, I can choose to accept their complaining or I can point out the positive side of life. I choose the positive side of life."

"Yeah, right, it's not that easy," I protested.

"Yes it is," Jerry said. "Life is all about choices. When you cut away all the junk, every situation is a choice."

(Where have we heard this before? Viktor Frankl. . .)

"You choose how you react to situations. You choose how people will affect your mood. You choose to be in a good mood or bad mood.

"The bottom line: It's your choice how you live life."



**Performance Analysis
FLOWCHART
and
Performance Analysis
WORKSHEET**

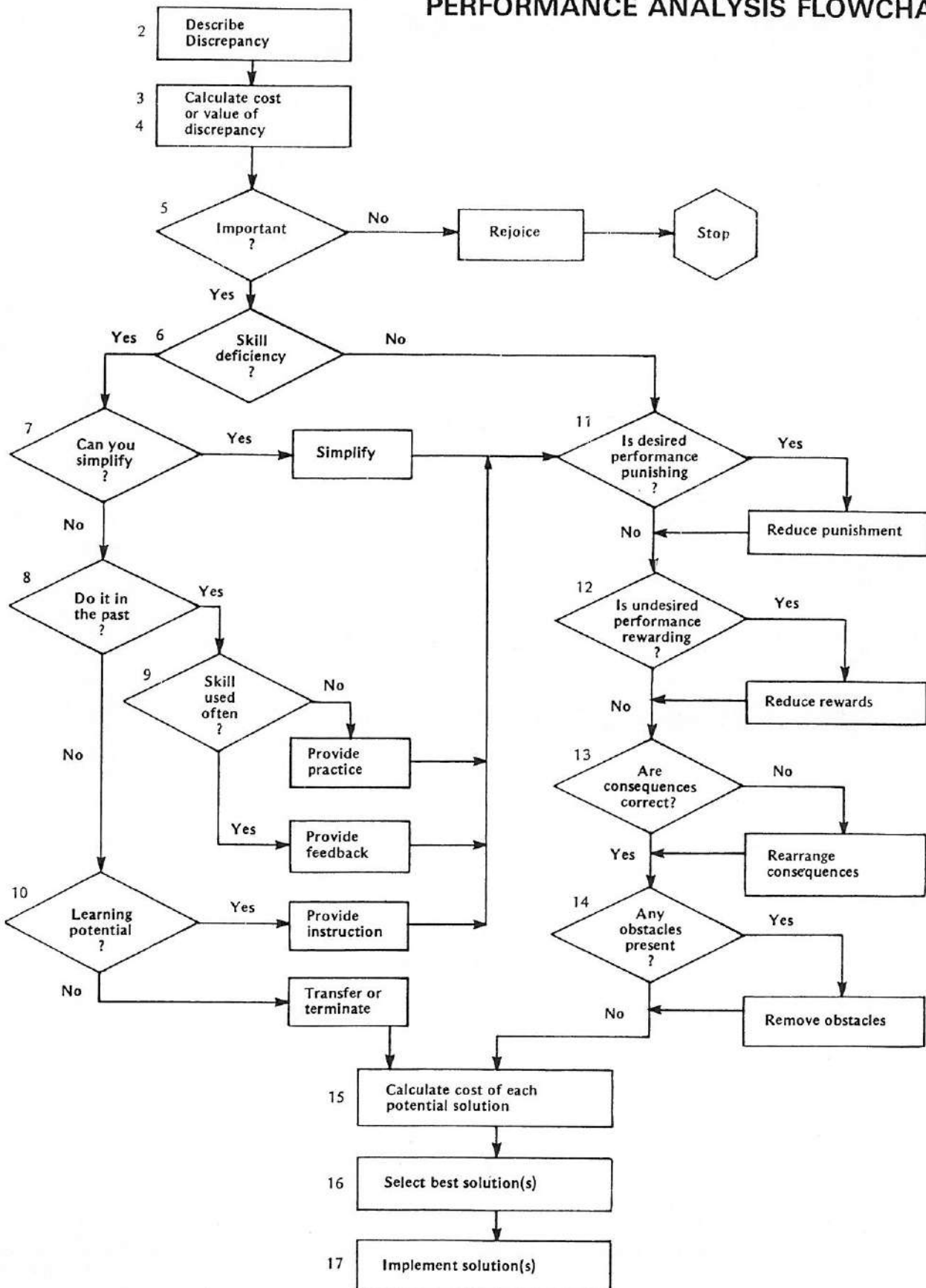
**Developed by
Robert F. Mager and Peter Pipe**

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PERFORMANCE ANALYSIS FLOWCHART





PERFORMANCE ANALYSIS WORKSHEET

Answer each of the items below that pertain to your "problem." Put a checkmark in the box beside each potential solution indicated by your analysis.

1 What is the job or title of the person whose performance (or lack of it) you are concerned with? _____

2 Be specific. Exactly what is it that you are dissatisfied with?

SHOULD: What should they be doing?

ACTUAL: What actually is happening?

Go to 3

3 What is the estimated cost or value of the discrepancy?

What is the discrepancy costing you each year in terms of:

time lost _____
money lost _____
material waste scrap _____
equipment damage _____
lost business _____
customer impact _____
amount of work completed _____
accuracy of work completed _____
accidents (or potential damage) _____
duplicated efforts _____
added insurance premiums _____
extra supervision _____
other costs _____

Total estimated annual cost = _____

Go to 4

4 Were you able to assign a cost or value to the discrepancy?

YES → Go to 5

NO → Then complete this sentence. If the discrepancy were ignored (allowed to continue) the serious results would be that:

Go to 5

5 Now be honest. Is this discrepancy really worth doing something about?

NO → Go to 18

YES → Go to 6

6 You have a discrepancy worth doing something about. Now try to discover what causes the discrepancy.

Could they do it if their lives depended on it?

YES → Go to 11

NO, or NOT SURE → Go to 7

7 They can't do what you expect of them. There is a skill deficiency. Can you avoid training by simplifying the task or job? Could you change the job, the tools, the labels, the forms, the requirements? Can you provide job aids?

YES → Potential solution: Simplify

Describe the simplifications.

Go to 11

NO → Go to 8

8 Could they perform well enough in the past to satisfy you? Did they used to know how to do it?

YES → Go to 9

NO → Go to 10

9 Is the skill used often?

NO →

Potential solution: Provide practice	
How can you provide more frequent practice?	

Go to 11	

YES →

Potential solution: Provide feedback	
How can you provide periodic feedback?	

Go to 11	

10 Do you think your non-performers could learn to perform as desired? Do they have the potential to learn what's needed?

YES →

Potential solution: Instruction	
Go to 11	

NO →

Potential solution: Transfer or terminate	
Go to 16	

11 Consider the situation from the point of view of those doing it right. What are the consequences to them when they perform as desired (do it right)?

Are any of these consequences PUNISHING to them?

YES →	Potential solution: Remove punishment	
	How can you reduce or eliminate the punishing aspects of desired performance?	
NO →		Go to 12

12 What are the consequences to your performers when they DON'T perform as desired (i.e., when they do it wrong)?

Are any of these consequences REWARDING to them?

YES →	Potential solution: Remove rewards	
	How can you reduce or eliminate the rewards for undesired performance?	
NO →		Go to 13

13

Review the consequences you described for items 11 and 12.

Write some ways you can make it matter MORE to them whether they do it right or wrong.

How can you make their world brighter when they do it right?

(1) _____

(2) _____

(3) _____

How can you make their world dimmer when they do it wrong?

(1) _____

(2) _____

(3) _____

Go to 14

14

Are there any real obstacles to performing as desired?

YES →

Potential solution: Reduce obstacles

Name each obstacle and describe at least one way of reducing each one.

NO →

Go to 15

15

Now review the items you have checked and the potential solutions you have described. (a) List all potential solutions and the approximate annual cost of each, and (b) add additional ideas if they arise. *Note:* your solutions should do something about all the items you checked.

SOLUTIONS	APPROXIMATE COST OF SOLUTIONS
1. _____ _____	_____ _____
2. _____ _____	_____ _____
3. _____ _____	_____ _____
4. _____ _____	_____ _____

16 Describe the best solution or combination of solutions.
(*Note:* the solution should cost less than the problems.)

17 Describe how the solution will be implemented. (a) Who will initiate the changes? (b) How will they be introduced? (c) How will proper application of the solution be maintained (reinforced)?

END

18

Good for you! Your ability to recognize a problem too small to bother about shows significant sophistication on your part. Now either move on to another problem, or go enjoy yourself.

GOAL ANALYSIS

THE INTENT OF GOAL ANALYSIS.

GOAL ANALYSIS is designed to help us understand our own intents, and after understanding them, to help us better achieve them.

GOAL ANALYSIS is designed to help us improve our monitoring of progress towards success.

FROM A DEFINITIONAL POINT OF VIEW.

The word GOAL and the word OBJECTIVE cannot be considered synonyms.

The word GOAL is a broad statement of Intent that does not submit to performance criteria. A GOAL is constructed of abstractions. A GOAL easily achieves mutual agreement among people even if it is not understood mutually. A GOAL is not descriptive: it is difficult to know one if you see one. A GOAL is not specific enough for a person accomplishing the goal to recognize having accomplished it. A GOAL sounds important, but may not be accomplishable by ordinary means. One of the characteristics of a GOAL is that the act of stating the goal does little to describe the means of achieving it. A GOAL has a broad, fuzzy meaning, such as, "I want to be happy", "I want to be successful", "I want to be a good American", "I want to be a good Christian", "I want to be a good dentist", "I want to have freedom", "I want to be secure". These are all, as Abe Maslow would say, the "whys" of life, the reasons for doing things, and they say little about "how to".

An OBJECTIVE, by definition, refers to performance: to be able to, to demonstrate. An OBJECTIVE is specific. An OBJECTIVE is descriptive. An OBJECTIVE describes action. An OBJECTIVE is not abstract. An OBJECTIVE always submits to performance criteria. An OBJECTIVE is mutually understood by most people, but does not require their mutual agreement. An OBJECTIVE can be said or done. An OBJECTIVE describes intended outcome. An OBJECTIVE is the "how to" of a GOAL. An OBJECTIVE describes terminal behavior or activity that will be "in action" as a goal is being achieved or accomplished. This can be internal or invisible activity (covert), or it can be external visible, audible activity (overt). If an OBJECTIVE is assessable, if it can be described as singular behavior or activity, it is truly an objective. When stating an OBJECTIVE, it would be proper to say, to write, to identify, to differentiate, to solve, to construct, to list, to recite, to compare, to contrast. A descriptive sentence of an OBJECTIVE might be that when it comes to an objective "you can recognize one when you see one".

WHY GOAL ANALYSIS?

If a goal is important enough to be achieved, GOAL ANALYSIS will:

1. Describe the meaning of the goal,
2. Describe what success is, and what a successfully accomplished goal looks like,
3. Help to know one when you see one, and
4. Help in making better decisions about how to accomplish a goal.

WHAT IS GOAL ANALYSIS?

GOAL ANALYSIS is a procedure or process to help you define broad, fuzzy intents to a point where the main elements or performances of the intent are described. GOAL ANALYSIS is a way to discover the essence of intent and the means for achieving intent success.

WHEN DO YOU DO OR USE GOAL ANALYSIS?

Whenever you have a broad statement of intent that is important enough to deserve accomplishment, **GOAL ANALYSIS** can be used. The broad statement of intent includes the abstractions that comprise the goal, that is: attitudes, feelings, beliefs, appreciations, understandings. **A BROAD STATEMENT OF INTENT**, otherwise known as a **GOAL**, if important enough to be accomplished, will be assisted in its accomplishment by **GOAL ANALYSIS**.

SOME OF THE STEPS IN GOAL ANALYSIS.

1. Write down the goal.
2. Write down the performances that define the goal. The first task is for getting it down, not getting it good. In doing this ask the following questions:
 - a. What would a person be doing that would cause him/her to say that he/she had achieved the goal?
 - b. Given a roomful of people, what is the criterion by which one would separate them into two piles: those who HAD achieved the goal, and those who HAD NOT.
 - c. How would I recognize goal achievement when I say it?
 - d. Thinking of someone who represents the **GOAL ACCOMPLISHED**, what does he/she **DO** or **SAY** that makes me willing to say that he/she has **ACHIEVED** the goal?
3. Now, go back over the list, tidy it up, cross out duplications, carefully weed out any abstractions (which are in themselves goals), and do descriptive statements about these abstractions.
4. Next, describe each important performance in a complete sentence, the manner and the extent of the performance you would require to satisfy goal achievement. That is, get a piece of paper and do a performance criterion on these actions. The nature of, the quality of, and the amount of...all are items listed in a performance criterion that describes an objective. Remember:
 - a. An objective, by definition, refers to performance...to be able to do, ..to demonstrate.
 - b. An objective is specific.
 - c. An objective is descriptive...it describes action or behavior.
 - d. An objective can be said or done.
 - e. An objective is the "how to" of a goal.
5. Modify the statements you have written in full sentences until you can answer the question: "if someone achieved according to these statements, would I be willing to say he/she had achieved these goals?"

AFTER GOAL ANALYSIS, WHAT?

1. Measure performance.
2. Recognize accomplishment.
3. Quantify progress.
4. Avoid or enhance "spin-off" from the action.
5. Without **GOAL ANALYSIS**, one cannot say one has achieved his/her goal.
6. Without **GOAL ANALYSIS**, one's intangibles cannot be sorted and achieved, nor can means be arranged to commence the journey towards the goal.

GOAL ANALYSIS is not for all goals: it is only for those goals that are important enough to achieve or to achieve in a better way. You do not change the world by describing it, but you do put yourself in a better position to move things in your direction IF you know what that direction is. IF YOU DON'T KNOW WHERE YOU'RE GOING, ANY ROAD WILL DO.

Two major issues in life: confusion of aims and perfection of means. GOAL ANALYSIS will assist in dealing with both issues.

An interesting sentence that becomes a formula:

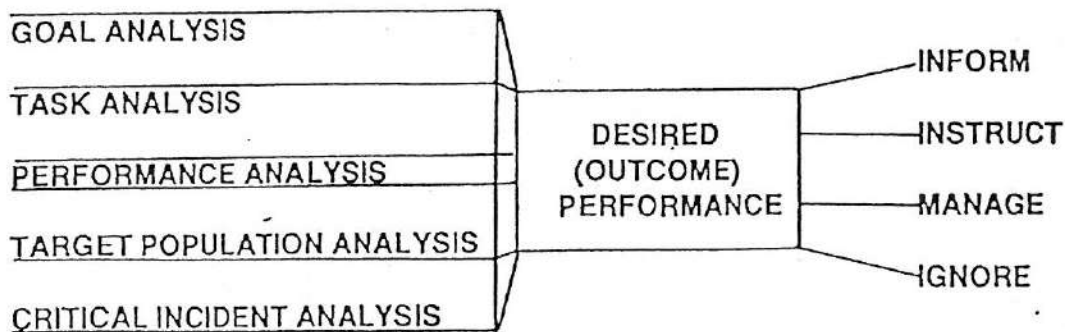
Demonstrate an understanding of _____ (goal) by being able to _____ (objective).

Motivation is usually caused by informational deficit, pressure, or pain to create change.

1. People want to be different than they are, or
2. People want other people to be different than they are.

Both of the above points equal instruction, learning or change: to reduce the differences between what persons CAN DO and what persons WOULD LIKE TO DO. If no difference exists between the ACTUAL and the DESIRED capability, the person is in the condition he/she wants to be in. Instruction, learning, or change is unjustified and may even be fraudulent. So, the question arises: "What is worth learning?" or, "What change is worthwhile?" Not all changes are. Like medication, instruction can be given when none is needed or wanted.

Below is a brief formula describing procedures to follow to help one to define success so he/she can select the strategy to achieve it; or, how one can define his/her goals so he/she can select the proper objective:



GOAL ANALYSIS. The task here is to define the indefinable, tangibilite the intangible, to help us say what we mean by our important but abstract goals. (Our attitudes, feelings, prides, prejudices.) To describe the essential elements of abstract states or to identify the main performance required to make up the meaning of the goal, is important in goal analysis. Once we have the performances that collectively define the goal, we are in good position to decide which performances need to be taught, informed, managed. The most appropriate procedures of informing, teaching or managing can be selected to create and measure progress toward success. To "tangibilite means to track, monitor, quantify the numbers of events per unit time. Add three or four without regard to size of intervals to get an ATTITUDINAL FACTOR. Humiture or wind-chill factor are types of monitoring figures. An example of this would be adding together the various dental examination points and estimating a chronological dental age for the patient, irrespective of calendar age. A ZONE OF REASON. can be created in our reporting of progress. We can accept as success a range into which performance is expected to fall and score progress in this zone. Have we indeed achieved anywhere near an acceptable success range? We may divide things into the smallest common denominator and have a per unit time measure of success.

TASK ANALYSIS. Task analysis is a careful description of what a competent person does, or is supposed to do when he/she is successfully doing his/her job: a careful job description. From this it is possible to derive outcomes for instruction that are tied closely to reasons for instruction. If the task is not clear, how can successful performance of the task be measured?

PERFORMANCE ANALYSIS. Performance analysis is a study used to determine if there is an important difference between what a person is already able to do and what is intended for him/her to be able to do. If an important difference does exist, which form of action is appropriate: inform, instruct, manage or ignore? For example, if an instructor concludes that students are not properly motivated, the performance analysis would reveal the difference between ACTUAL and the DESIRED performance. If analysis shows that they know how, but that they are not performing, performance analysis would be helpful in pointing to that which would decrease the difference between actual and desired performance. In this case, obviously, instruction is inappropriate. They already know what to do, they aren't doing what they know.

TARGET POPULATION ANALYSIS. Target population analysis or Market Analysis is the careful study and itemization of characteristics, needs, needs, abilities, education, interests of the people who are in the marketplace; all are part of target population analysis. Target population description requires a thorough task analysis, then a critical incident analysis, and then a performance analysis. This derived knowledge of the target population assists in the assemblage of a meaningful outcome. What do we want to have happen?

CRITICAL INCIDENT ANALYSIS. This form of analysis describes incidents that are not going correctly. The CIA answers questions about what isn't happening right, or about what isn't happening right enough. Observation of task analysis might coordinate with the negatives observed in critical incident analysis for generating more accurate information, instruction, management, or selecting to ignore.

The word **COGNITIVE** refers to knowing something.

The word **AFFECTIVE** refers to feeling something.

The word **PSYCHO-MOTOR** refers to doing something.

The human animal thinks, speaks, and acts. Thinking (cognitive), speaking and acting are the expression (affective) of doing (psycho-motor).

The statement about attitude is a statement about prediction of behavior.

Behavior is the route into the heart and mind of the person.

It is the only indicator we have for judgement about what is happening inside the person. What a person says or does is the only indicator we have for conditions within the person. Knowing **WHEN** to use the tool is a significant part of knowing **HOW** to use it.

There are several kinds of freedom: **FREEDOM FROM**, **FREEDOM TO**, and **FREEDOM FOR**.

We recommend reading **GOAL ANALYSIS**, by Robert F. Mager.

Since 1963 when we put together the first model-building workshop (Napili 3) patterned after the now becoming more popular though process used in the Manhattan Project and the Moon Shot for organizing the achievement of objectives that were, by all known standards at that time, unachievable by ordinary means (ready, fire, aim), we have had three primary steps in our thought process, laboriously, and sometimes fruitlessly, shared with others.

1. Select an objective that's unachievable by ordinary means that's worthy of your commitment.
2. Work back from the future point of achievement in three categories: marketplace, productivity and finance. By first having lived in the calendar year of achievement, fully detailing all the objectives that fit into those three categories, one becomes very familiar with one's magnificent obsession and finds oneself far enough out in the future not to have any of today's liabilities dragged along . . . one's way of thinking is different.

One is not concerned, at that "future" point, about what one is thinking that's different but how one is thinking that's different.

By reducing that obsession, step 2, a plan can be generated as one works back from the future toward the present to reduce (to the ridiculous) the "unachievable by ordinary means) objective.

3. Step three is the processing of the critical path, the performance criterion, or the "flight plan" by adding time and timing into the

"pro forma" from the present forward along with path just created in planning step two. (See *Teethtalk Model-Building and Goal Analysis* sent free to subscribers upon request)

The phenomenon to which I referred in the title has been magnificently enabling for us, and for many practices who have adopted the idea, the facilitation allowing people to see each other as persons working together in the dental environment (if indeed such a phenomenon can and does exist for you, you'll find this idea highly exhilarating).

The exercise begins with you selecting the top 100 people in the practice that you like . . . who make you happy . . . who you enjoy serving . . . who enrich your life . . . who you feel uplifted by as you do the operative. This is an exercise that is done by each of the people on the team, bringing together their list of persons up to a hundred, with the convergence of these lists and the mutual consent of the sort, bringing together, into focus, the top one hundred people in your practice..

You notice the criteria I suggested is subjective, and that I now recommend that you objectivize the "subjective," that you tangibilitate the intangible by saying, "What is it about these people that we commonly find, specifically, that puts them into this category.?"

I think it's easy to see that one will immediately learn about self, to a high degree, one will learn about the "self" of others, and the *collective self* of the team will be quite obvious.

The Top 100 Study



Learn through listing the objective criteria that were intuitively selected and use this criteria as the important data base itemization that produces the target market for your segment of the population you serve.

Now, although this will take some time, collectively select the lower 30% of the practice. Again, the criteria goes unnamed in specificity. You and you alone decide the names of those who rob you of your stomach-lining and heart muscle, the joy of life and the joy of involvement and the fun of serving. When this list is assembled, I beseech you to go to the appointment book or the computer and determine how much time on the schedule during the last six months has been invested in these people.

I know it's a laborious study, but it's one that will be extremely revealing and, over the last year, those who have been feeding back to me that which they have appreciated in regard to this idea system, have told me that as much as 70% of the scheduled time has been invested in the lower 30% of the practice as defined.

"We know that the upper two-thirds of the practice is not like this."

The question about criteria for the data base for computerized segmented target marketing is a huge question for some.

It's quite obvious that if you use this profile of the upper one hundred and the bottom one-third, as a *matrix* against which you compare the

new people in the practice, the degree to which they fit the upper two-thirds of the practice or indeed the top one hundred is the degree to which you consciously invest yourself. The degree to which you refer them on to others in good faith that the upper two-thirds of the practice will fill the time block with people of the quality you choose to serve. (Even in this time of deprivation in the new patient flow as perceived by some.)

We in dentistry are not equipped to change people's values over a brief period of time and therefore for us to target those who have already chosen "the values" and perceive the value of that which we provide is far more effective in creating (the peace of mind) success in practice today.

A question still remains in the hearts and minds of each of the key people with whom I study and for whom I have great respect in regard to segmented target marketing in dentistry. If indeed a particular item has appeal as we cross-compare our values to others (or as we perceive the values of others) and if indeed this value is served in some way, why is it that the individual person is described by or attracted to this value. That's the question. What is it about this particular perception, this environmental object, or this behavioral pattern that creates the attraction that is valued by the person we serve. The why varies sharply from person to person, even with the same particular objective. During a recent exercise, a single sentence paragraph expressing the fact that aspirin was extremely effective in preventing vascular clotting and



therefore recommended for people with cardio-circulatory impairment was used as an example for the marketing software package. In reviewing the material in that sentence, I was asked, "Who, in your practice, would really appreciate having that piece of information, as you understand it and them?"

After having given the name of the person, the laser jet printer briefly and quickly produced a letter saying, "Dear Lou, thought you might find this interesting and informative, thought about you as I read it. Sincerely yours, Omer" and the off-copy of the paragraph and the note was then placed in an envelope ready for mailing in about as brief a period of time as it takes me to dictate the tale.

The "concerned other" proving this subject with me then said, "Let's go to the health history and the segmented target market portion of your computer and see if anyone else is in this particular category." Nineteen other people were in that category. The question then, is "Would these other people also appreciate this message?" and the answer from my intuitive bag was "yes."

You must note the answer came from my intuition, knowing the people, the human decision, the unautomatable human function. Human decisions are always values-driven phenomenon and cannot be automated.

In reading through the nineteen names, I found one that I felt would not benefit, in fact, perhaps might even be insulted, so eighteen additional

letters went out in about the same length of time it takes to talk about it.

And, if indeed person-to-person is number one in internal marketing and communicative process, the telephone is number two, and number three is a personal letter, number four is a newsletter, we can accelerate segmented target marketing by putting a personal letter in the hands of nineteen people because now the computer provides the time and economics to link the information and the people together in an important way.

The questions are, "How do I monitor the result of this mailing? What is it that I expect to happen? What is my anticipation? Why do I do it?" And indeed my intuition again brings to focus nineteen different answers, one for each person, since why each person will value this, (in my opinion, without measuring them directly) varies sharply.

On the East coast, a movie called *SHOAH* is now in the theaters. *SHOAH* is the Hebrew word for "annihilation" and this is a documentary on the holocaust that has recently been done after fifteen years of research. The artist who assembled this nine-and-a-half hour picture (shown in two four-and-a-half hour segments) has magnificently shown the spirit of this historical catastrophe referred to as the holocaust.

Marci and I were in the AA Admirals Club on a Sunday returning from a visit back east and I read the article describing this movie in the



theater section of the Chicago Tribune. I clipped the article, assembled it, lined it up on the copy machine, wrote a quick note about the mutual concern we feel as persons to forty-five of the key people in my practice who I felt shared the intimate concern of this creative artist as he brought the focus of interviews and historical fact to us in this unique media presentation.

The first day, after the mailing had been delivered, I received nine phone calls expressing remarkable appreciation for this otherwise unknown event. They were, as recipients, the first to know of this phenomenon as it has not appeared in the local papers, and this occurred well over a month ago. I have seen several of

the people who have received this mailing who have come in for care and it is the first thing they mention in appreciation.

I must tell you I'm not bright enough to know what this means other than that we're injecting humanness into a game that has been, since the Marathon Man, recognized as an inhuman, near mortuary science game.

Is that all that it's about? Perhaps. But we continue with our efforts in whatever crude way we have to profile our values and our feelings and our humanness in life as we continue the process of serving others in an extremely fluctuant changing marketplace.



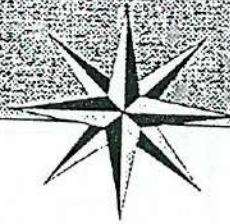
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