PRACTICE SUCCESS

Are You Changing Your Practice Strategy?

By David G. Foster, D.C.

In our society — and more specifically, our profession — business strategies must change quickly and often. Approximately 17% of all chiropractic practices today will change ownership in some way within the next twelve months. Practices are purchased and sold, associates are hired, and offices expand. New practices are opened with enthusiasm and other practitioners simply close the door and walk away.

In my professional experience as a buyer, seller, broker and consultant, I see most chiropractors reacting to their current situation instead of solidifying their own vision. Most chiropractors eventually have an impulsive desire to act upon an emotional want, from opening a satellite office to hiring an associate. Unfortunately, those visions usually lack a detailed plan to accomplish the goal. Although most thoughts of change are brought about by emotional impulse, it is best managed if backed by rational thought. It has been my experience that many chiropractors are largely unaware of the guidelines for a strategic thought process when looking to upgrade their professional lifestyle.

Selling Your Practice

I have spoken as a prospective buyer and professional broker to countless chiropractors that are simply "testing the waters" of the possibility of selling their practice. They state, "if I can get 'X' amount for my practice, I may sell it". They may have no idea to the true value of their practice, so they figure that if they get a few calls on it, they were correct in their asking price.

In this scenario, when a prospective buyer does come along, they usually get a poor first impression of the seller. The seller is likely not prepared to present the buyer with a complete, professional "conclusive package" which includes a practice profile. This type of seller generally lacks the knowledge of how to initiate, develop and consummate a relationship with a prospective buyer. If the practice does get sold, this seller usually doesn't have a clear vision of what they are going to do when the deal is done!

When selling your practice, the old saying rings true — first impressions are everything. Learn all you can about putting together an attractive package for a buyer. Make sure you have all the necessary information included so there is no confusion from either end. Research which methods (internet, trade publications, etc.) will get you the most exposure for the type of buyer you wish to sell to.

When it comes time to finalize the deal, consider your own strengths and weaknesses. Can you realistically negotiate for yourself? Are you able to recognize if you are getting the short end of the deal? If not, hire someone to negotiate on your behalf. It will save you a world of heartache and money at the end. Have you considered what your involvement will be in the transition of the practice, and is the seller amenable to the transition terms? Both buyer and seller must be comfortable with your exit strategy. Also, do your homework on the attorneys and accountants involved. These outside advisors are known to modify and complicate the deal extensively, strictly to justify their participation and fees. Always thoroughly evaluate the professional's opinion before acting on their advice.

The journey from just thinking about selling your practice to receiving a check as you watch the ink dry on a signed final contract can be an arduous one.

Anyone with experience in buying/selling a practice knows the amount of roadblocks that may occur. The intelligent, unemotional approach with planning, preparation and persistence will be the easiest path to your goal.

Purchasing a Practice

Many prospective buyers walk into a practice and fall in love with someone else's creation. They react as they would when purchasing a shiny new car in an automobile dealership. As a buyer, the key is to control your emotions and figure out what is your own vision. Paint a picture of the practice of your dreams, then rationally analyze the variables that relate directly to those dreams. These variables include but are not limited to cost, down payment, financial terms of purchase, location, demographics, technique and transition and potential.

Never let the shine of a practice blind your ability to perform a thorough act of due diligence. Always confirm the verbal statements of the seller at minimum with practice statistics, check ledgers, sign in sheets and tax returns.

As you evaluate practices for sale, assemble these variables into an imaginary equation. Each of the factors may have different weights for the different practices you are considering. Then determine how close the sum of the equation reaches your dream practice. A calculated thought process should be implemented when purchasing a practice. The evaluative process confirms your emotional impulse with rational empirical analysis.

Hiring an Associate Doctor

Many chiropractors that decide impulsively to hire an associate to increase the practice's income and reduce their own hours seeing patients may be in for a surprise when it costs them on both accounts.

In theory, it would make perfect sense to hire an associate to accomplish the above goals. Unfortunately, this is one of those situations where theory and reality are far apart. It is not easy to determine which prospective associate will succeed and which will fail. To limit the risk of failure, you must be proficient in three key strategies: hiring, training, and motivating the right doctor.

Hiring is an art form. The "personnel department" slowly changed to "human resources" in corporate America as employers realized how important hiring the right person for the right job is. The goal of the human resources department is to lower the risk of hiring the wrong person. When you hire the wrong person, the costs are in time, energy and money. Your associate will hopefully be with you a long time, so do your due diligence. Make sure the prospective associate is in alignment with the way you see your practice in the future, not just the way it is now. Remember: this is YOUR practice, and your vision. The associate must fit into that mold. Be clear on your proposed reimbursement, time off, and in- and out-of-office responsibilities. Conduct second and third interviews to be sure you have all of your own questions answered.

The second aspect of getting the right associate doctor is training. Many chiropractors instruct the associate to "follow me around and learn the business". This is not the way to train your associate. Do what corporate America does — develop a training manual. This manual should include all of the duties an associate is expected to learn presented within a timeline for maximum retention. By methodically planning out the training period, you will ensure that the associate has accomplished a high level of proficiency in all given responsibilities. This approach will increase the overall success of training, motivating and productivity of the Associate. Once this manual is developed, it should be simple to improve upon for future associates.

To produce the greatest return on your associate investment, you must motivate the associate financially and emotionally. Set reachable goals by working within the guidelines of the manual you have created. Place rewards in their vision when establishing their goals. Recognize that although you have goals within the office for your associate, they will have personal goals. As you encourage and manage them towards their own goals, your relation-

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