

Practice Purchases & Sales

Lay groundwork for smooth transition

Q: *I've been talking with a student about joining my practice when she leaves school. . I'd like to give her some information on both an associateship and, my real interest, a buy-in after a year or so. What information should I give to clearly layout what is offered and to help her make a decision?*

A: Doctors who think and act ahead on these matters create a wonderful start to a proposed practice. Since the practice owner has both time and resources — something in short supply for most younger professionals — he or she is in the position to put together the items needed to start the practice relationship.

Right now ,develop the associate employee agreement draft. Have your attorney (or dental practice consultant working with your attorney) draft a short but effective agreement. It is easy to “over lawyer” these agreements, so caution anyone you engage to err on the side of brevity and keep the cost down.

Remember, your real goal (and likely that of the prospective associate's goal) is to get past the associateship and into the partnership. If you want a whole string of activities come together smoothly, don't wait to pick advisors. Get it done now.

Tell your practice advisors your priority is to have the relationship be “win-win”. Find and qualify advisors who share a philosophy of making the relationship happen. Have your accountant, business or health-care attorney and practice consultant coordinate by developing a project timeline for bringing the process, including drafting agreements and valuation of the practice, to a conclusion by a set date(s).

Decide upfront how long the associateship period will be — 6 months, a year or more? Work with your accountant to develop a compensation format that is easy to understand and helps the associate make money. Develop a list of your expectations and discuss them with the prospective associate/partner. For example: Will the associate be responsible for practice marketing? Management? Will the associate see new patients?

Don't wait to get the practice valued. If the associateship will be short — 6 months to a year — take care of this at the start of the relationship. It will provide a great benchmark in the event you both decide to determine current value at the time of the buy-in or buy-out.

In summary, be proactive. Present the prospective associate/partner with the employment agreement draft, timeline, compensation formula, valuation and list of your intentions and those for the over all transaction and you'll have done more than a great number of practice owners to start the relationship off on the right footing. The more you have ready, the more you will be set to go!



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