

You're finishing Dental School ... now what?

By Mary Fisher-Day

Chances are you're getting a lot of advice. If you haven't decided which direction to go, here are some things to consider:

1. Should you seek a position as an Associate? a) If you're not certain of where you want to practice or you're not ready for the responsibility of owning a practice, this is probably the best route for you. b) If you're interested in a practice, but not convinced it's the one for you, an associateship with the potential for a buy-in is a great way to test the waters and find out.
2. Should you start your own practice (cold start)? This is more difficult as banks prefer to lend money on a practice with existing patients. Think long and hard and consider you competition well, before starting a new practice.
3. Should you buy an existing practice? If you know what kind of practice you want and where you want to practice this is direction you should take. However, there are options within this option. a) Pre-sale: You buy the practice and the selling doctor continues to work in the practice, as an associate, for a period of time (to be agreed upon by the buyer and the seller). This works well if both dentists have similar practice philosophies. An added bonus; the selling Doctor can be a great mentor. b) Walk away: You buy the practice and the selling doctor leaves immediately or very shortly thereafter. This works well if you know exactly what you want, how to get there and if you have a managed transition specialist to work with and help you get started on the right foot with the business aspects of practicing dentistry.

In the 25 years I've worked in the dental field, I have seen many practice transitions succeed and while others failed. The difference: Those that succeed have 1) Hours of honest communication between all of the parties involved (transition specialist or analyst and all dentists) prior to closing the deal and 2) were based on accurate practice numbers (see list below).

Before entering into a transition agreement, please follow this advice. Work only with someone who takes the time to get to know **YOU**, not just your financial information. Whomever you work with should know your personality, your favorite dental procedures and your personal goals, both short and long term. Second, and just as important, work with someone you feel comfortable talking with. If you're intimidated by or uncomfortable with a transition specialist, he/she is not the one for you. Buying or associating with a dental practice is one of the biggest decisions you will make in your lifetime. You should be comfortable with the person and/or company helping you make this decision. Something else to consider; A Managed Transition Specialist can be a good ally during this process. She is the person who has been in the trenches, after the paper work is signed. She knows what works and what doesn't and can verify practice numbers. She can be there with you as you start your career and guide you

through the process of becoming a business owner, employer and provider. It's no small task...and you don't have to do it alone.

You should have the following information about any practice you consider buying. If you don't get it without asking...ask. It is that important!

- Financial Statements (profit and loss) for a minimum of three years
- Adjusted net earnings, recast financials and true practice overhead
- Number of Active Patients
- Practice Production and Collection history for a minimum of three years
- Productivity by Procedure and Provider report for a minimum of three years
- Hygiene Department Productivity % (last two years)
- Recall System (% of patients seen on recall in the last year)
- Equipment Value: Is it still manufactured? Can parts be replaced?
- Supply Value (clinical and office supplies)
- Leasehold Improvements
- Number of days, and hours per day, patients were seen over the past year (three years is preferable)
- Year to Date, aged, Accounts Receivable Report
- Copy of Current lease or intent for lease options
- A Summary of the number of New Patients per Year for the past three years.
- A Current Fee Schedule: When was it last updated? How often is it updated?
- Copy of Practice Financial and Insurance Policies
- Census of all Employees (compensation, hours worked, positions, responsibilities, and number of years with the Practice).

Once you have this information, make sure you understand it. Don't allow anyone to make you feel stupid for asking questions and don't settle for being less than 100% satisfied with the answers you receive. A reputable transition company will want you to have all of the information you need and to understand all of the information you have.