

Ask the Broker

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I have been to seminars that promote a long transition in the sales process. What is your company's position?

This is a GREAT Question!

Our company has been involved in at least 2,000 successful transitions over the past 30 years. We **do not** believe in long transitions for the following reasons:

1. A practice is either a one doctor practice or a two doctor practice. It is not both for however long this transition is to take place. Staff, size of patient base, & number of treatment rooms are just a few of the considerations. Does it simply revert back to a one doctor practice when the retiring doctor finally calls it quits?
2. Patient loyalty issues: Most patients will want to see the original doctor, even if he is only working a day or two per month. They will wait for his next open appointment, even 3-6 months if they are not in pain, or ask to smooth out that broken cusp until they can see him.
3. The risk of exposing your greatest asset to another doctor: Goodwill, i.e. your patient base, usually accounts for 70 to 80% of your practice value. What if the doctor backs out of the purchase & the patients, or staff, wish to leave with him? Unless there is a significant down payment that can be retained, covenants not to compete are generally unenforceable for associates. Usually young doctors do not have any sizable money to put down.
4. If the transaction is already consummated, the young dentist may be \$350K in debt from school loans. He will soon realize that he cannot afford to keep the retiring dentist employed when he starts paying on the new debt of his practice loan & his own personal expenses.

Most patients will continue to go back to where they have been treated in the past. Patients know the staff & many have developed relationships with them. They do not want to have X-rays taken if they go to another dentist. They will normally give the new dentist a try & it is up to the new dentist to win them over.

In our experience, a good letter of introduction, gaining support of the staff & trying not to rock the boat too much in the beginning will yield a successful transfer of patients. A nationwide consulting firm places the attrition rate at only 5% if these suggestions are followed. That has also been our experience.

Questions? E-mail wps@succeed.net

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