



Don't Tell Anyone, I'm Selling My Practice

By Simon Palmer

The laws of supply and demand tell us that the more buyers that are interested for an item, the higher the price will be. As a result, typically, when someone is trying to sell something they want access to as many interested buyers as possible. For example, with real estate you would ideally want several interested buyers bidding against each other, thereby pushing up the price. To get these interested parties to notice your property you would advertise anywhere and everywhere – at the front of the property, in the newspaper, on the internet, letterbox drops in the area.

Owners of dental practices have a different mindset and often don't want anyone to know they are selling. These sellers are concerned that if their practice sale was common knowledge, then patients, staff and/or referring practitioners would leave for more stable 'pastures' and the practice would be less sell-able. However, if these concerns are addressed correctly, they can be managed and negative repercussions minimised.

1. The need for secrecy: Patients

Many selling dentists are afraid of the impact on patients if they knew you were trying to sell. Would your patients stop coming to your practice if they knew that you were selling? Some may start looking or asking their friends for recommendations.

However, as a generality, we find that most will probably just stay with you as long as they can and at least try out the new dentist that takes your place. This happens for a number of reasons:

- A long standing patient usually has a deep trust and rapport with their dentist. These patients will often put off trying a completely different practice for as long as possible.
- Usually, this trust in the selling dentist will be transferred into a trial of the new dentist *if* the selling dentist writes a letter showing confidence and trust in the incoming dentist's clinical and professional skills.
- For some patients the reason that they go to the practice is convenience. Maybe the practice is near home or work.
- For some patients the reason that they go to the practice is because of familiarity and rapport with the practice team (e.g the front desk co-ordinator, or the hygienist, etc).

The bigger risk with patients knowing that you are selling is that they will probably stop referring. I recently heard a friend of mine recommending his doctor, but he then remembered mid-conversation that the guy was retiring and retracted.

2. The need for secrecy: Staff

Why do some selling practices not tell their staff?

These practices are concerned that when the employees hear that their boss is selling they will start to fear for their jobs. They are afraid that the employees will start asking themselves: "Will the new boss want/need me?" and "Will I still have a job here under a new boss?" Staff who think like this may not wait until their worst fears are confirmed before looking for another job. Some may start looking immediately and your dental practice could start losing some key staff members before the sale.

3. The need for disclosure: Staff

If you believe that your staff are trustworthy and have your best interests at heart, then you should consider being up-front with them about selling the practice. It is probably much better that they hear it from you as it gives you a chance to address their concerns and manage the situation. Otherwise, there is a very real risk that they will hear it from other sources and their worries may well get out of control.

If you do choose to tell your staff members you should tell them how emotionally involved you are in the practice. That it is something that you are very proud of and that you wouldn't dream of leaving it or them in the wrong hands. For you to consider selling to someone they will have to be of the highest calibre clinically, professionally and personally.

You should tell your staff that there are four great reasons why the incoming or buying dentist won't want to get rid of the staff.

1. Purchaser profile

Whether the purchaser is a corporate entity or a dentist, they will need staff. It is extremely unlikely that a practice purchaser will buy a practice with a full complement of staff waiting in the wings.

2. Practice Goodwill

When you are buying a dental practice, you usually want as much continuity as possible from the situation that precedes you. You want loyal patients to recognise that this is the same practice and service that they have been coming to and been happy with for years.

When you think about it, the dentist only makes up a small part of the patient's experience with a practice. The patient spends a significant amount of time with the hygienists, with the front desk staff, paying their bills, booking appointments, etc.

The recognition and familiarity that patients have with staff brings with it a level of loyalty and trust, two attributes that an incoming dentist would want to maximise.

3. Practice Knowledge

If you are a dental practice purchaser, there is another major advantage of having the seller's staff remain with the practice.

Established staff will have local knowledge and know historical details about the practice's patients and suppliers that isn't collected and recorded on patient files.

Practice buyers that DJS deal with often remark how invaluable it has been to have someone available to answer questions about the history of things like patients' attitudes, or the practice's interactions with the landlord, etc.

4. Reference

Tell the staff how highly you regard them in their individual roles and as a team and that you will be giving them the highest recommendation to any prospective buyer.

Some dentists who have been concerned about staff leaving them prematurely have offered their teams an incentive or bonus that only becomes available to those who stay and help through the selling and transitioning process. Obviously the concerns practice sellers have regarding disclosure are very real. Disclosure could result in some negative repercussions that could impact on the practice and the practice sale. In the end, the pros and cons of secrecy need to be weighed against each other. The possible negative repercussions of disclosure need to be weighed and balanced against the benefits that disclosure may bring if it results in more buyers becoming aware of and interested in your practice for sale.

[Published in Australasian Dental Practice Magazine, March/April 2007]