

THROUGH THE EYES OF AN ASSOCIATE

PROTECTING THE VALUE OF YOUR PRACTICE IN AN INCREASINGLY COMPETITIVE MARKET

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Deciding on a plan that will eventually allow you to sell your practice to a successor is an important part of running your business. While it should never be the primary plan for retirement, most dentists plan on the sale of their practice to contribute to their retirement funds. As you begin working through the process of planning for a future transition, one important thing to consider is how attractive have you made your practice to a potential partner or associate.

In the state of Tennessee, 56% of the registered dentists are over the age of 50. 26% are over the age of 60. This trend holds true in most regions that Nashville Dental services. This means that the number of dentists that will potentially be looking at selling their practices or bringing on associates will well outpace the number of younger dentists looking to purchase or associate. This puts the advantage on the side of the younger dentists. In most cases, they will have a fairly broad selection of practice types to select from. The challenge for those doctors in the 50 plus age group will continue to be maintaining marketability in a competitive practice transition marketplace.

Thinking back to when you came from dental school, try to remember some of your ideas of the type of practice you hoped to work in and possibly own. Now look at the practice you own and place it in the imagination and dreams of a prospective associate or partner. How does it measure up against other opportunities in the area? With this in mind there are some things that doctors of age 45 and up should consider.

The Patient Experience:

During the period of sole ownership and primary decision maker, many practices develop a routine that becomes so familiar with the facility that attention to office esthetics gets lost in the routine. A doctor should step out of the routine and enter the practice in the same way a patient enters. The patient experience is almost never coupled with the same familiarity that the

doctor and staff have with the practice. The patient experience is often coupled with anxiety and uncertainty. When they enter the office, smells, colors, voices and sounds all play into the overall experience of that patient. Take the time to enter as a patient. Sit in the reception area. Observe the surroundings and amenities. Listen to the conversations and voice inflections as the staff talk to patients. Attempt to sit in the dental chair with a patient's perspective. Lay back in an operating position. What do you see? How comfortable are you? Go to the patient restrooms and evaluate what they may be thinking as they use the facilities.

After you take the time to visualize the office, invite an objective and honest good friend, unknown to the staff, to make an appointment and visit the office as a patient. Ask them to go through the same exercise and record their thoughts and feelings about the office. Through the day-to-day routine, many offices allow this patient perspective to be lost.

Practice Esthetics:

As you look to attract a potential future buyer, consider the esthetics of your practice? How does it look from the outside? Is the building clean and well maintained? Do you have an up to date reception area? Is the furniture old and worn, or attractive and comfortable? What is the condition of the paint and flooring? Are the wall colors out of date and marred? Do the floor coverings blend well and look clean and maintained? How is the overall office lighting? Dark, dingy offices and waiting rooms can affect the attitudes of patients and more importantly prospective buyers.



What about the clinical areas? Are they clean and uncluttered? Do your operatories have a clean and comforting feel? Consider your sterilization area? If you were a patient, would you feel good about the instruments coming from this area? Does it look sterile and organized?

The Ability To Make A Living:

A graduating student or a young practicing dentist will have financial obligations and stresses that a practitioner of 25 to 40 years will not have. In choosing a practice to potentially purchase, many factors go through the buyer's mind? For instance:

- "Once I purchase the practice, how much will I need to invest in equipment to get the practice to the standard I want it to be?"
- "Does this practice perform a balanced portfolio of both routine and elective cases?"
- "Are the fees for the practice going to have to be raised dramatically for me to generate enough income to make a living?"

Have you reviewed the services you offer? Do you confidently offer at least some of the elective services about which patients inquire? Most patients today expect to have not only the traditional preventive and restorative services available, but also services such as bleaching, veneers, TMJ treatment, oral cancer screening, etc. These are just some of the services that patients are seeing available to them on a regular basis through ads and TV. Not all practices offer all services, but you can truly increase the attractiveness of your office to a potential partner or associate as well as your patients by having a balanced treatment portfolio.

Another consideration is the compensation for long time staff. Many older doctors reward their loyal long time staff extremely well due to years of success and comfort in an established practice. However, a young dentist with greater overhead will be significantly challenged if they are expected to maintain salaries well above the competitive market salaries. If an older office wants to reward their long time staff financially, Christmas bonuses may be a better course of action. Maintaining a competitive pay scale keeps a young dentist in the ballgame when purchasing your practice.

Is your equipment functional and reliable? Simply put, does your equipment provide you and your staff the ability to perform dentistry at the highest level? If your equipment is frequently in need of a service technician, replacing equipment may be one of the smartest investments you could currently make.

Office Technology:

Most dental schools have begun to integrate the latest in computer and digital technology into student training. Young dentists are coming out with the expectation of practicing in a computerized office with digital record keeping.

Have you taken the necessary steps to enter into the world of computerized dentistry. For many, this is an uncertain and challenging endeavor. However, this is no longer "new" to dentistry. There are some excellent systems available for managing the patient information as well as making patient management, treatment management and accounts receivable tasks that are more easily managed.



Have you injected your practice with various technologies that make dentistry more comfortable for the patients and more fun for you and your staff? Younger dentists have a strong interest in technology and certainly will have the desire to be in an environment that is using or has the plans in place to expand and upgrade its technological footprint. Technology such as electric handpieces, digital radiography, soft tissue lasers, etc... are effective tools to not only attract an associate or partner, but can make your practice more fun for you and more efficient as well.

Practice Growth:

Is your practice growing? Are you seeing a steady stream of new patients each month? Are you able to track and maintain new patients as regular patients? Have you positioned your practice so prospective patients have an easy time hearing about you and finding you? How about your marketing plan? Do you have

one? Is it in use and being tracked and checked for effectiveness? Can a new or current patient access your office on-line? Can they do some of their paper work on-line prior to arrival? If you haven't explored some of these patient services, you may want to begin looking into them?

How are the people skills of your front desk employees? Are their phone skills good or just acceptable? Remember, these people are in contact with everyone that walks through your door or calls your office and they are very important to patient retention.

All these considerations are critical to establishing a marketable practice. Understanding that your practice and its services need to appeal not only to your patients but to prospective associates or buyers, is an important step towards a successful transition.

Now let's go back to your dreams and notions as you were coming out of school. Think of the type of practice you hoped to work in or own. Would your office as it exists today have been the one that would have excited and attracted you at that point in your career? Do you think an advanced young dentist in today's world will be attracted to it? The answer to that question could greatly effect the next transition on the path of your dental career.

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