

Hiring, buying, and selling doesn't have to be scary

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[Q] I already found a buyer for my practice. Do I still need to hire a practice broker?

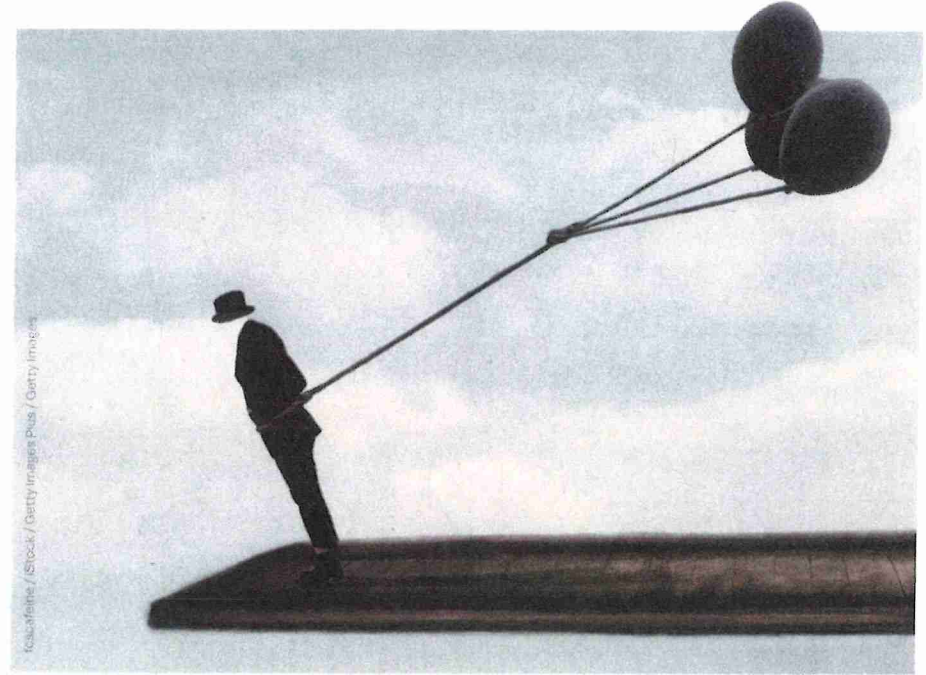
[A] No. A practice broker's role is to locate a purchaser for your practice. An exception would be if a practice broker is hired to complete the valuation of your dental practice. Should your candidate decide not to proceed with the purchase, engaging a broker at that time may be well worth 10%, usually, of the selling price.

[Q] I have a part-time associate dentist. While the employment agreement states they should have, maintain, and pay for liability insurance while employed with me, how do I ensure the associate's liability insurance policy will remain in effect?

[A] The associate employment agreement should provide that the employer has the right to request and receive proof of liability coverage. Irrespective of whether the employment agreement provides for such proof to be provided by the associate, ask the associate for proof of coverage. Should the associate not provide such proof, you should decide whether it's worth continuing the employment relationship. The associate employment agreement should also note that the associate's coverage should name your practice as an additional insured.

[Q] My practice employs an associate who recently came from another state. Are there any risks involved with employing a dentist from outside my state?

You should make sure that the associate is licensed, in good standing



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in your state, and that there are no claims against them in the state in which they previously worked.

[Q] I'm considering hiring a specialist on a part-time basis. Is this a good idea?

[A] Hiring a specialist in a general dental practice can be a good idea. First, the associate or independent contractor agreement should provide for noncompetition and nondisclosure provisions to the extent permitted by your state. Otherwise, you may have your former specialist practicing in near proximity to your practice and continuing to treat your patients. Should there be defective treatment, the employment agreement should explain how defective treatment

would be handled by another specialist outside of your practice with the responsibility for payment made by the treating specialist. Finally, should the associate specialist leave the practice, specialty patients should continue to be treated. This may be handled by the departing specialist until such treatment is completed. If not, your practice would be responsible for locating another dentist in the same specialty to provide such continuation of coverage.

One effective way to resolve the continuation of treatment issue and separation of practices is to rent the specialist space in your practice location under the terms of an office sharing arrangement.

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TRANSITIONS

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[Q] I am planning to buy a practice in the near future. Should I be looking at a practice with or without the real estate being owned by the selling dentist?

[A] Although the main consideration should be to locate a quality practice, owning both the practice and the real estate can be a good idea. If the practice is of good quality, try to buy the real estate at the earliest possible time. If you locate a practice without the dentist-owned real estate, evaluate that opportunity in light of any other practice that you may locate with real estate. However, only buy a practice where the practice owner owns the real estate if you believe that you will not relocate the practice. Relocation can be very costly and not worth the cost of proceeding.

[Q] I own my practice and the real estate. Should I continue to rent the location to the dentist who buys my practice and continue to pay myself rent or should I sell it to the purchaser?

[A] If you are selling your practice, consider selling the real estate at the earliest possible time to the practice purchaser. If you sell the real estate at its fair market value, the purchasing dentist will have further incentive to purchase your practice and you will no longer have the responsibilities associated with the real

estate ownership. However, the purchasing dentist may not have the ability to obtain financing for both the practice and real estate simultaneously, in which case, you and the associate can agree that the real estate will be purchased at a future time. If this arrangement is made or if financing is not immediately available, the purchasing dentist should have the option and right of first refusal to purchase the real estate. The option should include a "must buy" provision within a certain period of time—often one year. **DE**



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