



# TAILWATER

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**CULTURE GUIDE PART 1**

**OUR FOUNDATION**

Confidential & Proprietary

## Introduction

If you're reading this, you're probably curious about Tailwater. Maybe you're thinking about joining our team or becoming one of our partners. Or maybe you work at a dental practice that recently partnered with Tailwater, and you're wondering what we're all about and how your day-to-day life may be different.

If any of that sounds familiar, this Culture Guide is for you.

Hi, I'm Ryan McCostlin, founder and CEO of Tailwater. Our mission is to create the best careers in dentistry.

If you want to learn about Tailwater, this is the best place to start. By the time you finish reading this culture guide, you'll have a good sense of who we are and what we do.

But let's start with **why** we do any of this in the first place.

## **This is Tailwater's Why.**

*In everything we do, we believe in engendering human flourishing. The way we do that is by creating amazing careers. Autonomy. Ownership. Professional development.*

*And by helping our team flourish, we'll help our patients flourish.*

What do you think?

In?

If so, read on.

## How to read this Culture Guide

The Tailwater Culture Guide includes two parts. You're reading *Part 1* now.

**Part 1: Our Foundation** is high level stuff describing why we do things the way we do them. Foundational stuff. It's part of who we are. We may update Part 1 from time to time, but not too often. And when we *do* make edits, the core won't change.

**Part 2: Team Member Handbook** is more detailed. It's an internal document that includes the information you'd expect to find in an *employee handbook*. How we handle holidays, PTO, benefits, and payroll. It's a living, breathing document, and it should be your first reference when you have a question about our tools and rules. Also, you should expect to see regular updates. As Tailwater grows and evolves, our tools and rules will grow and evolve too.

Please revisit both parts of this Culture Guide regularly.

*Revisit Part 1* whenever you need a reminder of why we get up and do this work together.

*Revisit Part 2* whenever you have questions about Tailwater's operations. Our tools and rules.

**Also... each practice has it's own Culture Guide too.**

In addition to Tailwater Culture Guides Part 1 and 2, each Tailwater practice has it's own Culture Guide.

Practices can be different in important ways that make sense for their team, patients, and community.

Our Tailwater Culture Guide helps bind us together, and our practice level Culture Guides help each practice stand out.

# Tailwater's History

Now that you know how to read this document, we thought it might be a good idea to share some history.

## **A conversation**

It started with a conversation over lunch, at a restaurant called Bricktop's in West Nashville.

Jay Davis, a successful entrepreneur and investor, was having lunch with Ryan McCostlin, another healthcare entrepreneur in Nashville. Ryan was explaining why he thought culture was the only sustainable competitive advantage in any industry.

Then Ryan started talking about dentistry.

He'd recently caught up with a dentist friend who owned a thriving practice in Texas who told Ryan he felt like he got lucky early in his career. The Texas dentist had landed in a good practice with an older dentist who wanted to mentor him and sell him his practice at the right time.

But many of his friends from dental school didn't get so lucky. Even some of his most talented peers felt frustrated. They didn't have the careers they'd hoped for in dental school. Too much student loan debt. Too little clinical autonomy. Buying 100% of someone else's practice felt risky. And starting a practice from scratch felt even riskier.

Ryan grew interested in what was driving that dynamic. He started reading everything he could about the business of dentistry, and he saw an opportunity. It wasn't just early career dentists who felt frustrated. Many practice owners struggled with operational responsibilities that sucked time and energy away from the people and activities they loved. Retiring dentists often struggled with creating a transition plan that led to a graceful retirement.

By the time he had lunch with Jay, Ryan was convinced he wanted to build a dental business focused on solving some of those problems and creating better options for dentists at every stage.

He explained to Jay...

More and more dental offices are being sold to really big dental businesses. Sometimes that's good for the teams and patients. But not always. Ryan argued that good dentists need good business partners who believe in and support them.

Ryan made a case for a partnership of dentists focused on building exceptional culture. Clinical autonomy. Operational support. More clear paths to owning exceptional practices.

After a few minutes of this, Jay interrupted Ryan and said,

*“I can’t say I know dentistry as well as it sounds like you do, but I agree that exceptional businesses are driven by exceptional cultures. And I happen to know a dentist who sees it the same way we do.*

*Can I introduce you to my friend, Dr. KB Parkes?”*

Ryan accepted Jay’s invitation, and about a week later he visited KB’s office at Iroquois Family Dentistry in West Nashville.

Iroquois is a thriving dental practice that has served four generations of West Nashville families by practicing good dentistry the right way for the long term. KB started working at Iroquois as an associate after dental school, and he eventually bought the practice as the previous owner approached retirement.

Within 5 years of buying the practice, KB tripled the size of the practice. He ran out of space and had to move to a new building. He successfully recruited more dentists who shared the values that made Iroquois special.

In that first meeting, KB and Ryan spent about 60 minutes together. Ryan toured KB’s practice, and they talked dentistry. Ryan shared with KB some of what he’d previously shared with their mutual friend, Jay. And KB told Ryan he saw the same opportunities.

They agreed to continue the conversation, and a few weeks later they had dinner together in Nashville.

Along the way, they called and texted and realized they shared similar goals and values, and Ryan and KB agreed there was an opportunity to create something special in dentistry.

They became partners.

So, in the Spring of 2021, Ryan:

1. Gracefully resigned from his previous job as CFO and Head of HR at a healthcare tech company he’d helped build for the past 11 years.
2. Bought the URL for [www.tailwaterdental.com](http://www.tailwaterdental.com)
3. Started calling dentists and asking, *“Have you ever heard of dentists partnering with a larger group of dentists to grow their practice? Or even partnering with them to buy a practice together? Is that something you’ve ever considered? And if so, would you be willing to explore that with me some time?”*

A few of those dentists said yes. Then a few more did. Ryan and KB visited practices all over Tennessee. In bigger cities like Nashville and Knoxville, suburbs like Smyrna, and rural communities too.

A few of those early dentists became the first partners in Tailwater.

Partners who wanted to be part of creating the best careers in dentistry.

## **What's a "Tailwater"?**

When Ryan and KB decided to do this thing, they had to name it. They knew this business would never be recognized by patients or the general public. But they wanted dentists and their teams to come to admire and love it.

They wanted to pick a name that meant something. Here's why they picked Tailwater.

*Many of the most beautiful rivers in the world are Tailwaters, streams that flow out of lakes or reservoirs with power-generating dams.*

*The dams were built to generate power, but they do more than that. By managing the flow of the water downstream, the dams create flourishing habitats. Tailwater streams teem with wildlife. Bigger fish and more biodiversity. More resilience to drought. And more power.*

*Similarly, Tailwater's whole mission is helping dentists and their practices flourish. Tailwater is the dam that sits upstream and generates power. Our dentist partners build bigger practices. They're more resilient to changes in the economy, and they have more reliable paths to building long term wealth.*

More power. More resilience. More flourishing.

# Tailwater's Vision

High performing teams aren't all the same.

They can be big, like Google. And they can be small, like the US Women's Gymnastics team.

They can share one office or they can be spread out across the globe.

But one thing all high performing teams have in common is that they share **a vision**. And a well-constructed vision is made up of two parts.

1. **A Core Ideology** - the essential purpose of an organization. Why it exists and what it stands for.
2. **An Imagined Future** - a clear picture of what an organization will become and the major long-term results the team will accomplish together.

Tailwater has both, and you can read about them below.

## **Tailwater's Core Ideology**

At Tailwater, our *Core Ideology* is defined by three things.

1. *Our Why*
2. *Our Mission*
3. *Our Core Principles*.

Here they are.

### **Tailwater's Why:**

In everything we do, we believe in engendering human flourishing. The way we do that is by creating amazing careers. Autonomy. Ownership. Professional development. And by helping our team flourish, we'll help our patients flourish.

### **Tailwater's Mission:**

To create the best careers in dentistry.

### **Tailwater's Core Principles:**

**We put people first:** Our patients trust us with their health. Our team trusts us with their careers. Our partners trust us with their capital and professional path and reputation. We don't take those responsibilities lightly. We love people and use things, not the other way around.



**We're honest with each other:** Reputations are built over a lifetime. We speak up and support down. We say what we mean and do the right thing for our partners, staff, and patients. Even when no one's looking.

**We value clinical autonomy:** We partner with exceptional providers. Doctors who've spent thousands of hours training to diagnose and design treatment plans. Doctors who have strong relationships with their patients and communities. Doctors who have earned the privilege of clinical autonomy.

**We deliver operational excellence:** We provide the best operational support in the industry so dentists have more time for the things and people they love.

**We share an abundance mentality:** Solo practices are increasingly joining larger groups and enjoying the competitive advantages, mentorship, and financial rewards that come with group practice. We share in the rewards. We create abundance and grow together.

### **Tailwater's Imagined Future**

Let's talk about what's happening in dentistry.

Practices have been consolidating for a few decades now. And there's more consolidation coming. More and more early career dentists are looking for the mentorship and financial stability that comes with group practice. More and more individually owned practices are recognizing the competitive advantages of joining a group. And more and more retiring dentists see groups as their most reliable and rewarding transition plan.

In many cases, "joining a group" means "joining a DSO."

At Tailwater, we don't believe that DSOs are fundamentally bad. Competition is good. It creates more options for patients and keeps the whole industry sharper, elevating our collective game. DSOs offer attractive exits for retiring dentists who don't have a clear transition plan.

But DSOs aren't fundamentally good either.

Too many are driven by spreadsheets. When dental practices are driven exclusively by spreadsheets, they create worse outcomes for patients. Less rewarding career paths for dentists. And cultures that don't inspire anyone.

Tailwater's vision is a better path for great dentists and their teams.

Our vision is a **dental search fund** that backs dentists and **practice success** that helps them build great practices and exceptional careers.

More and more dentists are saying they prefer our vision to other common paths, like independent practice or joining a DSO. Maybe you will too. Because our vision leads to better outcomes.

More clinical autonomy for mid-career dentists. More ownership opportunities for young dentists. Better exits for retiring dentists.

More opportunities for everyone involved to create long term wealth.

Tailwater has spreadsheets too. We measure stuff. We believe in technology, data, and operational excellence. But spreadsheets don't drive our decisions.

Our decisions are driven by principles. Principles consistent with our mission and vision.

If we consistently make good decisions informed by data and driven by principles, we'll be more profitable in the long run. And that's our focus. The long run.

Because our vision for Tailwater is to become the most admired group dental practice in the world. And that doesn't happen overnight.

### **Tailwater Vision:**

To be the most admired and respected group of dental practices in the world.

By creating rewarding transitions for retiring dentists.

By providing unmatched support and long term wealth for practice owner dentists.

By becoming the most sought after employer for early career dentists seeking paths toward ownership.

And by creating an uncopiable culture that honors the dignity of our team members, our patients, and the communities we serve.

# What does success look like?

Let's step outside of dentistry for a moment.

One measure of success is revenue and growth.

McDonald's feeds 1% of the world's population every day. 68 million people. It's the world's largest restaurant chain by revenue, and McDonald's has successfully used its size to influence things like menu engineering, technology, and efficiency. No matter how you feel about McDonald's, one obvious way to measure success is by reaching as many people as possible each day.

But that's not how Tailwater defines success. We're not interested in becoming the McDonald's of dentistry.

Tailwater is more interested in becoming the most admired dental partnership in the world. The kind of organization that engenders human flourishing by creating the best careers. The kind of place where everyone in the industry wants to work.

In the restaurant industry, Tailwater's DNA is closer to Union Square Hospitality Group (USHG).

USHG is led by Danny Meyer, a restaurateur responsible for some of New York's most beloved restaurants. Gramercy Tavern, The Modern, and Maialino. They've won 28 James Beard Awards with restaurants in New York, DC, and beyond.

USHG is renowned not only for its restaurants, but for their distinct and celebrated culture of what they call *Enlightened Hospitality*. A guiding principle of prioritizing employees first has driven USHG's growth from a small group of restaurants to a globally recognized hospitality organization.

“In the end, what's most meaningful is creating positive, uplifting outcomes for human experiences and human relationships. Business, like life, is all about how you make people feel. It's that simple, and it's that hard.”

- Danny Meyer, *Setting the Table*

And by the way, USHG does all of this in the background. Most diners are unaware that USHG exists.

When customers go to McDonald's, they know they're going to McDonald's. It's hard to miss those golden arches.

But when they go to Gramercy Tavern, most have no idea they're dining in a restaurant powered by Union Square Hospitality Group. They just know that Gramercy Tavern will deliver one of the best dining experiences in New York City.

Similarly, when patients visit a practice powered by Tailwater, they'll likely never know what Tailwater is or how we support our dental partners. They'll just know the practice they're visiting will deliver one of the best experiences in dentistry. They'll experience good technology, tight operations, and clinical excellence.

For Tailwater, success means becoming the most admired group dental practice in the world. For dentists, hygienists, assistants, and office operators.

A reputation among dental students as the best place to start a career. Creating long term wealth for mid-career dentists. And graceful transitions for dentists when they're ready to retire.

# How does Tailwater Practice Success work?

We think dentists should lead their practices and tell us where they want help, and that help often comes from our Practice Success team.

Practice Success is made up of all the services Tailwater offers to the practices we support. Our dentist partners lead their practices and have clinical autonomy, and they choose which services they want from Practice Success, including:

1. **HR** - Training, benefits, compensation, payroll, and compliance.
2. **Recruiting** - A pipeline of top-tier office and associate candidates. Help building the right team.
3. **Legacy Planning** - Strategic guidance and tactical support to help ensure smooth and rewarding transitions for dentists planning for retirement.
4. **Billing & Collections** - Tailwater bills insurance companies and third-party payers quickly and accurately, and we do it the right way. When you get paid, we'll post it accurately. And when you don't, we'll follow up with resubmissions and appeals.
5. **Accounting & Finance** - You can keep your practice management software or work with Tailwater to replace and improve it. Your call. Either way, we'll work with you to make sure your taxes, accounting, and reporting are accurate and updated.
6. **Credentialing** - We make sure your practice complies with all the state and federal regulations so you and your patients can feel confident you're practicing the right way.
7. **Insurance Contract Negotiation** - It's no secret that group practices get better reimbursement than private practices. We'll make sure you're getting reimbursed at the top possible tiers by the insurance plans you accept.
8. **IT** - If you like your systems, keep them. But if there's room for improvement that can help you grow, we'll help you implement the right systems and train your staff to use them.
9. **Marketing** - You keep your branding. Your patients will likely never hear about Tailwater. But we'll help you amplify your brand, find new patients, and build a brand that can last for generations.
10. **Supplies & Labs Procurement** - Dentists who partner with Tailwater choose their supplier and labs. But Tailwater has relationships with all the largest suppliers, and you get to take advantage of the purchasing power that comes with joining a larger group. From gloves to chairs to x-ray machines, we can give you access to have everything you need at the lowest possible prices.

Support when you need it. Autonomy when you don't.

We offer the best operational support in the industry so you have more time for the things and people you love.

## What kind of practice can Tailwater help thrive?

One of the things that makes Tailwater different is we're exceptionally selective when it comes to accepting practices for partnership. We're not trying to consolidate practices for the purpose of selling them. We're not flippers.

Tailwater's partnership is designed to last decades. There is no timeline. As a result, we're patient and opportunistic. We only partner with exceptional dentists and exceptional practices.

Tailwater practices can look different. We'll consider urban and rural. We'll consider small practices with 4 operatories and larger practices with 10+ operatories. General practices and specialties.

Here's what all Tailwater practices have in common:

1. Great location
2. Patient loyalty
3. Strong community reputation
4. Clinical excellence
5. Financial stability

We partner with practices that create long term relationships with patients and their communities.

If that list of criteria sounds a bit fluffy, good. That's how we want it to sound. There's not just one formula for a successful Tailwater practice, and sometimes it's the soft stuff that matters most.

We know it when we see it.

## What kind of people can Tailwater help thrive?

There's nothing more critical to Tailwater's success than finding the right people.

With the right people, we'll build something special. If we don't have the right people on our team, nothing else we do will matter.

So what kind of person thrives at Tailwater?

We want the best and the brightest. That part is easy.

But it's more than that. The kind of person who thrives at Tailwater believes in our *Why*, our *Core Ideology*, and our *Imagined Future*. That part is easy too.

We want diversity of opinion and background. We want people who care. We want people who actively embrace change when it means something better in the long-term. Easy, easy, and easy.

In every role at Tailwater, we want people of high integrity who believe in doing the right thing even when no one's looking.

In addition to all that, we're looking for **three more things** when it comes to the dentists who lead and share ownership in Tailwater practices.

1. Exceptional clinical skills and a strong desire to keep getting better.
2. Ability to inspire confidence in colleagues, patients, and the communities we serve.
3. Desire to lead a practice and own 15% or more of the practice they're leading.

And one more thing. If you're brilliant, that's great. We want smart people on our team. But we don't tolerate brilliant jerks who step on other team members to advance their own interests.

We don't want brilliant jerks on our team.

Their brilliance isn't worth the drag on our culture.

## Closing Part I

At the beginning of this document, we said you'd get a sense of who we are and what we do. A description of Tailwater's foundation. I hope you feel like we've delivered on that. This only works if we share the same mission and vision.

Before we can be on the same page, we have to be in the same book.

That's what Part I is for.

If you're still reading, hopefully you're on board with our vision for Tailwater. You share our values and want to be a part of building something special.

If you're not on the Tailwater team (yet), thanks for your interest in our work.

And if you *are* on the Tailwater team, thank you for being a part of this. If we intend to bring this vision to life, we need tactics and operational alignment. Tools and rules.

*"Plans are only good intentions unless they immediately degenerate into hard work." - Peter Drucker*

That's what Part II is for. [Let's go there next.](#)

With your help, we're going to build something special.