

ASSOCIATE BUY-INS: Why Won't Those Lips Align?



*Your lips are soft. Teasing mine.
I want a kiss. But they won't align.
I need a kiss, but you decline.
I want so bad – to cross that line,
to sample the sweet Devine
of your design. Hit cloud f***** nine.*

*Those glist'ning lips are what I pyne.
And though I wish to taste and dine
on all of it, I'll resign
to take a bite – beneath that line,
so your bottom lip's entwined in mine.*

*Look, I love and respect you, but we need to combine
souls through a kiss, tender and long.*

*What's in a kiss, what could go wrong?
You've won me over; my loins are on
Fire! We're alone and that's our song.
My mind is mush. Thoughts foregone.
My body's not mine; I'm but your pawn.*

*I know you're headstrong, but don't prolong
this. It's just: One. Little. Kiss.
So C'mon, Go Along!
My cold dark eve begs for your dawn.
Now give me that for which I long!*

“But, My Love, these lips don't belong to you.”

And the moment is gone.



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Yes. I'm still writing poetry. I hope you liked my other two poems (see Michael Carabash, "A Love Affair: DMC's 2019 Grenada Dental Mission Trip", Oral Health Magazine, October 2019).

Now, this poem is about the tease. You know – the expectation and anticipation that just drives us absolutely nuts when we want something very badly, only to get rejected in the end. And then the tease dissipates, with hurt feelings and perhaps the parties going their separate ways.

Believe it or not, that's exactly what I'm thinking whenever a selling dentist talks to me about an associate buying their practice (all or some portion of it). One side (the seller or the associate) wants so **BADLY** to make a deal happen (i.e. the kiss) but the other side isn't aligning with them. Most of the time, it ends with the seller selling to a third-party dentist or dental services organization. There's some level of disappointment between the parties that the kiss didn't materialize.

So, why don't those lips typically align into the perfect deal for both sides? Shouldn't it be a slam dunk to facilitate this kind of transition – you know, because the two dentists know each other and the associate knows the practice (team, patients, systems, etc.) better than anyone else?

In my humble opinion, those lips won't align when emotions get involved – specifically: **FEAR**, **PRIDE**, and **GREED**. Let's explore this, shall we?

Fear

I hear this a lot from selling dentists. They finally find a good associate with decent dental skills and a pleasant chairside manner. Patients and the team like them. And now, suddenly, the selling dentist starts thinking, "Oh crap! I need to make this associate happy or else they're going to leave me and I'll be worse off!" Or, "I think the associate is the best person to buy this practice. I better keep them happy!"

That's when the idea of offering them the practice, all or some of it, pops up in the selling dentist's mind. They're now suddenly afraid of losing that associate.

"What could go wrong?" they ask me. "Well, a lot, actually," I reply. Here's my typical response:

"First things first: how do you like being married? Because that's what you're proposing. If you sell some but not all of your practice, then you'll have legal and business obligations towards the associate that weren't there before. You'll have to

get along with each other long-term (because eventually you sell the rest to them, right?). And if you sell the whole thing to them now, you'll likely have to continue associating there for a transition period (i.e. 1-2 years). Either way, you may not be able to take as much time off as you want, what sundries you use or even what patients or cases you get; it all depends on what you negotiate and how the relationship looks after the sale."

"Secondly, where is your fear of the associate leaving coming from? Is it the fear of losing a good associate? If that's the case, how long have they been with you (typical response: just 1-3 years)? How did you ever operate without them? Are they on a contract with restrictive covenants so that they don't try to set up shop across the street and solicit your patients and team?

Perhaps you're afraid of being rejected by the buyer's market when you're eventually ready to sell because of some perceived inadequacies. Could you also be afraid of a third-party buyer you don't know coming in and changing everything to your detriment while you're still there? The devil you know is better than the devil you don't, right? Well actually, if you don't engage to market your practice and run an open house to bring in offers from serious buyers (and then do interviews with those buyers), then you'll never know who else is out there. Here's the thing about fear: if we don't confront it, we'll never learn to adapt and become better versions of ourselves; that's how our species survived and thrived through the ages.

Finally, why do you think you need to make the associate happy; how about you taking care of you? Does anyone else outside your own mind think about it? Isn't the associate getting paid their percentage of collections for providing services? If the associate hasn't mentioned anything, then why even think about offering them anything? Here's the thing – you're allowed to be selfish. You don't owe your associate anything. You're allowed to say something along the lines of, "I'm not thinking about that right now" or "when the time is right for me, I'll let you know and you can be part of the process if you want to be". And by not addressing a buy-in scenario with your associate, you're actually putting yourself in a much better position for an eventual transition: if you offer them something prematurely, you'll only be hurting yourself (for reasons discussed in this article).

FEAR, PRIDE, and GREED may get in the way of a selling dentist and their associate lining up for that perfect transition.

Bottom Line: Don't dive blindfolded into a marriage with someone you're kind of dating because you don't know what kind of spouse they'll end up being. Don't make assumptions that there's no one else out there for you and your practice. And don't struggle to make anyone else happy but you first and foremost!

When you're stressing yourself out thinking about whether to offer your associate some or all of the practice, here's something you can do... breathe in. Long, slow breath. Then say, "I release me from me." Breathe out. Long, slow breath. Then breathe in again and say, "I'm going to do no-thing". Not nothing, but no-thing. By deliberately taking no action at this time, the universe may show you another path forward that is better than if you had tried to force a situation (don't fight the universe!). Now breathe out. You should be feeling better and thinking clearer. Trust me, it works!

Pride

I hear this a lot from associates looking to buy into their principal's practice: "The reason the practice is doing so well is because of me! I contributed to the increased production, new patient flow, and cash available to the owner. The team and patients love me and would be devastated if I left. So, I shouldn't be on the same level as other third-party purchasers who are looking to buy this practice. And I sure am not going to offer as high of a price as anyone else looking at this practice!" In other words: the associate is proud of their contributions to the practice – so much so that it clouds what they think the practice could actually be worth – to the selling dentist's detriment.

Now, at first glance, the selling dentist's blunt response to this mentality could be, "True, but that's why you received your 40 per cent of collections. You were just doing what you're paid to do. There's a correlating expense line in the practice's financial statements to reflect that. It's all factored into the bottom line, which is largely how practices are valued now-a-days. Plus, if it's not you, there'll be another associate in here doing the work and getting paid. It's a great practice that I've built up over a long time; I'm very proud of and it'll still be here

even if you're not!"

End of conversation? Maybe. But maybe not...

Because there could be a situation where the associate actually has a lot of leverage over the seller when it comes to selling. If the associate has been at the practice for a while, isn't on contract and has a wide-range of speciality skills (endo, ortho, implants, surgeries, etc.), this could be VERY problematic for a dentist looking to get a fair deal when they sell. Any buyer would recognize the risks of losing such a high-producing and integral associate – and possibly taking team members and patients with them if they do leave. And because of those risks, third-party buyers may not offer fair market value for the practice or want to buy it at all!

Case in point: I was involved in one transaction where the selling dentist had to pay one hundred and fifty thousand dollars (\$150,000.00) to a long-term associate to get them to sign a contract (with restrictions) in order to appease my client purchaser, me and my client's bank! While the purchase price was over \$2.0 million, paying that much to a long-standing associate (who was supposedly the dentist seller's long-term "friend") as a last-minute surprise probably left a bad taste in the selling dentist's mouth. When it comes to money, pretty much all of us are self-interested so I don't blame the associate for getting that money. Had they signed a contract with enforceable restrictions, however, this would have played out much differently – to the seller's advantage no doubt.

Bottom Line: "Business is brutal!". I always remind dentists of this. Make sure that your associate(s) don't have leverage over you, your practice or your team if you're thinking about transitioning within the next five years. If they do, and if they're proud, they could easily leverage their position against you when they try to sell. They might end up scaring away all of the buyers, such that they may be the ONLY buyer you can sell to; at that point, without competition, it's unlikely they'll feel the need to give you fair market value for your practice. Make sure they're on a proper contract with enforceable restrictions as soon as they start providing services.

Greed

The associate, being self-interested, will typically try to undervalue the practice. Why? Because they have leverage and don't want to pay. We touched on this already. But the associate might have other types of leverage too...

First, the associate may try to use their 'friendship' with the principal dentist to get a deal on price

and terms. It's often that we hear of late-night dinners between principal and associate (and perhaps their spouses, too). And it's in that context, when everyone is having a great time with friendly faces and good food and drinks, where the issue of a transition is raised. The principal, enjoying that moment and wanting to take it to the next level, nonchalantly makes the associate a promise to sell them all or some of the practice, which they may come to regret the next morning!

Second, there's a possibility that the principal dentist has given the associate a right of first opportunity to buy the practice (i.e. the principal has agreed in writing to give the associate notice and a period of exclusivity to attempt to purchase the practice when the principal is prepared to sell). Or worse, the principal dentist has given the associate a right of first refusal to buy the practice (i.e. the principal has agreed in writing to show the associate third-party offers and allow them to match terms before they can sell to anyone else). These unique rights create big risks for the seller and can drive down the price significantly once a third-party purchaser finds out that they exist.

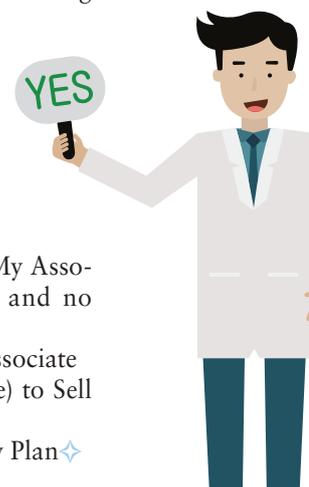
Third, by not offering the practice to anyone but the associate, the selling dentist may not get the best price or terms from the associate. Even if the selling dentist wants to sell to the associate, it's recommended to go through the process of marketing it. I'm talking about putting all prospective purchasers out there (including the associate) on a level playing field: having the same information, coming to the open house while the practice is closed, being told they have to compete with others to get the practice, and then submitting an offer with terms that are acceptable to the seller. This process creates leverage and a tight timeline for the seller to get the best possible deal. But by skipping it, the selling dentist risks having to sit tight and wait on the associate to conduct their seemingly never-ending due diligence before making a (sometimes low-ball) offer.

Bottom Line: Principal dentists should keep things professional/friendly with their associates throughout the relationship and definitely avoid giving an associate a written right of first opportunity or right of first refusal to purchase the practice. You owe it to yourself to be greedy. You've toiled away for years. And this could very well be your best year financially. Please do let a team of professionals help you get the best for you. Don't get in your own way! One of the easiest things to say to your associate is, "I've removed myself from the process. My lawyers are handling everything, so you can contact them".

Conclusion

FEAR, PRIDE, and GREED may get in the way of a selling dentist and their associate lining up for that perfect transition. To better equip themselves for that emotional roller-coaster, selling dentists should use the following tools when considering selling to anyone (including their associate):

1. I Don't Owe Anyone Anything
2. I Release Me From Me
3. I Choose To Do No-Thing
4. I Won't Fight the Universe
5. Business is Brutal
6. I'm Allowed To Be Selfish
7. I'll Have an Enforceable Contract with My Associate (no Right of First Opportunity and no Right of First Refusal)
8. I'll be Professional / Friendly with My Associate
9. I'll Create a Plan (that includes Leverage) to Sell that Can Include My Associate
10. I'll have a Professional Team Execute My Plan ✨



And here's another poem I wrote while reflecting about how our bodies too easily become prisoners of our own mind when it should sometimes be the other way around ... Enjoy!

*We're just a species! I profess.
Starting from a Primordial Mess:
Our Bodies adapted under duress,
passing traits to maintain success.
And from the sea we did egress
To stand, walk, run and press
on with function and finesse.
Now a 4-billion-year-old work in progress.*

*But evolution is a cruel mistress:
'Cause she handed the keys of our blessed
bodies to infant Minds, rife with weakness.
Careless at times; they rev to excess,
Trying to impress, obsessed to possess,
swinging the needle from joy to depress-ed.
Our bodies fight back with an S.O.S.,
but our Minds repress, or even second guess, us.*

*Life's path turns bumpy, full of distress.
Unless we remember to de-compress:
Breath in. Breath out. Relax. Suppress
the Mind's chattiness. Undress
the Mind, make it Acquiesce
to the noblesse Body - more than less
and turn life's ride into an effortless
journey to our next address ;-)*