SYNSTRAT

Practice Buying and Selling Traps

A dentist builds up a sound practice then decides to open a second practice a couple of suburbs away. He works x 5 half days in each.

At some point the build-up in one practice draws him towards it and he gradually increases the number of sessions there and sheds sessions in the other practice. Eventually, he is working virtually full time in Practice A and only has a token presence in Practice B.

Meanwhile an employed dentist in Practice B works there for a number of years and creates a relationship with over 90% of its patients. Many of those patients are from personally generated referrals. The equipment has aged and the premises badly needs renovation.

The owner rejects an offer from the employed dentist in Practice B and places in on the market.

Potential buyers consider the situation and realise that in order to earn fees themselves they'll have to sack the employed dentist. There is a high probability that the displaced dentist will set up a practice and that former patients will track him down, particularly if he has a social media presence. There is a high risk to a buyer paying a high price for a near empty practice and one which needs re-equipping and renovating to boot.

Mistakes

1. The practice owner left it far too long to put Practice B on the market. Had he done so at the point when he was still working 2.5 half days (5 sessions over 5 days) per week then the situation facing the buyer would have much less risky. The new buyer could have displaced the owner and by assigning all new patients to their own surgery gradually built up and squeeze out the employed dentist.
2. A dentist buying the practice with 90% of patients attached the employee dentist has near zero influence over its goodwill. The situation may be worse than doing a new start up.

Best wishes to all dentists,

GRAHAM MIDDLETON