WHY ASSOCIATESHIPS ALWAYS FAIL

Probably one of my best (and worst) traits is my inclination to approach a challenge with the mindset of: Ready, Fire, Aim. I guess I always figured that making no decision was worse than making the wrong one. You never fail if you get up and keep going. I just made sure that if I failed, I failed forward. It is said that an expert is just someone who has made more mistakes than anyone else in that particular field of endeavor. If this is true, Michael Abernathy, DDS, is an expert at transitions.

With this in mind, and with over three decades of practice and numerous personal transitions in practices I have owned, and hundreds of transitions with our clients, I would have to say that getting it right the first time is much better. You may not learn as much, but it is far more profitable and efficient. There is a myth in our profession that is taken as true on face value: You should grow a practice to a particular production point, and then bring in an associate to work with you. Sounds logical, sounds like a good financial strategy, but it has a major flaw. Associateships always fail. The average associate will leave sometime between 12 and 24 months. So if success is having them remain as an employee, associateships always fail. They also may fail even if you actually get someone to stay. We went to dental school in order to own and control our own practices. It was not our vision to work for someone else for the rest of our careers. If you think about it, if you found someone to stay an employee long-term, you probably have the wrong doctor. You want someone with an “owner” mentality, someone who wants to increase production, attract more patients, and lower your overhead. This will never happen with an employee. They will always wonder why their schedule is not full, why you’re not doing more to get them busy, will arrive late, and will leave early. Without a fire in their belly to gravitate toward ownership, you will never have the right doctor.

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Below you will find my reasons why associateships will always fail.

• **It is not the vision of every DDS to work as an employee** for another doctor for their entire careers. The good ones will work just long enough to set aside enough money to open their own practices and create choices for their future.

• **Does not attract top candidates.** The best candidates are ones interested in a partnership and ownership potential. Remember that the interest will be strongest in the first 6-12 months. After that they will be looking for another opportunity somewhere else.

• **There is not an inexhaustible supply of new patients.** (the senior DDS is responsible to bring in these patients) Very few practices have the sufficient number of new patients (50-75 new patients per doctor) to keep another doctor busy. New doctors will have the tendency to produce far less per new patient than the senior doctor. You will need the expertise to ramp up new patients through expanded hours and an increased budget for effective marketing. You will also need a consultant to help make the transition go smoothly.

• **It’s all about timing:** Too soon hurts your productivity and momentum, and too late hurts your staff. If you have read or heard me speak, I always describe a very predictable curve in the life of a practice: Survival, growth, plateau, slow down, and sell out. The ideal time to bring in the next doctor is at the top of the growth curve --- or absolutely no later than the first portion of the plateau.

• **Nothing to walk away from: No payments.** The sooner a young doctor buys in, the sooner they have a vested interest in becoming the owner they need to be in order to create a successful practice. Without the pressure of “responsibility of ownership” they will float through work with little direction and become a liability to your production and overhead.
• **Creates increased overhead.** Most transitions do not decrease overhead. Once you become aware that you’ve made one of several mistakes (contracts, scheduling, pay percentage, duties, staff involvement, etc.) it usually ends in failure and the firing of the young doctor. You now must begin the entire process again and this costs you more than you realize. This is where knowledge and experience cost you nothing. Paying for guidance will be the best investment you could make.

• **Senior DDS doesn’t understand the staff owned practice model and is not poised for growth.** The decision to bring in another doctor cannot be a burnout strategy. In my book, The Roadmap to Wealth & Security, I outline how to position your practice for a successful transition. We are finding that doctors who embrace our tenets and follow our formula have over a 90% success rate. As for the staff owned practice model, I have always treated my staff as co-owners in my practice. They even had final say on who became a partner, who we hired as additional team members, and were intimately involved in overhead and production strategies. I am sure that this philosophy led to having the average staff member remain in our practice for over 14 years.

• **Owner must be fully committed to the practice:** Must not see associate as a means to have more time off or someone to dump unpleasant patients on. This happens far too often. Hiring someone to do this insures a revolving door of associates and staff with little or no uptick to productivity or overhead control.

• **Timing is everything.** Every associateship should really be a “Trial Partnership”. You should be so committed to this strategy that any doctor you hire should be viewed as a potential partner. From the start, they have the “ownership” mentality, not an employee mentality.

• **Feels like they are paying for something they have built.** If you hire an associate and later decide to ask them to buy in, you will run into a common hurdle to a successful transition. Every associate that is being
considered for partnership should be given the amount or formula for a buy-in on day one of their employment. Fail to do this and you have decreased the chance of success by at least 25%. If you later decide to offer them a buy-in based on the cumulative production of you and your associate, they will feel that they helped build it to that higher production number, and that they are in essence paying for their own success.

• **Associate does not adapt to policies of new office.** This is the one and only reason that an associateship fails where the failure is attributable to the associate. You can make a mistake on hiring. I have never felt bad about “freeing up the future” of an employee. I have only felt bad about waiting too long to do it. If you find that the associate does not adapt to policies or to the philosophy of the practice, cut them loose and cut your losses. Procrastination is overrated.

I hope this helps. Transitions cannot be executed without a strategy, detailed contracts, wise counsel, and a reasonable time table. If any of this resonates with you, or you have already started down the road to a transition, give me a call on my cell: 972-523-4660. I would love to hear your plans and possibly make a couple of suggestions to smooth the way. I look forward to hearing from you. (MA)