

# Respect, dignity, and goodwill

In a previous article for this column, I discussed how important it is in any practice transition to have the seller depart with a feeling of "respect" toward the buyer and with his or her "dignity" intact.

In the normal negotiating situation, both parties strive to obtain as much as possible for themselves. This is only human nature.

In the transition of a professional practice, you must look beyond the immediate need to steer the transaction to the buyer's or seller's favor and attempt to see what the two parties expect to achieve as the end result. The end-result expectation should be a successful transition that leaves the seller feeling like he or she has left the patients and the practice in good, competent hands and the buyer should feel as if he or she has maximized the "goodwill" transfer from the seller.

However, as we all know, there can be pitfalls in the process. Let's take a look at the negotiations in the sale of a dental practice. I'm not recommending that each party shouldn't try to gain the best advantage. What I *am* advocating is for each party to put themselves in the place of the other party and treat that party as they would want to be treated if the roles were reversed. In fact, at some time in the future, the roles will be reversed — i.e., all buyers eventually become sellers.

If the buyer attempts to "underpay" for the practice with his or her offer during the negotiation period, the end result will put a strain on the transition. The transaction will either terminate with no sale or purchase, or it will terminate with a sale, but with "ill feeling" as opposed to "respect" on the seller's part. This will only add to the stress of the situation. Most practice sales are stressful from a seller's point of view, since they are retiring from the profession that has given them their "identity" for many years.

On the other hand, sellers should recognize and understand that buyers also are going through a rela-

tively stressful period in their lives. Prospective buyers are making a decision that will have a significant impact on their future professional life, as well as on the lives of their families.

In addition, buyers are assuming a high debt load. In many cases, buyers are adding this new debt to an existing school debt. Although this is "not the seller's problem," reasonable sellers have to understand the psychological impact this has on young buyers and be sensitive to this issue rather than attempting to get the "last dime" out of the transaction.

All of this can be avoided if the parties are acting *reasonably*. A young buyer needs to recognize that a retiring seller is going through a very stressful period in his or her life. In most situations, the seller has developed the practice and patient relationships over 20, 30 and, yes, sometimes 40 or more years. They are genuinely concerned about the type of dentist who will be taking over patient care and treatment.

Paying \$10,000 to \$20,000 more than the buyer thinks he or she should pay adds up to approximately \$158 to \$316 a month, based on a seven-year loan at 8.5 percent. The buyer needs to weigh this carefully when selecting the right practice.

Likewise, each seller should weigh the implications of holding fast on the purchase price, especially if the seller feels this is the right person to take over the practice.

If each party "walks in the shoes of the other," it will be a win-win situation in the end, and both parties will benefit from the transition. Sellers will exit their "life work" with a "respect" for the buyers and their "dignity," and the buyers can look forward to years of success, just as the sellers had during their tenure with the practice.

The real bottom line is that respect and dignity equate to the successful transfer of goodwill.

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## Practice Transitions

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