

# Practice Purchases & Sales

## Doctor wants partner control

**Q:** *Years ago when I started in practice I thought I was going to be a partner. But the doctor I was to practice with turned out to be incapable of making a decision and I left in frustration. I don't have that problem. I am very much of a leader and decision maker. Now that I am considering a younger associate/partner I want to remain, as the founder and senior doctor, the one in charge of the overall practice. How should I do that?*

**A:** You didn't say how long you intended to remain with the practice. Assuming it is not for a short time, i.e. four years or less, I believe that having the founder stay in the position of primary manger is not unusual, and often beneficial.

After all, if you have been in a successful practice for 20 to 30 years, it can be hard to suddenly stop as the decision maker. On the other hand, if you will remain with the practice for a longer term, or if you are sensitive to the fact that the new partner who has joined you will need to grow into the position of a decision maker as well, then being a mentor and having formal shifting of responsibilities in place can be in order.

To accomplish what I expect is your goal of not being undercut and still maintaining effective leadership I would suggest the following. In either your partnership agreement or your shareholder's agreement, depending on your form of entity (partnership or corporation), state that you will serve as the primary manager or the president.

You can spell out the position and the authority you will have. You can specify that, regardless of ownership interest, you will have the final decision making authority on a select listing of practice related affairs — for example, day to day overall administration, including overseeing accounts payable, hiring and firing of employees and scheduling adjustments. In time you can delegate responsibility for the practice marketing, risk management and responsibility for compliance with various government regulatory programs including OSHA and HIPAA.

At a designated point you can act to turn over portions of the day to day overall practice administration so that the turnover will be complete prior to the final year of the relationship.

As a check, it may help to provide that regardless of ownership interests or whether the position of primary manager is maintained, certain issues will require a unanimous vote — for example, any expenditure over a set dollar amount or change of lease or location, etc. To avoid an unpleasant major disagreement between the equity owners, consider, with the advice of legal counsel, having your agreement provide for resolution of any disputes initially by mediation, and if that fails, by binding arbitration.



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