

# Attention to Detail Aids Practice Transitions and the Team



By Rebecca Gerber

With more than 2000 practicing dentists in San Diego County, approximately 5 percent have practiced over 30 years and are ready to retire or cutback. This statistic is not overwhelming by itself but when combined with dental offices where the doctor has become disabled or disenchanted with dentistry, it is estimated that there are more than 80 dental practices on the market in San Diego County.

There are many advantages to starting a practice from scratch and still other advantages to buying an existing practice. The advantages and disadvantages need to be weighed by each individual practitioner with the help of a transition team. The transition team consists of the broker, attorney, accountant and consultant. Each individual professional can advise the doctor on transition matters.

Let's focus on purchasing an existing practice: Equipment, supplies, building, staff and policies are already in place. Philosophies, personalities and procedures need to be similar in order to promote the goodwill. Even though goodwill is an intangible asset, it is most important. Equipment and furnishings can be replaced, relationships cannot.

In order to maintain the goodwill, the first thing is to retain the existing staff, including the selling doctor for consultations, if at all possible.

The former doctor needs to be available to redo and finish any work in progress. Existing staff is vital for consistency and continuity. Invest in the people and your return will grow three times over.

Make sure to send out the retirement/transition letter early in the process so existing patients are not surprised. Have an informal open house and invite all the families in the practice to meet the new doctor and get acquainted in a casual setting.

Get credentialed immediately for the same insurance companies that the selling doctor takes. If the insurance company wants a physical address, use the home for the time being ... you can always change the address over to the office at a later date.

Open the business checking account and make sure to get Visa/MC in the new name immediately. There are companies out there that can accomplish this in less than 48 hours. Coach the staff in answering the phone with both names right away.

Before the old doctor retires, the financial coordinator should try to collect as much of the accounts receivable as possible.

This can be accomplished by offering discounts and advantages to patients when paying off the balance right away.

On the day the new doctor takes over, make sure the old doctor has sent out all statements and insurance claims. It is very important to do this. As soon as patients know that the old doctor has retired, they will not want to pay their bills. If the retiring doctor chooses to keep accounts receivable, make sure to zero out all existing balances and transfer to ledger cards or outsource to an agency. Credit balances should be paid off immediately by the selling doctor. The selling doctor can choose to pay off the credits in two ways: 1) pay the buyer the amount of the credits and keep the balances on file for goodwill; or 2) the selling doctor can send credit checks to the patients.

Do not try to redecorate or purchase any new equipment right away. You may however, want to offer new services and extended hours. A strong external marketing program needs to be in place to replace the 20-40 percent of the patients that you will lose in the transition.

Once all the paperwork is signed, escrow closes, and the attorneys, consultants, accountants, and brokers have done their jobs ... the real transition begins. That is, what happens in the office with the team, the new doctor, and the patients when the new doctor takes over. I have seen a lot of transitions in the past and the No. 1 thing to do first is to hire a professional transition consultant early in the process. Hopefully that person will work well with both parties sequentially to make certain there is a smooth transition.

When purchasing an existing practice, there are many details that need to be taken care of in a timely manner, before, during and after the transaction. Many of these details are frequently overlooked due to the overwhelming pressure of purchasing a practice. The bottom line is, keep as much as possible the same, and hire a professional transition consultant early. That person will coordinate the efforts of all parties

involved and help keep the goodwill of staff, patients and colleagues intact.

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