



**totally
smiles®**

DENTAL GROUP

09 April 2019

STRICTLY PRIVATE & CONFIDENTIAL

Dear Joint Venture Partner

I am writing this letter to Joint Venture Partners (JVPs) as a draft of our approach. It is my intention to send a copy of this letter to all Lead Practitioners and Practice Managers in all practices by the end of the week.

*The approach is twofold, firstly, to share our **current intended turnaround approach** and obtain your feedback. Secondly, in light of the recent adverse publicity regarding the business there is a need to communicate with the leaders in all practices to provide some context and reassurance to all providers and staff that the business is stable and will remain so, as long as we all stayed focussed on what we have been engaged to do.*

Letter starts

Various matters arising from the reporting of the financial results for the six months to 31 December 2018 continue to occur. Some details are provided at **Schedule 1**. It is very disappointing to be reporting these activities rather than concentrating wholly on our purpose of ensuring the consolidation, sustainability and growth in the profitability of the practices.

At the outset, it is important to acknowledge that support office performance under the Company's previous leadership has not met expectation. Many of you have provided this feedback, and we are determined to improve our service to you as our most important stakeholders from this point forwards

We are in the process of implementing our turnaround plan, which necessarily requires significant improvement in the skill and professionalism of the support office, improvement of some functions at the Practice and a significant increase in communication, dialogue, engagement and collaboration with JVPs and all providers and staff to develop the necessary culture for success and build leadership, trust, confidence, efficiency and capability throughout the business. To be successful, we seek your co-operation and assistance to finalise the foundations of the model and in the process improve, simplify and streamline our activities.

We have previously generally acknowledged some of the issues that have arisen in implementation of the vision for Totally Smiles. Overall, we have completed implementation of the business systems, processes, leadership, teamwork and relationship foundations, necessary to be sustainably efficient and effective in the future. However, much has been done and much has been learned. So, regardless of how we got here, we need to look at where we are and what we need to do to get where we want to be.

We need to acknowledge that while the Totally Smiles Dental Group (TSDG) is largely comprised of general dental practices, with some specialists, there is significant diversity and dynamics, associated with different demographics, geography, regulation and market environments associated with each practice which will remain permanent features of the future. The support office, therefore, **must be excellent** at providing appropriate skills and services support for each practice.

In order to properly support you we need to better understand what you do and why. Despite the fact that you may have been through various aspects of this planning previously with a range of Support Office people in the past, I ask you yet again, to take this situation as an opportunity to assist us to review, reset and get things right.

The strategy now being pursued is to undertake a full evaluation of the activity, performance and support provided to each practice to the end of February 2019, determine, in conjunction with the JVP/Leadership of the practice, the way forward including improvement opportunities and build a business plan, budget and action plan with agreed ongoing support, performance monitoring and reporting approach. As part of this process we intend to quickly visit each practice over the next few weeks, so I can meet the JVPs and other practice leaders and staff and better understand the circumstances of each business.

However, for future dialogue, I think it would be more helpful if we have the ability for you to 'reply all' if you choose to have comments. Therefore, I ask that you advise me by return email if you would prefer to keep your email private.

As mentioned at the beginning, this is a draft of our approach and I welcome your feedback by Friday.

Further, as prefaced in the opening paragraph, it is my intention to share this letter, on a confidential basis, to all Lead Practitioners and Practice Manager by the end of the week.

I look forward to working with you to re-establish the business as originally intended, but better.

Kind regards

A handwritten signature in black ink, appearing to read 'T McCormack', written in a cursive style.

Tony McCormack
Chief Executive Officer