



ADS Florida Insider

EXPERIENCE, INFORMATION AND CONSULTANTS YOU CAN TRUST

IN THIS ISSUE

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Practice Transitions Made Perfect™

ADSflorida.com

Staff Transition

Rest assured, if we are thinking retirement, as discrete as we think we are being, our staff is sensing a change in our behavior. So, when should we sit down with our team? The answer is not the same for every office. Some offices are like family and anything can be discussed, others require extensive reassurance that things will be ok with a new dentist and in others it is best not to discuss anything until the sale is assured.

systems and protocols and strengthen patient trust in the new dentist.

This issue covers staffing questions in a transition and managing your staff for greater profitability. With these articles, we hope to address questions we hear regularly throughout the state. Further, know that we like to hear from you, so, transitioning or not, please stop by and visit us at the FNDC (booth 302). We are proud, long-time supporters of the FDA and FNDC and enjoy seeing old and new friends alike.

Hy Smith, MBA | President, ADS Florida

In any case, the important point to communicate is that the team is the most important factor in sustaining the continuity of the practice. For some reason, team members feel they will lose their job when the new dentist takes over and, in most cases, this is farthest from the truth. In reality, the staff is relied upon to introduce patients, educate about



Staff Transition



Staff and the New Doctor



Managing Staff for Greater Profitability



Staff and the New Doctor

The fear that existing staff will not stay with a new doctor is largely unwarranted in the majority of practice transitions. Although it could happen, it normally does not. Here's why.

When a new doctor buys an existing practice, the staff has two options:

1. Stay on (provided the new owner asks) and continue doing their current jobs
2. Leave and look for a new position in another dental office.

5. Learning how to use new equipment
6. Building relationships with new patients
7. Getting to know and learning how to work with a new doctor

If the staff decides to leave the practice, they still must deal with learning the expectations of a new doctor along with six new variables. Clearly, staying with the existing practice is far less of a gamble.

When the existing staff remains with the practice, they:

1. Maintain their current salaries and benefits
2. Retain their seniority
3. Know the other staff members and how they work
4. Understand the current office policies and procedures
5. Are familiar with the equipment in the office
6. Know the patients

Retaining existing staff members is a key to most practice transitions. Here is a simple formula for retaining good staff.

From the seller's perspective, be sensitive to long-time, loyal employees. These staff members can be taken aside and personally informed of the pending change. This can be done prior to the staff meeting where you announce the transition to the entire staff and introduce the new doctor. The timing of this meeting varies with each practice.

If staff members remain with the current practice, they must deal with one new variable, the new doctor. It can take some time to become acquainted with their new employer's personality and work style, but it's not an insurmountable task.

Why not resign and change jobs? There is really no reason if you understand that any staff that leaves will probably realize:

1. A change in salary and benefits
2. Loss of seniority
3. Having to become acquainted with and learn how to work with a new staff
4. Learning new office policies and procedures

From the buyer's perspective, assure the staff that their jobs, salaries and benefits are secure and will not change. Let the staff know about new benefits or enhancements to existing plans. The buyer would be wise not to lower employees' salaries or benefits, as this might prompt immediate action to seek new employment. Buyers should appreciate that staff anxiety will be relatively high until they get to know the new doctor.

Successful staff retention during a transition is assured by being sensitive and reasonable.

ADS Florida
Congratulates

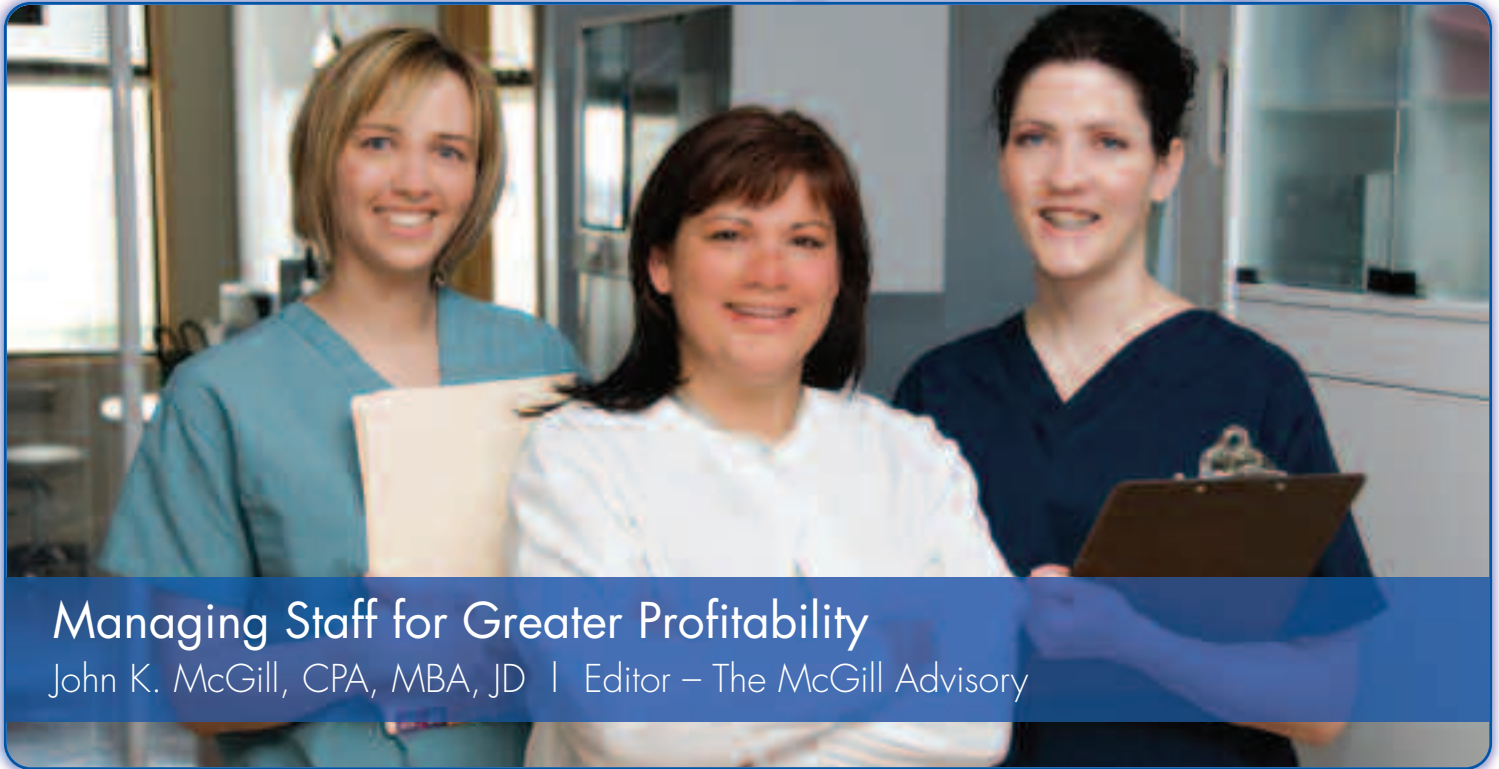
David G. Krickl, DDS to
Michael Childers, DDS and
Dental Care Alliance
Bradenton

Edward A. Gorman, DDS to
Adam Hunt, DMD
Brandon

Craig Rhodes, DMD and
Linda Branham, DMD to
Michael Lopez, DDS
Orlando

Steven Blechman, DMD
to Jack Rosenberg, DMD
Palm Beach Gardens

Gary Crosson, DMD to
Tanya Orr, DDS
Santa Rosa Beach



Managing Staff for Greater Profitability

John K. McGill, CPA, MBA, JD | Editor – The McGill Advisory

As rising labor costs have collided with stagnant/declining collections, leading to lower profits for many practices, the old rules of practice management simply no longer work. Here's how to manage your staff to achieve greater profits in this new environment. In the fourth quarter of 2007, many practices saw their collections decline compared to the same period of 2006 for the first time in many decades. Meanwhile, as 2008 opened, staff members repeated their annual request for standard cost of living pay raises. Fortunately, a growing number of doctors have "gotten the message" and responded that they no longer can grant automatic pay raises while their pay declines. But the issue remains, what changes must be made to avoid that continuing decline? Below, we discuss the combination of controlling staff labor costs and motivating staff to higher performance that's required to be successful in this new environment.

Controlling Labor Costs

1. The first is effective delegation of duties. Many practices employing highly paid office managers whose primary job duties are making bank deposits and handling payroll on a weekly, or every two week, basis. Utilizing an outside payroll service can increase labor efficiency by allowing these highly paid employees to focus on more productive job duties such as new patient marketing and implementing more flexible payment arrangements to improve treatment acceptance rates. Alternatively, the practice shifting to an outside payroll service can reduce a highly paid employee's hours, or replace a full-time employee with a part-time staffer for significant savings.

2. Moreover, doctors must also do a better job of monitoring staff hours. Employees can routinely give themselves "pay raises" by coming in early and leaving late in order to boost their hours and related paycheck. Every practice should be moving to an hourly pay system and establishing a policy requiring employees to come in no sooner than 15 minutes before the first patient and leave no later than 15 minutes after the last patient is completed, to eliminate this "padding" of labor costs. Doctors must do a better job of actually recording staff hours. Many hourly pay practices have moved away from timecards to a stand-alone time clock to boost efficiency and save costs. Recently, other practices have taken advantage of improved technology to install a time clock on their computer system. Outside payroll companies have developed a computerized time clock system that automatically integrates with payroll, to eliminate manual entry and make sure that hours are properly documented for payroll as well as federal and state wage and hour laws.

These systems typically cut labor costs by at least 5%, while improving efficiency and streamlining payroll operations. These systems are simpler and less expensive than the biometric scanning systems being installed by a growing number of larger businesses these days.

Stimulating Practice Growth

Doctors must do much more than just controlling labor costs to regain acceptable levels of profitability. Achieving that goal requires that doctors stimulate growth in production and collections.

In the 1990s, achieving double digit growth was relatively easy for most practices. Buoyed by a rising stock market and increasing real estate values, high growth was attainable, even with minimal effort from the doctor and staff. In the early 2000s, practices were still able to maintain modest levels of growth as long as the doctor put forth a decent effort. Since the mortgage meltdown and credit crunch began in the third quarter of 2007, resulting in lower real estate values, practice growth has slowed considerably. Accomplishing annual growth of above 5% now requires the concentrated and dedicated efforts of the entire team (both doctor and staff).

How do you make that happen? The first step is to educate and empower and staff. This requires that the staff be told about the current state of practice economics and the need to make constructive changes to regain acceptable levels of profitability. The doctor should lay out his or her ideas and request input from the staff and then empower them to get the job done.

The next step in the process is to provide staff with a financial incentive to make things happen. Automatic staff pay raises should probably continue to be phased out in favor of frozen salary levels with annual bonuses based on reaching incentive goals. The easiest program to develop is a group incentive program where the staff's pay increases at the same percentage as practice collections. Putting the staff's incentive directly in line with the doctor's, assures that the entire team will be working together to reach a common goal. A more difficult incentive system is to establish separate goals for employees in each department and then reward them individually based on their results.

Regardless of which type of incentive compensation system you adopt, one thing is clear. Doctors must not maintain the practice management systems of yesteryear or declining practice profits will continue. It's time to face the new economic reality and make changes to assure practice growth.

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Practice Transitions Made Perfect

General and Specialty Practice Purchase Opportunities

NORTH FLORIDA

Contact: Paul Rang, DMD, JD, Don Elsmann, DDS or Melody Elsmann, RDH

		Gross	Buyer Net
Destin Area	4 ops FFS pano Real Estate available		SOLD
Fort Walton Beach	4 ops FFS pano 3 days/week RE Available	Ask \$100K	
Lake City Area	5 ops FFS pano 3 days/week RE Available	\$339K	\$107K
Pensacola	6 ops FFS 3 days/wk Real Estate Available	\$361K	\$104K

Specialty Practices

North Gulf Coast	Oral Surgery 6 ops Real Estate available	\$1.2M	\$541K
NE Florida	Pedo 6 ops Real Estate Available	\$1.2M	\$485K

WEST FLORIDA

Contact: Greg Auerbach, MBA or Paul Rang, DMD, JD

		Gross	Buyer Net
Bradenton	3+1 ops PPO/FFS		SOLD
Brandon	7 ops PPO/FFS Cerec RE Avail		SOLD
Citrus County	5 ops FFS Pano	\$726K	\$213K
Sarasota	3 ops FFS		PENDING
Tampa	3 ops FFS/PPO RE Avail	\$550K	\$150K
Tampa (Downtown)	2 + 2 ops - Starter/Satellite	Ask: \$500K	
Tampa (South)	3 ops FFS/PPO Starter/Satellite	\$170K	
Venice	4+1 ops FFS/PPO RE Avail	\$625K	\$125K
Venice	3 ops FFS/PPO	\$735K	\$208K

CENTRAL FLORIDA

Contact: Paul Rang, DMD, JD

		Gross	Buyer Net
Citrus County	5 ops FFS Pano	\$726K	\$213K
Gainesville	4 ops FFS/PPO Pano	\$1.1M	\$333K
Levy County	7 ops 3 days/wk	\$362K	\$58K
Melbourne	3+1 ops FFS/PPO	\$516K	\$161K
Orlando	5 ops FFS digital x-ray and Pano	\$1.3M	\$443K
Vero Beach	3 ops Equipped Condo	Ask \$460K	

Specialty Practices

Central FL	Perio - 2 locations FFS	\$1.1M	\$508K
Orlando	Orthodontics 1 day/week	\$300K	

Practice Ready Facilities

Daytona Beach Facility - 1400 sf 4 ops Pano

SOUTHEAST FLORIDA

Contact: Stuart M. Auerbach, DDS

		Gross	Buyer Net
Hialeah	4 ops FFS PPO computer and pan		Ask \$225K
Lower Keys	3+2 ops FFS PPO - Practice and Condo or Patient Records		
Miami	7 ops PPO/FFS/HMO	\$502K	\$140K
Miramar	8 ops PPO/FFS/HMO		UNDER CONTRACT
N. Miami	5+1 ops FFS/PPO		Ask \$ 97K
N. Palm Beach	4 ops FFS/PPO Cosmetic w/RE		SOLD
Plantation	5 ops PPO/FFS		UNDER CONTRACT
Sunrise	4+2 ops PPO/FFS/HMO	\$434K	\$154K
Tamarac	3+1 ops w/Condo (2 days/wk)	\$388K	\$115K
W. Palm Beach	4 ops FFS/PPO digital xray		Ask \$183K

Specialty Practices

Indian River Cnty	Perio 5 ops new equipment w/Condo	\$770K	\$160K
Palm Beach Cnty	Oral Surgery 5 ops FFS/PPO	\$700K	\$232K
Miami Lakes	Pedo/Ortho		Ask \$98K

Practice Ready Facilities

Lake Worth	8 ops w/street exposure		FOR LEASE
Vero Beach	3 ops Condo w/equipment		Ask \$375K

Associate Opportunities

Pedodontic: Hialeah, Homestead, Lighthouse Point
 General: Hialeah, Miramar, Melbourne

SOUTHWEST FLORIDA

Contact: Greg Auerbach, MBA or Hy Smith, MBA

		Gross	Buyer Net
Ft. Myers Area	5 ops FFS Pan, RE Avail	\$725K	\$237K
Marco Island	5 ops FFS - Upscale Interior	\$700K	\$241K
Naples	6 ops FFS - High End C&B RE Avail	\$1.6M	\$503K

Specialty Practices

Naples	Proths - 6 ops FFS Only RE Avail	\$1.6M	\$503K
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For the most recently updated listings visit ADSflorida.com

We currently have buyers looking for the following opportunities:

GENERAL DENTISTRY

Broward, Collier, Dade, Hillsborough, Manatee, Orange, Sarasota

PEDODONTIST

Broward, Dade, Palm Beach

ORTHODONTIST

Broward, Dade

PERIODONTIST

Broward, Palm Beach



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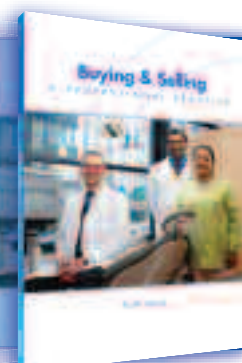


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ARE YOU READY FOR TRANSITION?

"If you now or ever will own, sell, or work in a dental practice this book is a must read. Hy's decades of experience in creating WIN-WIN-WIN (seller-buyer-patients) transactions is yours in a clear, concise and entertaining account. Wherever you are in your career, the tools to create your ideal future lie within these pages."

Gary M. DeWood, DDS, MS
 Clinical Director, Director of Business Systems, The Pankey Institute



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Buying & Selling A Professional Practice

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