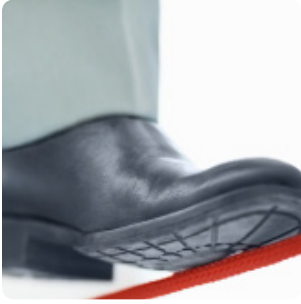
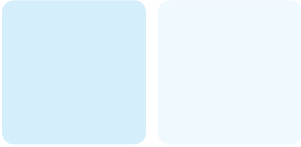




MAY 2013

ADS Florida Insider

EXPERIENCE, INFORMATION AND CONSULTANTS YOU CAN TRUST



Master the (negotiations) Balancing Act



Teaming with Your Team



June 15: Orlando Event

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Winter Park



Effective Negotiations: Making Your Dental Practice Sale A Win-Win

Are you contemplating the final stage of your dental career? Looking forward to enjoying the fruits of many years of laboring in the dental industry? Now that you have decided to move on to greener pastures, what is the best way get there with the least amount of stress and frustration?

Planning is step number one. Just like a successful case presentation, the more planning that goes into your sale, the better the chances of a successful outcome. Ideally, the retiring dentist will begin this plan 3-5 years prior. That said, when you are ready, having all of your financial and practice data organized and ready to disseminate is the next step in order to help establish the value of your practice.

Look before you leap

Once an interested party emerges with an offer, the work begins: negotiating the sale. In all sales there are two basic categories to be considered, price and terms. Which is most important to you? In 7 Habits of Highly Effective People, Steven Covey recommends starting with the end in mind. Visualize the success of the sale transaction before you begin. Have your ideal outcome in mind and do not be afraid to present it from the start. Keep in mind; occasionally the negotiating and selling process becomes challenging and stressful.

Better to collaborate than compete

The best negotiators think in terms of cooperation and collaboration instead of competition. Competitors like win-lose outcomes. I win, you lose. The best-case scenario often occurs when you negotiate with a collaborative mind set. This type of negotiation happens when both parties work together for the common good. "How can we structure this transaction in a fair and amicable way so that we are both treated equitably at the closing table?" The answer is fair compensation for fair market value. This is the best way to work toward the common goal of selling your dental practice.

Most dentists have worked at their practices for their entire career, and their practice has become part their lives. Therefore, many doctors may not be willing to sell to the first buyer that comes along. Practice philosophies may differ slightly, but ultimately, most want someone who will treat their patients as well as they did.

In the end, research has shown that while price is often an important factor in sales negotiations, money does not always correlate as much to lasting happiness as friendships, social ties and peace of mind. The sale of your practice involves people and personalities as much as price and terms. Balance among all of those factors is a worthy goal to achieve.

For more information on successfully negotiating the sale of your dental practice, please contact your local ADS Florida representative.



Beyond Dollars & Cents: Think about the Team



All successful dental practices need consistent new patient flow as well as patient loyalty. However, one of the most significant contributors to the most successful practices is a dentist's ability to lead and manage a great team. Although some of us may want to believe that it requires luck to achieve a stable and dedicated team, successful dentists understand that leadership is developed and are willing to devote the time and energy to learn management and leadership skills. We always see prosperous dentists willing to spend time working "on" as well as "in" their practices. Using this mindset, practices can have team members who stay with the practice for many years, becoming part of the practice legacy along with the dentist.

Be considerate of "legacy" team members

When an established practice is ready to be transitioned, the working relationship that has developed between a long-term "legacy" team member and the selling doctor can present an obstacle if not carefully managed in advance. One major factor in the transfer of patient loyalty (goodwill) from the selling doctor to the new dentist is the relationship the team has with the patients, which partially originates from the team member's loyalty to the selling doctor. In some cases, the selling doctor is the only dentist that individual has ever worked for, and over time, the dentist's practice philosophy and work style become as much of a part of the "legacy" employee's philosophy and work style as that of the doctor themselves. Additionally, the manner in which the doctor, as an employer, interacts with a long-standing team member develops from years of knowing and trusting that individual, and the confidence of consistently being able to rely on them.

Working in a close physical environment, in a profession that has its share of stress, contributes even further to a bond between the doctor and the long-term team member. Therefore, the transition to a new doctor can be a significant life event for these team members.

Ensure goodwill with open communication

The teams' role in the sale of a practice is a major factor that can significantly influence the goodwill of the transition. When patients perceive that the team is in full support of the new doctor, the transfer of the patients' trust and retention in the practice is preserved. Once the selling doctor is no longer present, patients will rely on their long-term relationship with the "legacy" team members for guidance. However, it is impossible to expect that the new dentist will instantly have the same support and loyalty of the team, which was developed over years with the retiring doctor.

With this in mind, both the buyer and seller have a responsibility in the successful transition of the staff, as part of the overall transition. The selling dentist has a responsibility to assist the new doctor in

transferring patient loyalty, and therefore, the goodwill that the new dentist has purchased. Considerable time and effort should be spent communicating to the team how significant their role is in the transition. Once the team is aware of the pending transition, the seller must plan for the team to have ample time to meet the new doctor prior to the first day of becoming that doctor's employee. The selling doctor must give "legacy" team members an opportunity to express their concerns and anxieties regarding the change that they may perceive as something that can greatly disrupt their comfortable routines. The seller should help prepare the new doctor regarding the inevitable concerns the team will have, the most common of which are the status of their job and compensation. Also, for some long-term team members, there will be concerns over matters regarding privileges that they have come to rely on, such as leaving at a certain time on a particular day, having a certain week each year off, or some other individual perk that the seller has allowed.

Don't wait: Early communication is key

The new dentist has the responsibility to enter into the practice with a planned strategy to address the uncertainties and anxieties the team will have. This is not a time for a "wait and see" approach. The new dentist must plan, prior to taking over the practice, to be immediately prepared to communicate with each team member. Giving them an opportunity to express their concerns to you, as well as communicating your goals and expectations to them, from the start, will be paramount in their transition and your success. Be careful not to make promises that you have not thoroughly evaluated as ones you can keep. You will gain trust and respect if you are honest about being unsure of an issue, and respond by letting them know you that will evaluate and address it. Of course, you must follow through in a timely manner or your credibility will systematically erode with time. An updated office manual (employee handbook), should be one of the first tasks you undertake as the new leader. Since this will set an objective standard by which to communicate from the get go, strong consideration should be given to employing a human resources professional to accomplish this task. The importance of this cannot be understated.

There are many considerations for both the buyer and seller during a dental practice transition. Preparing for your transition is the key to success and you should not attempt to take it on alone. Plan to join us to learn more about transition planning at our upcoming seminar on June 15 at the Florida National Dental Convention. Register online at <http://FNDC.ADSflorida.com> and find out more about other seminars throughout the year at <http://seminar.ADSflorida.com>.

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[PROFile]

Greg Auerbach, MBA
West/Southwest Florida

Greg lives in Sarasota and represents ADS Florida on the West Coast. Greg received his Bachelor's degree in Computer Engineering from the University of Central Florida. He received his MBA from Wake Forest University. Greg is currently also a financial analyst for the Pride Institute and Pride Transitions, as well as the VP of Marketing and Technology for ADS nationwide. Greg has been a speaker throughout the West Coast of Florida and at several dental schools nationally. Greg is a foodie and enjoys trying new recipes on his own as much as dining at new restaurants in the Sarasota and Tampa areas.

[Contact Greg]

941.746.7959 or greg@ADSflorida.com

Seminars & Events

Throughout the year, ADS Florida invites you to join us for educational opportunities that can enhance your professional development, financial success and security, and practice transition planning.

Strategies for a Successful Transition

Sell or Partner? Understanding the Economics of Your Exit Options



June 15, 2013
Florida National Dental Convention
Orlando, Florida



June 21 - 22, 2013
Seattle, Washington

Register online at <http://seminar.ADSflorida.com>

What Our Clients Say

"After 42 years in general practice, I was very apprehensive about making the change. Dr. Rang handled the transition as well as anyone could. I can't say enough about his knowledge and demeanor. He's the one you're looking for."

- John P. Spolski, DDS

Meet the ADS Florida Team



Hy Smith, MBA
239.262.3077 | hy@ADSflorida.com



Southeast Florida
Stuart M. Auerbach, DDS
954.431.3624 | stuart@ADSflorida.com



North/Central Florida
Paul Rang, DMD, JD
407.671.2998 | paul@ADSflorida.com



West/Southwest Florida
Greg Auerbach, MBA
941.746.7959 | greg@ADSflorida.com



Naples/Fort Myers
Phil LoGrippe, DMD
239.682.4339 | phil@ADSflorida.com



Mid to North Central East Coast
Skip Stamper
386.547.2552 | skip@ADSflorida.com



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