

What Should I Consider in My Transition?

May 8, 2021

I have been fortunate to work with doctors at all stages of their professional life. I have worked with folks who are just interested in working in their practice until they sell; but they don't want to see their practice value "die on the vine"; only to give 10% of their remaining value to a broker.

I have also worked with young doctors, who are buying their first practice and want independent and unbiased representation.

The vast majority of our clients are doctors in their forties, or fifties and have reached "saturation": meaning that they must work more hours in order to maintain their practice value; or bring an associate aboard and do a strategic transition. By doing this they see their practice grow in value/profitability and create more freedom in their personal/professional life. This freedom may manifest itself in time to do more of the procedures that gives them fulfillment; spend more time with family/church; or just add wealth to speed up their retirement date.

You have probably heard me say that the clients who get the most out of their transition planning are those that start early. That is because, they are able to transition two, or more times in their career and amass a great deal of wealth in the process. Last month we discussed the different categories of practice "wealth".

This wealth comes from increases in operational value and actual practice value. The sooner this wealth growth occurs the better; since, like a retirement plan, it will grow geometrically. In fact, the professionally designed transition plan can greatly enhance the retirement plan assets.

I have had many clients who get this message "loud and clear", and they always say that they wish they had started earlier. I have taken those sentiments to heart and that is why I am sending this message.

The reason that people fear dentists is because they think it will hurt. We know otherwise!

The reason that most transitions and partnerships fail, is *money*.

For this reason, the first phase of our planning is always the financial due diligence. We do a fair market valuation of the practice and a thorough practice financial analysis; so that both the buying and selling doctors will have absolute clarity on how their economics will be affected by the transition.

Once the parties have clarity on how the numbers will look; we can move forward with the design of a deal that is truly a win-win.

Most of our clients are doing this Phase One financial work and Phase Two design work, while they are looking for an associate; so that they have their “ducks in a row” and are in a better position to attract candidates. It also allows us to customize the purchase feasibility analysis for the candidate; based upon their level of experience and productivity.

This type of pro-active preparation puts our clients into an advanced level of readiness for attracting the best associate candidates and in a much better position to *capture* the best candidates.