



Ask the Broker

What to do when a trusted source gives you bad information?

Recently a retiring doctor perused the website of a large and trusted dental insurance company and found information relating to practice sales. Part of that information included letters for sellers to give to their staff to make sure the selling doctor would be in compliance with state labor law upon the Close of Sale. The seller gave this letter to his staff and the following week when the buyer arrived for his first day after the purchase of the practice, half the staff did not show up for work!!! The buyer was rightfully shocked as a full day of dentistry was scheduled. The letter was incredibly blunt about the reality that the previous business no longer existed, therefore technically they were all fired. The selling doctor swore that he told the staff verbally that they all had jobs with the new buyer, but obviously the letter made it seem as if all their previous years of employment did not matter.

Goodwill is 75 to 80 percent of the value of any existing practice. Once the selling doctor is out of the office, the staff represents much of that goodwill. While the selling doctor in our above situation might have kept himself from being sued for some sort of labor law infraction, he set himself up to be sued by the buyer for harming the goodwill of the practice with that letter to the staff. The trusted website also stated “the buyer is not bound to keep the staff or status quo.” It encouraged the buyer to look at all the current policies and then announce all changes to the staff, stating that all employees should then sign, and initial and date these changes in the employee handbook. Doesn't that sound like a great way to get new staff to love you? Of course, the poorly written information from this company carried a disclaimer, but that won't help the dentists who have followed that bad advice. I strongly recommend to our buyers that they keep the staff salaries and benefits the same for at least 3 to 6 months before making any changes.

After perusing this document and the related website myself, I did find some good pearls of information, but there were several other areas of misinformation that most dental attorneys in the field of transitions would also disagree with. **Don't believe everything you read on the internet!** Ask questions of experienced dental attorneys, dental accountants, dental brokers and dental consultants. If some opinion seems confusing or contrary to what you would think makes more sense, ask them to explain. Normally there will be a good explanation as to why most of us in this industry with experience give similar advice.

Questions? E-mail wps@succeed.net



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