
Transition NOW!

5 Critical Reasons to Prepare Your Dental Practice for Transition and 4 Easy Steps to Make it Happen NOW!

Dr. David E. Black and Mike Garrison

- Pinpoint Dental Consulting -

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Our Four Easy Steps

Whether you are a student in Dental School, a 10-year practice owner or in the last three years of your dental career this eBook provides for you powerful motivation and success steps to make the beginning, middle or end of your dental career the best yet!

Why Transition NOW!?

1. You deserve to receive the maximum amount for your dental practice when you sell.
2. You choose to enjoy optimal practice efficiency and profit now and as long as you choose to practice.
3. You are stressed out about trying to 'manage' your dental practice and want to start experiencing the rewards a lucrative and enjoyable business can bring to your life 'outside' the office.
4. You want to know exactly what you need to retire and have complete confidence that you will achieve the retirement you dreamed of.
5. Last and most importantly, you understand that a transition involves a sale. A sale requires a seller and a buyer. Great transitions occur when a practice is desired by a potential buyer. Everything in this eBook is about creating something that your ideal buyer will want and pay a fair price for.

Our Four Easy Steps are:

1. What is your 'Why'?
2. Assess
3. Plan
4. Execute

Step 1:

The fundamental question when considering when and how to transition your dental practice is your 'why'. This answer remains as powerful and transformative whether you just opened your practice or are 1 year from transition after 40 great years of dentistry.

By way of example, here are our 'whys' for creating this book:



Mike's story:

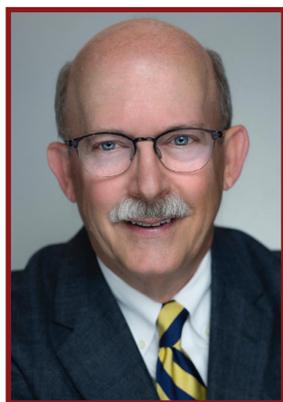
Winter 1987 – I was a U.S. Army soldier flying in a C-130 airplane getting ready to make my first parachute jump in Airborne School at Ft. Benning, GA. Terrified is a small, small word to describe my emotions. I had just had three weeks of intense training aimed at preparing for this moment, but, I still wasn't sure if this was a good idea.

We stood up, checked our equipment and the guy's around us and were waiting for the light to turn green to tell us to shuffle out of the aircraft door and complete our journey toward being paratroopers. A thousand thoughts rocketed through my brain in the minute we waited and I was still wondering if it was too late to bail when the light turned bright green...and my feet started moving while my mind screamed 'STOP!'. Suffice it to say that my training won out and in short order I was out of the airplane and watching in amazement as my parachute opened and I started floating towards the drop zone.

I have come to learn that in Dentistry, like any other business and parachuting from a perfectly good airplane, it is important to focus on the end goal. Every business should be initiated with a clear intention to sell.

Just like the purpose of parachuting isn't just to get out of the plane, you (the Dentist) should be focused on more than just starting the practice. Transition NOW! is all about how you can have a dream practice, whether you are 3 years away from selling or 30, increasing the sale price and current profit while enjoying the massive satisfaction of running an optimized dental business.

Believe it or not, in Airborne School we spent just as much time on how to land safely as we did on how to jump out 'of a perfectly good airplane'. You should as well.



Dr. Black's story

It was 2001. I was a successful dentist who had been in practice for 30 years. I had a successful marriage of thirty years also, two wonderful children who had started families of their own, and the grandchildren were starting to come into our lives. September 11, 2001 was a shock to us all, and put life into a different perspective. Two weeks later my mother died, and my life view really changed. I became more introspective and really started looking at my life and tried to discover WHY I was doing certain things in my life that had taken a bigger than life part of my life?

Why was I running my practice the way I was doing it? Why was I laboring so hard to become an Accredited Dentist in the AACD? Why was I so concerned about what some dentists in New York and Los Angeles thought of my cosmetic dentistry? Why was I spending so much time and money running after things that did not have a meaningful reason to be chasing after?

My self-examination led me to a more meaningful reason for doing what I did with the majority of my waking hours. I changed my WHY.

- I realized I was a talented cosmetic and restorative dentist.
- I realized I was wasting my time chasing windmills.
- I realized I could have a meaningful impact on the people in my community.
- I realized I could spend more time loving my family and my friends.

So I then changed my What as a result of discovering my new WHY. We all have to decide for ourselves what our best WHY is, and then do it.

With this new discovery, I started to look at my practice with new eyes. I analyzed my finances, and discovered I was doing pretty well, other than the terrible job I was doing saving for retirement. We had nice things, the kids had gone to private school and college, the office building was a good investment, but the reality was that I had to get a new plan for my retirement.

My current personal expenses were eating up all that I made. I had committed all that I was making, so the plan had to include earning more money. I had three steps I had to go through to fix my problem:

1. I had to Assess my problem.
2. I had to formulate a Plan to change my situation.
3. I had to Execute my Plan to work my way to success.

My Assessment

I had to find expert help in several categories. I had to find a financial advisor to give me a clear path to save enough money to retire at some point. He had to tell me how much I needed to save and how many years it would take to do my plan.

The second expert I needed was a practice management consultant, to guide me through a plan to increase my production and collections to a level that I could save enough money to retire.

Both these were equally important. First I needed someone to help me set a goal, and give me the vision to see a way to get to the finish line. Second, was to have someone to help me improve systems, and to make me accountable to them to do step by step to achieve my lofty goals.

My Plan

Once I identified the vehicle to use to save money, how much money I needed to save each year, how much extra I needed to produce in the office to have the extra money to save, I had to do the hardest part. I had to develop the discipline to save money instead of spend it.

The second part was to listen to the consultant, and one step at a time, improve my communications so that I could sell dentistry, and then once the patient accepted treatment, I had to learn systems on how to profitably arrange my day and week, so that I could make that extra money to save. I already had the clinical skills to do this, but had lacked the organizational skills to arrange my day correctly.

Executing my Plan

I had to start, taking baby steps, one foot in front the other, and it seemed like it took forever. The sad truth is that if I had done a little for the previous twenty years, the path would have been much, much easier. I laughed at my Cheap orthodontic buddy, who laughed at me because of my spendthrift nature. Of course, he retired at 55 and I worked until I was 68.

It is amazing what compound interest will do when it works for you.

I stuck with the plan, and I raised my above average practice that produced

about \$800K to a great practice that produced \$1.25M per year. This did several things:

1. It allowed me to save and fund my retirement plan to an adequate level.
2. It raised the appraisal value of my practice by 30%.
3. It allowed me to make my practice attractive enough that some young investment dentists bought me out.
4. It allowed me to work as an employee for a few more years to pad my savings.
5. It allowed me to pay off my building so that it created a rental income flow with no debt.

My Unplanned Event

I am so fortunate that I executed my plan when I did. I am so fortunate that I sold my practice when I did. I had always had good health and I was going to practice forever.

Five months after I sold my practice and become an employee, with all my employees safely working for the new boss, I had a catastrophic back injury requiring spinal fusion and missing the most of three months of work because of the pain and later the recovery from surgery.

Do you know what three months off, just after having my disability policy age out at 65, would have done to my practice if I was still solo? I would have had to lay people off, possibly losing them if I could not pay them, or have to draw large amounts from my retirement.

I wasn't ready for retirement, but luckily I had positioned myself financially so that it softened the impact on my life. This was something that was the farthest thing on my mind, but happily God knew about my back, and helped me to plan for other things, that resulted in this thing not having as big an impact on my life as it could have.

How did my WHY change my life at that point? I didn't think too much about my WHY as that was going on, I was more focused on my HOW in the world was I going to get through this.

The true answer is that because I had changed my WHY earlier, I was protected from this totally unexpected WHAT in my life. It was not always fun, working and planning and saving. I enjoyed the good things in life, which I gave up to some extent for a few years.

Don't get me wrong, I lived well through this time. Most people looking at me, would not have felt sorry for me. I worked harder so that I could maintain my standard of living, PLUS, worked even more so that I could save enough for retirement. Discipline is a hard pill to swallow sometimes, especially after having minimal constraints on spending for several years. It all goes back to establishing my WHY ten years earlier. If you have a strong sense of what your WHY is, you can set and accomplish goals you never would have thought possible.

In a sense, I started my Transition a good ten years before I was able to actually sell the practice and eventually retire. When is a good time to start your Transition?

Right NOW!

Here is a worksheet to help you start detailing your 'Why':

Finding Your “Why” Worksheet

- What are you good at? (In both Dentistry and your ‘other’ life)
- What do you enjoy doing? (Clinically and personally)
- What is the most profitable part of your practice?
(Why and do you believe in it?)
- What motivates you?
(This goes beyond the first reasons and more to your heart and soul)
- What are your core values and how do they drive you professionally and personally?

- What is you and your practice's role/place in your community?

When you peel back all the layers of what you do, what is the deepest value that drives you? Is it selfish or is it altruistic? Is it some of both? Is that okay? Is service to others part of your core value? If you are driven by “selfish” values, does that make you a bad person? Why or why not?

**Step 2: Once your ‘why’ is identified and tested,
you now need to Assess where you ARE.**

You cannot get to where you want to be (Transition NOW!) until you know exactly where you are right now. The answers to this section set the action steps for realizing your best transition possible.

First you must Assess what type of practice you have:

- **Generalist** - The majority of the dentists in the nation start as generalists. As we study more, mature in our practice and find what we are good at, we most often gravitate toward one part of dentistry that we find works the best in the community we are in and the demographic of that community that we have served.
- **Cosmetic** - Most general dentists think themselves cosmetic dentists. They need to get training before they move into complex cases. It is almost a necessity to have this as part of services they do, so is pressure to do this immediately. Since this is to some degree an optional treatment, patients are extremely demanding. There is great pressure on all dentists to learn these skills. My experience interviewing newly graduating dentists tells me that they obtain little or no exposure to clinical training in this area. They have to depend on post graduate training to learn this, usually at a high expense.

- **Restorative** - This is generic term for most things other than surgical, periodontal, and includes crowns, bridges, fillings and removable prosthetics. This the most basic of services done by dentists, but no less demanding than any other service. In most practices, these are the services that make up the majority of what dentists do day to day.
- **Specialist** - Ortho, Endo, Perio, OMFS and Prosthetics

**Another way to evaluate what type of dental practice you have is to ask whether you have a left or right side dental practice. Dr. Paul Homoly explains this in his essential book “Making It Easy for Patients to Say “Yes” – The Complete Guide to Case Acceptance.”

Left side dentistry as described by Dr. Homoly is emergency care, routine and often non-complicated dentistry, whereas Right-side dentistry is more complex, complicated, and sophisticated. It requires a stronger trusting relationship with doctor and patient. It requires identifying the need, and creating value in following through with the treatment.

Step 3: Your Plan - Once you have decided what you Are, you can evaluate and Plan for how to perform better.

Transition NOW!

Initial Practice Worksheet

At what level is your practice performing? In our consulting practice we assess each practice in three general areas:

1. **Clinical** (Do you have systems and metrics for all the following?)

a. **Training** (current skill status and on-going training plan)

- i. Do you and your staff's operate above or below the clinical standard in your local/regional area?
- ii. Is your whole team following a complete system of procedures and services in your practice? (The secret to effectively training and leading your staff!)

b. **Scheduling**

- i. Have you measured the amount of time it takes you and your staff to complete procedures (prep a tooth for a crown for example), clean and turn over a room and adjusted how you schedule accordingly?
- ii. Do you block time in your schedule for profitable procedures every, single, day you are open?

c. **Production Goals**

- i. Daily
- ii. Weekly
- iii. Monthly
- iv. Quarterly
- v. Annually

d. Customer Experience

- i. How do you measure Customer Experience? How do you know how good you actually are? Emotional or measurable?
- ii. Is it part of your system of care, or is it optional? (Ratings)

e. Supply Management

- i. What is your system for ensuring that you always have everything needed to care for your patients when they arrive at your office?

f. Treatment Process and integration of care

- i. Do you do complete treatment plans so that you can recommend the standard of care to every patient? If you don't you are not reaching your full potential and you are not allowing your patients to become a full partner with you in deciding the level of their own care.

g. Efficiency

- i. How many patients can be seen at any given time?
- ii. Late/Missed appointments?
- iii. Emergency care?

2. Operations and Communications

a. Record keeping

- i. How do you maintain patient records?

b. Payroll, Accounting and Taxes

- i. Who handles Payroll?
- ii. What accounting software are you using?
- iii. Who is responsible for quarterly and annual tax payments and filing forms/returns with local, state and federal government?

c. Employee Benefits

- i. Who handles this?
- ii. Are your benefits competitive in the marketplace and are you paying a fair price?
- iii. Do you have the right type of Retirement Plan for your business that achieves your personal goals and is fair to your employees?

d. Technology

- i. Is your software up to date?
- ii. Do you have the necessary hardware to run your business?

e. Equipment and Vendor Relationships

- i. You must have good relationships with all your suppliers and vendors.
- ii. Who is responsible for purchasing decisions and repair decisions.

f. Maintenance

- i. What do you do when breakdowns occur?
- ii. What is your maintenance program/system?

g. Human Resources

- i. Is your Employee Handbook up to date and compliant with current regulations?
- ii. What is your hiring and retention plan for your employees?

h. Insurance Management

- i. The practice – Commercial and Liability
- ii. The patients – Who files and What do you accept?

i. Third Party Financing

- i. What will you offer?
- ii. The key to expanding treatment acceptance.

j. HIPPA/OSHA/regulations compliance and liability

- i. How do you make sure your office is up to date and compliant and who is responsible? This can be outsourced easily.

k. Team Meetings (type and frequency)

- i. Daily Huddle Mandatory
- ii. When do you train?
- iii. How do you celebrate?
- iv. Provide opportunities for employees to get their families touched by the practice (sponsor youth athletics/events, annual parties, etc.)

3. Sales (Selling isn't a four letter word!)

a. What is your Brand?

- i. Hint: If it's your name...we have a problem. Branding your office with your name is an automatic discount when selling it. The new owner(s) have to change the branding and incur additional cost. Consider hiring a branding expert to create a professional brand.

b. What are the metrics for success?

- i. What is the number of new patients per month that you are currently averaging and is that above or below where you need to be?
- ii. Do you know what is driving (measurably) patients to your practice?
- iii. What is your customer retention?
- iv. Your average case size?
- v. Geographic customer base?

c. Treatment Acceptance

- i. Who is the Treatment Coordinator?
- ii. What training have they received?
- iii. Are all aspects of the Customer Experience integrated into treatment planning and case acceptance?

d. How is the practice increasing referral production?

- i. Where are the referrals coming from?
- ii. What percentage is patients vs. staff?
- iii. Do you have an 'Centers of Influence' that consistently produce referrals for your practice?
- iv. What do you, the dentist, do to increase referrals when not 'in the chair'?

e. Advertising/Marketing

- i. Do you have a written marketing plan? If not, the chances are you have a reactive strategy and are experiencing a dramatic reduction in potential marketing performance. Having a plan, to decide what and when to market, is the key to being proactive and being PROfitable.
- ii. What is your annual advertising budget?

iii. What types of advertising are you using?

1. Mailings?
2. TV/Radio?
3. Social Media?
4. Sponsorships?
5. Web?

f. Culture (Pitching vs. Serving)

i. How does your office approach the reality of selling dentistry?

The problem with any plan or self-assessment is that you may not know the answer to the question you just asked. You may need to hire an expert to ask the right questions and know the response to make depending on what your answer is. We would love to help!

Step 3a: What is your financial plan to be ready to transition and what to do if something happens?

1. Do you have a comprehensive personal financial plan? (Who prepared it and when was it last updated?)
2. Do you have disability and overhead insurance policies?
3. What numbers does your practice need to consistently reach to meet your personal financial goals and retirement needs?
 - a. What is your retirement number?
 - b. What percentage of your retirement is based off of your practice sale?
 - c. What type of retirement plan do you have at your business and are you maximizing your allowable Qualified contributions?
 - d. Do you own your building and will you sell it as part of your transition or will long term rental income be part of your retirement plan?
 - e. Will you continue to work after the sale of your practice?

4. Who is on YOUR team?
 - a. Financial Advisor
 - b. Insurance Specialist (Commercial and Personal Liability)
 - c. Estate and Business Planning Attorney's
 - d. CPA

Step 4: Executing Your Plan for A Dental Practice that you can Transition Now!

Remember that a successful transition requires a sale. You have discovered and dialed in your 'Why' and you have Assessed, Planned and now it's time to Execute your transition.

Working toward a transition requires leadership. Leadership is about vision vs. managing to make sure tasks are completed.

First, the two Practice Killing Myths:

1. The myth of Balance: Balance doesn't work. If you are an experienced Dentist, you already know this...if you are early in your career you will. We prefer to use the term **Alignment** instead of balance. Quite simply, there is too much going on for any individual to hope to truly balance their life. Instead, focus on alignment: what is most important to you.
2. The myth of Managing: As a Dentist, you don't have time to manage if you desire to optimize your business value and profit. You must, necessarily, elevate your view and actions towards leadership. Leading require that you have a clear and power vision for your dental practice (pointing toward your transition from right now) and that you will evaluate every action and hiring decision accordingly.

You have to Align and Lead your practice daily to maximize the value of your practice

Decision Making during the business day (Leading vs. Managing)

- Start every day with the Huddle: The simplest and most powerful moment of Leadership every day. Who is the conductor and who are the orchestra?
- Staying at the chair -you are a commissioned salesperson (how much does it cost you to leave your seat?).
- Handling distractions and interruptions
 - Structure the day, prioritize what is allowed to interrupt and what is not
 - Have clear communication expectations
- Measuring ROI and KPI's when evaluating strategies (don't rely on emotion alone)
- Need to know what is profitable, how profitable, and what do you have to do that is less profitable to run your business.
- Efficient vs. Effective (profitable)
- Is it in my Strategic Plan?
- Analyze everything in light of what your end game is.
- How does every action fit into your big, long-term plan.

You must measure Everything!

- Measure what you want to improve. I have found if I know where I stand daily in my monthly goal, I will be more inclined to press to find another procedure, to discuss treatment with a person, to ask for another referral. If I have no idea what I need to do each day, how can I know if I have met my goal?
- Have metrics for all important procedures. I measured daily new patients, production and collections. There were other metrics I followed via my monthly reports, but these I kept a constant tab on, so that if I was behind, there was a subtle pressure I put on myself to catch up with the goal. I did this for 15-20 years with at least moderate success. When I would plateau, I would analyze what was not working and several times this was a signal to go for outside help in the form of a friend's advice, a class to improve something or learn a new skill, or hire a consultant to guide me to a higher level. KISS principle.
- Changes should be as simple as possible. Change is always an emotional thing (and incremental). We break old habits; we start new ones. Inertial always screams to stay where you are. If it is working "okay", why should I shake up the works to get better. It is more comfortable to stay where I am even if it is not making me money.
- Change is NOT necessarily simple, but you don't have to overcomplicate something that is at its most basic form, simple. Systems are things that can put change in ORDER. Order can make a complex change more simple. Consultants have thought through change and created systems to help make simple things that are complex.

- Keep it in your budget and calendar.
- Consider a consultant who talks about the bottom line. It may make you feel good to get new systems that sound good and have a feel good appearance. It really makes you feel good when the new systems and procedures result in a more profitable practice and making you practice something that is more saleable.
- Time out of the office is costly, costlier than having in-office consultants. Salaries, travel, hotels, meals are all costly. Most in-office consultants observe while you are working, which allows you to be productive, and then have minimal time to discuss needs, often after normal working hours or a day off.
- Training for new skills will take time away from the chair, but if pointed toward a skill that increases production, makes staff more efficient or expands the scope of what they can do productively, it is well worth the time spent. You have still saved the expense of travel because paying a consultant to come to you is a whole lot cheaper than dragging a whole team across state or nation to learn what they can learn in their own environment even better than on the road.

What should my overall transition strategy be?

1. Who are you planning on selling your practice to?

a. Corporate Dental Practice?

- i. National vs. Regional
- ii. They will want you to continue working for at least 18-36 months as part of the sale.
- iii. Are you ready/able to work for someone else?

b. Associate you develop?

- i. Over 50% of Associates don't work out profitably. Associates rarely stay at their first practice.
- ii. Is your practice ready for two doctors?
- iii. Do you have the willingness/ability to train and mentor?
- iv. How will you find and retain a good associate? (Hint: DiSC)

c. Partner you bring on.

- i. New Relationship or promoting a current associate?
- ii. Operating Agreement is absolutely required?
- iii. How well will you work together?
- iv. How does the divorce work?

d. Experienced Doctor that relocates?

- i. Immediate takeover?
- ii. Buyer wants the patients?
- iii. Make sure branding supports this right away.

2. Will you hire specialists or rely on local assistance?

a. Practice brokers

- i. Be wary of exclusive representation...if you find the buyer why should you pay commission?
- ii. Don't be afraid to shop and negotiate... ideally you are only doing this once.
- iii. Have your attorney and CPA review all documents prior to signature.

b. Appraisals

- i. Often packaged with Brokers representation
- ii. Dental CPA's are another resource for Appraisal services.

3. What is your back up/fail safe plan if it doesn't work?

- a. Don't say anything, to anyone, until the funds are deposited and cleared in your account and the contracts are filed.
- b. The advantage to having a finely tuned, highly profitable practice, is that you can quickly adjust to a failed sale.

Why Transition NOW!?

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3. Plan (Worksheet)
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5. Last and most importantly, you understand that a transition involves a sale. A sale requires a seller and a buyer. Great transitions occur when a practice is desired by a potential buyer. Everything in this eBook from here on is all about creating something that your ideal buyer will want and pay a fair price for.



Transitions are a part of life, including selling an awesome dental practice. It starts the first day you practice and stops when the funds are deposited into your retirement account. Whether you are consciously working your transition plan or not...it still is happening.

We realize that a transition involves great effort and attention to detail. You can do it on your own, or, you can partner with experienced professionals whose passion is your successful transition.

Dr. Black and Mike would be honored to discuss anything related to your dental practice transition and your current practice performance.

Contact us through our website: www.pinpoint-dental.com, or call us at **(540) 354-2181** (Dr. Black) or **(540) 314-5665** (Mike).

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