

Growing Your Practice While Working Less and Earning More

FINANCIAL AND LIFE BALANCE BENEFITS OF A PRACTICE TRANSITION

As a practice owner, you may feel your income and capacity to grow is limited by the number of hours you work. Fortunately, there is a way to grow your practice while working less and earning more. The secret is a two-part plan that includes optimizing your practice beyond what you can do on your own and adding an associate or partner dentist.

In the dental profession the process of adding another dentist, either an employee or a partner, is called a transition. When it's done well, the opportunities are incredible. It's possible to generate more than \$1,000,000 in additional earnings while freeing up your most precious commodity – your time. Not only does this two-part approach allow more time to take part in activities you enjoy with the ones you love, it provides another benefit: the opportunity to do more of the dentistry you enjoy later in your career and well beyond your retirement years, if you choose.

Practice transition is beneficial for both parties when done correctly

New and established dentists can take full advantage of emerging opportunities by working together. For a new dentist, it can be challenging to start a practice from scratch and few have the start-up capital to do so. In today's highly competitive market, it's often more beneficial for new dentists to establish themselves as associates at practices where there's potential to buy-in down the road.

This arrangement makes sense for the established dentist, too. Bringing an associate on board before retirement facilitates a smooth ownership transition and allows the dentist to negotiate a fair price for the practice (or the portion that's up for sale) in advance. Consider these facts: With a well-managed transition mediated by an objective outside advisor who represents the transition through a win-win approach, in as few as five years a practice can:

- Create a partnership by hiring an associate
- Double its value
- Generate an economic windfall for the senior dentist
- Create opportunities for lifestyle and professional enhancement
- Allow a new dentist to start their career in a successful, established practice in an affordable way
- Provide the new dentist with mentoring and support from an experienced practitioner
- Provide continuity for the team





Because of this significant impact, every transition has risks associated with it that are unique to each situation, and each must be carefully planned in advance and mitigated. That being said, there are certain fundamental conditions and reasons for a transition that make taking on these risks worthwhile. In most cases, senior doctors can realize an economic windfall significantly higher than what they would have received from the traditional brokered approach, and associates can end up owning a practice worth almost double what they paid for it at the beginning of the buy-in process.

Practice transition as a business strategy

Innovative practices understand that a transition is a business strategy that has at its center the protection, enhancement and full realization of the practice's value as a business. Best practices around transitions are about knowing when the time is right to leverage this value for maximized success. A transition puts the practice in a state of evolution and flux – it affects the team, patients, ownership, practice image and value.

Transitions are based on successful, established senior doctors integrating an associate into the practice and gradually transferring full or partial ownership over time. Through this approach, excess value that would have gone unnoticed is often uncovered and leveraged, patient needs are met at the highest level, and both doctors reap the economic advantages of dramatically growing the practice. By following a two-part plan that includes optimizing your practice and adding an associate or partner dentist it is possible to grow your practice while working less and earning more.



ABOUT THE AUTHOR

Mike Elster, National Manager

Mike Elster is the National Manager for Mercer Transitions, a division of Patterson Dental, and has more than 20 years of industry experience. He has coached thousands of dentists on identifying and optimizing their practice growth, and finding opportunities for a successful, win-win transition.

Mike and his team are the "initial diagnosticians" on the Patterson Connect team. He ensures that all initial inquiries about Mercer Transitions services are addressed with an initial phone consultation and works with clients during that first consultation to discover what the vision and goals of the practice owner are, determine if a practice transition is a fit, and if so, what that would look like for the specific needs of the doctor.



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