

182: Thinking Outside Your Practice with Dr. Zwade Marshall



Full Episode Transcript

With Your Host

Bonnie Koo, MD

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Welcome to *The Wealthy Mom MD Podcast*, a podcast for women physicians who want to learn how to live a wealthy life. In this podcast you will learn how to make money work for you, how you can have more of it, and learn the tools to empower you to live a life on purpose. Get ready to up-level your money and your life. I'm your host, Dr. Bonnie Koo.

Hey everyone, welcome to episode 182. How are you all doing? I just got back from PIMD con, or Passive Income MD Conference, and that was in Los Angeles. This is the third or fourth time that it's been happening. And, obviously, there was a year where it was virtual because of Covid. But I really love this conference and I actually recommend this to most of my clients.

And it was originally just a real estate conference, but this year he added an entrepreneur track because people who invest in real estate tend to become entrepreneurial. And also Peter Kim has this entrepreneur community, so it made sense to kind of combine it into a live conference.

So I actually had the honor of speaking on something that I don't usually speak on, because usually my talks are on money, obviously. And my talk was actually on marketing and selling because I was on the entrepreneur track. And so that was really fun to talk about because marketing and selling, if you're listening and you're in business, it's something that most of us struggle with and also it's a new skill that we have to learn.

And in order to be a successful business, you have to master how to market and sell yourself, otherwise, you'll just be a best kept secret. And I would even just recommend, like learn to love it, okay?

So it was so fun to meet a lot of people. If you're listening, maybe I got to meet you. And it was fun to see some of my clients, my prior clients, and just to kind of see what they've been up to.

Okay, so today I have a guest on, Dr. Zwade Marshall. And he's an anesthesiologist. And I wanted to have him on because of a story of entrepreneurship, like I don't have too many of those people on my podcast, but it's money related. So I also knew it would be a resource that

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many of you may need, or at least keep in mind. And I've been recommending it to a lot of people who I could tell could use their services.

And so the company is called Doc2Doc Lending. And basically, what it sounds like is they provide personal loans exclusively for physicians and dentists. And, you know, really filling the need or bridging the gap between residency and relocation or being in a pinch, paying off credit card debt, et cetera, because their interest rates are lower than a credit card thing.

So I have had a few friends who needed access to capital for a number of personal reasons. And so it's just nice to know that this exists and that it's a company that understands doctors. And so I just wanted to put it out there for you, because I definitely have my share of clients who have a decent amount of credit card debt.

And besides the shame and embarrassment, which I coach them through, having access to a resource like that where they can consolidate debt and be at a much lower interest rate, I think that's really valuable to know about. So that's why I have him on. And I'm sure you're going to get so much value out of it.

And I do have a referral link if you're interested in applying for one of their loans. My link is wealthymommd.com/doc2doc. And that's D-O-C, the number 2, D-O-C. And just in case you're not familiar with what an affiliate link means, it just means that if you sign up for a loan with them, I will get a small commission, but at no extra cost to you. So once again, that link is wealthymommd.com/doc2doc.

All right, here's the show.

Bonnie: Welcome to the show.

Zwade: Thank you so much for having me, Bonnie.

Bonnie: Yeah, I'm excited to talk to you. And we were just talking, we missed each other at PIMD con.

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Zwade: It was huge and it was fun and engaging. I met a lot of cool people and it's just a great way to spend a weekend.

Bonnie: Yeah, it's not often that we get to hang out with like-minded physicians. And also, I think it's a great opportunity to meet doctors of all specialties because usually we're just going to the boring specialty conferences, right?

Zwade. Absolutely. There's also a kinship amongst entrepreneurs where we just kind of want to help each other because we all kind of know what it feels like to have that burn of anxiety when you've jumped off the porch and there's no parachute. And you're trying to make things work and people who've lived it as well. It's validating and it's also cathartic.

Bonnie: Yeah, you said jump off the cliff. I feel like I'm constantly jumping off cliffs. Just when I think I landed, there's another cliff.

Zwade: Yeah, it's self-imposed though because then you get your reps and you know what you're good at. And it feels a little less frightening with each subsequent jump.

Bonnie: Yeah. I mean, this is what we signed up for, right? It's frightening but also exhilarating, right?

Zwade: Yeah.

Bonnie: So okay, I definitely want to talk about your story, I know it's going to be so inspirational to everyone. And so let's just start with that.

Zwade: Thank you so much. I'm Dr. Zwade Marshall. I'm an anesthesiologist and interventional spine specialist based in Atlanta, Georgia. You'll hear a little bit of an accent when I say certain words. I was born in the Caribbean, in Guyana. I moved here when I was an adult.

Well almost an adult, I was 17 years old. Went to Emory for college, medical school and business school. I racked up a ton of educational debt because of it, still less than the average medical graduate though. I was at

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\$212,000 and the average is pushing closer to 230,000 now. It's kind of scary.

But then I left med school here in Atlanta to go to Boston. I went to Harvard for my residency and fellowship. Then I moved back to Atlanta to open my practice. I was an employee at a large private equity back pain group for four years prior to building out my own surgery center, now with two locations.

I'm beginning to see the dream come to fruition in the practice, but then also in my extracurricular gig, which is the lending company for doctors.

Bonnie: Right, extracurricular, I'm like, oh, that's only an extracurricular? Well, obviously, you going to business school helped with all this, right? Or at least have the mindset to be entrepreneurial.

Zwade: It really did. And I don't think it's for everyone. At the time that I chose to go to business school, I was still in medical school. So I did the dual MD/MBA bit. There's less risk and it's less expensive doing it that way. If you're already in practice and you're thinking about going to business school, you have to consider not just the cost, but the opportunity cost of earning what many doctors make, it's well into the six figures, right?

At my time, though, it helped me change the lens through which I viewed the world. So I became conversant in the language of commerce, I understood what EBITA means. And the business guys and the finance heads, they like to throw out acronyms to keep people confused. And much of it is pretty simple if you understand the underlying premise.

But I became kind of conversant in that world and was able to kind of think through problems with solutions that enabled me to become a leader and lead teams of people that have subject matter expertise that I don't have, but I know how to ask the right questions and determine when there's substance and when there's not so that I can make good thoughtful decisions.

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Bonnie: Yeah, definitely, I think that's where a lot of doctors, not me, that go into private practice or building something similar that you have, they have no idea how to create teams, lead them, and I know hiring and firing is always like the bane of most businesses, right?

Zwade: Most certainly.

Bonnie: Yeah.

Zwade: The people component is always the hardest part.

Bonnie: Yeah. And you can learn it. Like I have an assistant who's part time, but I've been through many assistants and it's been a learning experience just to learn how to hire. Like the hiring process, really, if you know how to do it correctly, you can really get at least the best person. But, obviously, you don't really know how they are until they start working for you.

But I kissed a lot of frogs and also learned how to train them properly. Because a lot of people, they'll hire someone and then they get frustrated because they think the person should read their mind.

Zwade: That's right.

Bonnie: You have to be willing to train them, give direct feedback, and it's hard. But now I've gotten very comfortable with direct feedback. And I think a lot of doctors are, you know, side gigs are super popular, whether or not they're doing it intentionally because they're trying to create a source of income.

But one thing, because people always ask me like, I'm not really entrepreneurial. And I think it really starts with seeing a problem and then wanting to come up with a solution to solve it, right? That's what we do as entrepreneurs. And so is that what happened with you with your extracurricular?

Zwade: Absolutely. I think it's always easiest when the entrepreneur is going to solve a problem that he or she lived because you can understand

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the customer experience. And if you are that customer, you're in that seat, you don't have to stretch to empathize with their plight, and you can really create a tailored solution that can truly solve their problem.

My personal mantra is hire slow and fire fast. You really invest the time upfront learning the person, the candidate, and sharing a part of yourself with them. So between the hiring process and then to the point you made the onboarding process, it's laborious. It takes up an investment in your cash, but more importantly, in your time.

And it's really hard to sometimes see the future and how that time investment will pay dividends when you hired someone to kind of offload the burden of time and you're having to put up all that upfront spend. So know that if done well, it's worth it.

Bonnie: Oh, can I pause you for a second? I just want to say something else based on what you said about what are the values, what's the culture of your company? Even though I'm just one, I have values and a culture that I want to cultivate and that to hire someone who also matches that.

Because, again, it's "just" an assistant, but I want her to be bought and I want her to really believe in the company's mission because they're going to be better employees if they believe in what you're doing, right? So I thought that was a good point.

Okay, go on.

Zwade: I moved from Atlanta to Boston, as I was describing before. And this is kind of like my origin story of the company, Doc2Doc Lending. I was going from what's considered to be a low cost of living city, Atlanta in Georgia, to one of the most expensive rental markets in the country. It was Boston, it was really Brookline, Massachusetts, where that Harvard hospital Brigham is located.

And I needed first, last month's rent, broker fee. And a third of all relocating residents, I had student loan debt that was north of \$200,000. I had income as a resident that was 54,000 bucks a year, which in hourly rate is \$13.12

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an hour. And my FICO score was sub 700, not because of bad behavior, but because of the toll that educational debt takes on your credit profile.

I was surprised to realize that banks would not give me a loan. Or if they did approve me they gave me a credit card interest rate, which felt unfair. I mortgaged my youth, basically, being in medical school and training. And now I'm being penalized for the cost of it all.

Bonnie: I mortgaged my youth, I'm going to have to use that.

Zwade: The time that we were in the library, that we're in the hospital, that we're studying is the time when all of our peers and our friends are building families and buying their first home. By the time we graduate, they're in their second home for many of them. And our schedule is not our own.

So there's all these sacrifices that we make and yet we're not a sympathetic customer, because let's think of doctors as kind of the superhuman beings that do well financially. So at Doc2Doc we understand that career arc and we underwrite our loans more thoughtfully and specific to the doctor experience.

So we don't just care about FICO scores and about debt to income ratios, we give our physicians credit for how many years they have left in residency. We care about the specialty that they're in. We care about their free cash after they pay their expenses.

And we really do want to reward borrowers for on time payments, the ones that are responsible with their debt, and help them to understand the impact of responsible credit behaviors and how it can help put them in a place of accessing capital cheaper in future.

Many hospitals, their credentialing process includes a credit score check, and so helping folks understand the impact of revolving credit card debt compared to installment debt and how one can be really negative and the other can be really positive, but depending upon how you use either of them, it can harm or help you.

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It's part educational, what our company does. The real kicker here is that we're helping folks find access to money at a time when very few other people would allow them loans.

Bonnie: Yeah, well, let's backtrack a bit because you kind of just jumped into Doc2Doc because so many people are like, well, what are they talking about? And so do you want to describe exactly what the company does?

Zwade: Absolutely, sure. So it's Doc2Doc Lending, and we are an exclusive lending partner for physicians and dentists, we lend to no one else. The company was really created to help doctors from the time they match into residency.

So if you're a fourth year medical student with a match letter in hand, that's when you first become eligible for our loans. And we'll lend to any physician with an active board license or active license to practice through retirement.

The most common borrowing reason right now is for debt consolidation. People are trying to consolidate their high interest credit cards into a personal loan. Oftentimes we're used for transition costs or for a practice buy-in for a partner loan in their surgery centers. We can provide a number of lending options depending upon the use case.

Bonnie: I just want to make sure I understand. So you said you lend to physicians and dentists only. They first become eligible when they have their match letter in hand, so I guess that's some time in March. And as long as they're a holder of a medical license or board certification, which one is it?

Zwade: Active license.

Bonnie: Active license. Do they have to be actively practicing?

Zwade: They do not know, no.

Bonnie: Oh, that means I'm exam eligible, I didn't know that.

Zwade: Yes. They couldn't have been disbarred. Yeah.

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Bonnie: Maybe you were going to get to this, but what's the minimum loan and the maximum loan?

Zwade: Yeah, so if the physician is still in training, in residency or fellowship, they're eligible for between five and \$25,000. And if they're in practice, it's between five and \$100,000. It's a three minute online application. It's meant to be frictionless, we know doctors are busy. You can get information on the back end of our app. We can offer approval terms within a matter of minutes of that submitted application and we can fund the loan in a matter of days after approval.

Bonnie: Okay, and the repayment starts right away?

Zwade: So they've got one month to begin paying after we fund the loan. And if they're in training, we allow them to have interest only or deferred payments during the course of their residency or fellowship.

Bonnie: So it sounds like it's really, like you said, customized based on where they are. So, obviously, in residency it's like basically what you're saying is we understand that they don't have attending salaries, so it might be tough for them to do the full payback.

And then what are the interest rates? And I'm sure, it varies depending on a bunch of factors.

Zwade: It does, yeah. And we're in a high interest rate environment, just nationally right now with the way the Fed rates have been hiked. Our best rate is 8.9% and our worst rate is 19.9%.

Bonnie: Okay, when I was a medical student, and I'm pretty sure they don't do this anymore because that's probably why you guys are in existence now. I actually was able to take out a loan before I had the match letter. Basically, I forget, I think they called it a residency loan.

It was by Citibank, and basically it was money so that I could go to the interviews, right? Because it's an expense to fly and stay in hotels. I think we forget that, right? And I remember having friends who were like, "Oh my

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God, I can't afford this." And they were just like begging people just to crash with them.

I remember a friend of mine asked if she could crash with my boyfriend because he lived in Chicago and I was living somewhere else. And she met him, so it's not like she was a total rando, you know?

Zwade: Right, did you say yes?

Bonnie: But she was like, "Can I stay with him? Because I don't want to pay for the hotel." So yeah, I was able to get a loan, I can't remember the amount, it was more than 10,000. Maybe it was 15,000. And the interest rate, and this is years ago when the interest rates were stupidly low, right? So I think it was like 3% or something super low. And then I remember telling people about it, and they're like, oh, you can't do that anymore.

Zwade: Yes. So, many of those programs no longer exist. There are a few that still do, but they require school certification. So it depends upon how much money you have left in your financial aid allocation oftentimes. And if it's full, then it requires a co-signing of a parent or a guardian.

And there's some seasonality to our borrower needs. If it's spring, it's a lot of residency relocation. The folks that match into residency need to move or even the residents that are going to fellowship or folks becoming attendings because many jobs now are not paying a relocation bonus, a sign on bonus.

Or if they do pay it, it requires you to start working first. And after the first month is done, your first check includes that bonus payment. So they'll use our loan to kind of float their expenses until the first payment comes in.

And one of the best features of our loan is that we have no prepayment penalty. So we don't penalize folks for an early payoff and we encourage them to do so whenever they can. If they overpay in any given month, we apply that directly to the principal to reduce the interest that accrues over time.

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Bonnie: Are people using it for down payments?

Zwade: Well, yes and no. Investors are. In a true residential borrowing situation, you can't borrow money for a down payment for a residential loan, if that makes sense. But if they're doing a real estate flip, they'll use our cash to bridge initial contractor expenses until they do the cash on the refi.

Bonnie: Like a hard money loan almost?

Zwade: Exactly right.

Bonnie: Okay. Yeah, and your interest rates are lower than most hard money loans.

Zwade: Exactly.

Bonnie: Yeah, I didn't get a relocation allowance for my move. And I was moving from California to New York. I can't remember, I'm like, how did I do that? I know, flying is flying, but I had to put down one month's deposit and, obviously, rent is not cheap. And I was like how? I'm assuming my parents helped me because I can't remember. But yeah, I imagine that not everyone has family support to be able to do that, you know?

Zwade: Yeah. So what's funny is that my employer did fund mine from residency into my first job. I was always invited back to speak to the residents at Harvard about transition to practice, and I would kind of coach them on how to negotiate for relocation bonus, and the sign on bonus and the things that I did.

And I ended up employing one of the graduates from my program. And so she's using my advice against me. And in all fairness, I ended up paying a relocation bonus for her because she did an effective job.

Bonnie: Smart girl.

Zwade: Smart girl, she did well.

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Bonnie: Yeah. Okay. I actually recommended you guys to one of my friends who is going through a divorce and her money was literally locked up because of it. And she's a very high paying physician, so I was shocked that she didn't have access to her capital. I don't know, basically I remember we were just texting and I was like, how are you doing? Just like checking in with her. And then she told me that she basically doesn't have money and was freaking out.

And then I was like, well, you should check these people out. And then a week later she thanked me because she said she needed that money to float her until her money was freed up, basically.

Zwade: That's right. And it's a sad reality of the medical profession that the divorce rate for us is higher than the general public. And that's already pretty high, 50%. And we see quite a few applicants that are in that scenario.

In truth, it's also one of the leading reasons for defaults within our community. Bankruptcy related to divorce and debt that a spouse would have accumulated in a partner's name, and then they don't want to continue to pay on that loan.

Bonnie: All right, I'm trying to think if there's anything else that I wanted us to talk about. Like I said, entrepreneurs, what we do is we solve a problem and there is a need. And just like you were saying, when you're that person that you're solving for, it does make it easier.

Definitely for me I was that person who didn't know anything about money. It was hard to find a resource, especially that was specific for women, because a lot of the resources out there assume you're a man and things are different for women, for a number of reasons.

And so that's kind of how my business was born. And Peter Kim's too right? Do you know his origin story, by the way?

Zwade: No, I don't.

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Bonnie: I'll just tell you real quick. So he's an anesthesiologist, too. He, I think, was doing well because anesthesiologists generally get paid pretty well. And I think one day there was some reorg and then he realized that he had no control over his income really.

Zwade: That's right.

Bonnie: And then that's when he started seeking out answers and he was proactive about it. And then he said there was a group of older doctors that seemed really happy and then he asked them like, what's the secret? And they said, oh, we invest in real estate.

Zwade: Yeah.

Bonnie: So then he was like, oh, let me look into real estate. So that's how that was born.

Zwade: Passive Income MD was born. I can certainly relate to that. I'm an anesthesia as well and I've always known I wanted to own my own practice in the future and I've had this entrepreneurial bug. But what accelerated the path for me leaving an employed role where I was pretty well compensated, to owning my own business is the fact that Covid happened. And this is now March of 2020.

And within a matter of weeks of the pandemic being announced, my employer at that time decided to cut the salaries of all the physicians by 50%. Well in our line of work, you've earned your salary three months prior because of insurance payments.

And so it was a convenient way for an institution to cut costs by blaming the pandemic when they were looking to kind of preserve profits. And that loss of control over my income was what inspired me to leave and do my own thing.

Bonnie: Yeah, I think the pandemic really showed physicians like, wow, our jobs are not as stable as I thought. And I'm sure you know the trend of physicians being employees from the get go, that wasn't the case back in

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the good old days of medicine, as they say, right? Basically everyone was like, yeah, you open your own practice.

And now people just want to be an employee now, right? There's pluses and minuses of being an employee versus an employer. I understand both sides now, having been an employee and being an employer.

But is there anything else that you think or that you wanted to say that we just haven't had a chance to talk about yet?

Zwade: I thought this was great. I think a lot of your audience members are thinking about entrepreneurship. And I'll tell you that as physicians, we had a pretty rigorous journey to get to where we are and that they shouldn't underestimate their ability to learn new things, to adapt, and to just be resilient in the face of our new challenges.

And so we are lucky, for the most part, to have a pretty stable income base when we're beginning. And so don't underestimate the ability of your background and training and rigor within thinking to be successful at something new. And so go for it.

Bonnie: I totally agree because a lot of doctors think the opposite, that they don't have any other skills, that they don't know how to do this. And since I coach on money, they're like, "Oh, money seems so hard." I'm like, listen, money is not med school hard.

Zwade: That's right.

Bonnie: And neither is business, right?

Zwade: That's right.

Bonnie: I think we're just not used to being a beginner again and so that's frustrating.

Zwade: Sure.

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Bonnie: And then, yeah, I see so many doctors who are like, well, I don't want to do this anymore, but I don't have any other skills. I'm like, what are you talking about?

Zwade: That's exactly right. That's exactly right.

Bonnie: Yeah, that's why conferences like Peter's, I think, are so great, because you meet people, and they're not necessarily entrepreneurs, like they might just be doing real estate or they just like being in this community because these are doctors who are really looking to improve their lives and have that growth mindset. So it's contagious. And I think people just go and really get inspired and get ideas.

I never thought I would be an entrepreneur. They are like smart people. I'm just going to be an employee and do my own thing. And then obviously, that's not the case right now. So I think anyone can do it, just like you said. And we have the drive, the discipline. We're not afraid of hard work, and so that's really what it takes to be successful.

All right, so I'm really glad we did this because I know there's always a need for capital. I have a lot of clients who are wanting to invest in surgical centers, but they don't have like \$100,000 laying around or whatever the investment is. So it's just nice to know there's an option versus like, oh, I don't have the money, so I can't do this.

All right, so we'll link in the show notes how to get to you and we'll go from there.

Zwade: Thank you for having me, this was fun.

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