



Hiring an Associate, When is the Right Time?

Many dentists reach a time in their career when they consider hiring an associate. However, few will define the reasons before taking action. Some consider cutting back their own hours in preparation for retirement, while others believe the practice will flourish by adding another dentist. While an associate can be an asset to a practice, if not approached properly as a business decision, an associate can add an unexpected level of stress or even compromise the practice value.

Prior to hiring an associate, carefully examine the purpose for this decision and evaluate the possible limitations of adding another dentist. Thoroughly assess your practice numbers, patient flow, treatment planning and scheduling for the last six months and determine your long-range plans.

Seek professional advice:

1. An attorney will provide information concerning the necessary employment status of the associate and create the proper legal agreements. These agreements must clearly delineate compensation.
2. A dental practice transitions expert will help determine strategies and timing if the associate will become an all or part owner in the future.

The following questions are designed to assist you in determining if the time is right to add another dentist to the practice.

How successful is your practice currently?

Determine the number of active patients in your practice. Active patients are those who have come to the office regularly over the last 18-24 months. Keep in mind that the owner dentist will initially have a loss of net income for the period of time that it takes to build up a patient base to support a new dentist.

Can your practice support another dentist?

Is your practice so busy that you're turning patients away? The number of patients in a practice includes active as well as inactive patients. You should be able to identify a number of patients who can be reactivated and scheduled for treatment. This number will help you determine how many days a week an associate can be utilized. Be careful to not only include the patients who are currently seen but those who have the potential to return for treatment or those who fell through the cracks and still have treatment pending. Are your staff-related expenses manageable and can you afford to add more?

Associates are generally paid 30-40 percent of their adjusted production, collections and/or a set daily salary. In addition to the money you invest in an associate, you will also need to pay staff to support the associate. Remember that the highest single expense in any office is staffing. Hiring additional staff will significantly increase overhead. If the associate does not provide a source of income to the practice, then the practice will lose money.

Are there enough treatment rooms for the owner and the associate to treat patients at the same time? If not, is it economically feasible for office hours to be expanded? If hours are to be expanded, be careful to factor in all costs including any staff overtime.

Will the associate be part of your transition plan?

If your intention is to continue practicing until a defined exit date, adding an associate can be very beneficial. If feasible, define your exit date in the contract with a possible buy-out option.

It is important that you share the same or similar practice philosophies, treatment standards and communication style and values with a potential associate. These observations will help you decide if this is the right person to support the continued success of your practice.

If you are considering adding an associate to your practice, be sure to define the reasons behind this consideration as well as expectations. If you are not properly prepared and have not done your homework, you may create a situation where the practice will actually suffer rather than prosper.