

FORWARD

Like any other business in the new millennium, the practice of dentistry is becoming more technical, more complex, and much more complicated than it was even ten years ago. Historically, most dentists practiced alone and experienced a very successful career. After thirty years of practice, they handed the business entity off to a successor who promised to take good care of the patients. The process was straightforward and based on very professional values and standards, with the care and treatment of the patient the foremost concern in the transaction. Many of these practice transitions were handled with only a handshake and a simple letter explaining to patients that the new doctor was wonderful and would continue the high level of care of the retiring dentist. Nothing could have been easier.

But, as with everything else in life, change is mandatory. The advent of group practices with their more complex interpersonal relationships, increase in the overall productivity of the dental practice, new focus on business management, and complexity of multi-disciplinary practices involving cosmetic dentistry, temporal mandibular pain dysfunction, occlusion, implants, etc., have transformed the old cottage industry of dentistry into a complex and powerful business profession. As someone said, when there is one pilot in the airplane the direction is simple. When there are two pilots, we now have choices, discussions, negotiations, disagreements, and uncertainty added to the equation. So as the new millennium arrives, we find ourselves as dentists practicing in very powerful, technical and complex entities that cause us to be involved in such previously unheard of things as employment contracts, buy-in and buy-out agreements, non-compete agreements, and extensive levels of tax planning. But rather than being onerous, most of all the new order brings wonderful possibilities. This leads us to the field of pension planning and asset accumulation.

None of these subjects are covered to any extent in the very excellent schools of dentistry that we have in the United States. Moreover, a substantial number of experts feel that dental school is not the right time to teach these disciplines. In any event, the new dentist now enters practice functioning essentially as the chief executive officer with no training, as the chief financial officer with no experience, as the director of marketing and director of sales without a clue as to what those disciplines entail, in addition to being the provider, producer, and developer of the product to the customer. By anyone's standard, it is an overwhelming and daunting task for even the most talented and sophisticated business professional. We dentists enter our careers without business training or guidance, and somehow we make it through the passage of our professional lives and begin the process of leaving our practices. However, because of lack of experience, more and more of us are running into transition problems. We find many dentists entering into agreements that they shouldn't, entering into them for the wrong reasons, and coming to the end of their professional careers feeling unsettled, rather than feeling a wonderful surge of success and accomplishment.

As a jurist doctor exclusively specializing in dental law, Bill Prescott has dedicated his life to serving the dental community. Before becoming a lawyer his tenure in the profession as a dental supply representative further adds to his excellent background and experience in dealing with the issues that dentists encounter. One of Bill's gifts to the profession is his impeccable value system. His honesty and tenacious search for truth, understanding and fairness make him a rare professional in our nation's competitive business climate. He has a determination to serve dentists in such a way that everyone involved in a business transaction affecting the practice comes out on top. In my opinion, Bill's goal is to put himself out of work by taking the time, energy and

dedication of compiling the tremendous amount of legal facts and statistics that are contained in this book. Every item within these pages is invaluable to any practicing dentist, who, in fact, is a businessperson first and a dentist second. I personally smiled when I saw that Bill included guidelines in this book on developing a strategic practice plan. Out of one hundred dentists, typically fewer than three actually have a functioning, detailed, strategic practice plan. There's a saying that hope means having a picture or a vision of a successful outcome and knowing that you have the tools and skills to accomplish that outcome. Without a strategic business plan, there is no hope that one will reach the end of the journey and attain anything resembling ones desires.

Furthermore, Bill doesn't stop with strategic planning. He also covers establishing and relocating the practice, and bringing on an associate, with all of the problems and misunderstandings commonly tied to that process. Bill gives us all the steps, point by point, of how to address each one of these issues. He explains how to educate ourselves first so that when speaking to our legal advisors and professionals, we come armed with the knowledge needed to share our views accurately and fairly.

Most books pertaining to the legal issues of dentistry confine themselves to that. Bill, however, goes beyond, guiding us into an invaluable area for practicing dentists: pension planning. It has been stated that more than 94% of practicing dentists do not fully fund a qualified pension plan to its maximum capability. The information given in this book can teach any of us the different aspects of pension planning, from the IRS and its rules to working with actuarial and pension-planning experts. And, of course, one of the most important legal aspects today is preparing for the sale of the practice, a topic amply covered in this book. Selling the practice cannot be a piecemeal process. It can only occur successfully when the doctor has established a substantial cash flow in the practice so that there is something of value for the new dentist to buy.

Bill Prescott has served our profession well in writing a book that is detailed enough to give us the answers to our questions, but not so detailed that it becomes impossible for us to read and use. The format of the book, also, is user-friendly. The information in this book is invaluable for every dentist to have, and it should be on the shelf in its updated version in every dental office in America. I commend Bill Prescott for taking the time and energy to keep abreast of all of the ever-changing governmental codes, regulations and local ordinances that impact our practice of dentistry. I recommend this book to every practicing dentist. It is essential to obtaining a happy, successful and peaceful exit strategy for the noble and wonderful career of dentistry.

A successful sale of the practice coupled with a fully funded pension plan, which this book can help so greatly in bringing about, will allow the retiring dentist to live in peace and security during the later years of his or her life.

by Dr. James R. Pride