



# Practice Transitions Made Perfect™

## Newsletter Article Reprint

### Test-Driving a Practice

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Many of today's buyers ask if they can work in a practice before making the decision to submit an offer to purchase. While it is a reasonable request, what are the benefits – to the owner or the buyer – and what are the risks?

From the buyer's perspective:

1. He or she wants to become familiar with the day to day style, systems and philosophy of a practice, to ascertain if it matches with his or her philosophy;
2. The buyer wants to learn if he or she is compatible with the staff;
3. The buyer seeks to discover if he or she can perform the normal scope of treatments and keep pace with the owner – who is usually more experienced and skilled with years of experience;
4. The buyer needs to know if he or she is a good 'fit' with the socioeconomic profile of the patients.

From the owner's perspective:

1. He or she wishes to study the buyer's personality to determine if they can manage the practice;
2. He or she wants to know if the buyer is able to produce the income required to service the regular overhead and the debt to purchase the practice;
3. He or she also seeks to train the buyer, in advance of a sale, to pass on techniques to help assure continued quality of care.

All of the foregoing is in the genuine interest of both buyer and seller. However, in our opinion, the risks are much greater for the owner, and may have a significant impact upon the practice value (often negatively) if the buyer does not proceed to purchase the practice. Consider these risks:

1. Patients and staff may be unnerved by the sudden arrival – and departure – of the associate dentist, and some patients may even choose to go elsewhere as a result.
2. The owner is required to explain that he or she will be resuming their care; this can lead to a loss of income while the owner and staff are burdened with the task of explaining the short-term change of dentist.
3. The owner may have reduced income hours while feeding patients to the associate to 'impress' them with the busyness of the practice.
4. Any marketing or introductions of the associate may have to be retracted, causing more suspicions or questions from the community.

We rarely suggest "test-driving" a practice, unless circumstances demand it is necessary, such as specialty practices or those located in remote areas, where there are few other buyers to seriously consider the practice. Our philosophy has always been to allow a buyer to view the office after-hours, when no patients or staff members are present.

We find this policy to be the one that produces successful transitions time and again.

Timothy A. Brown is the President & C.E.O. of ROI Corporation & ROI Capital, companies that specialize in dental practice appraisals, brokerage, consulting, locum placements, associateships and practice financing across Canada..

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