A lot of doctors are feeling battered and bruised these days. Between the poor economy, ravaged investment portfolios, further intrusion by insurance plans, the prospect of increased taxes, and the uncertain political climate, it is no wonder! Even if their practice is doing OK (indeed, Jennifer McDonald, managing partner of a new Willeford Group company, Dental Management Advisors, LLC, reports that some dentists are having banner months), many dentists who have peered into the retirement window don’t like what they see: there isn’t one! There is no light at the end of the tunnel – unless you bring your own! How does this compare to the dream you had when you left dental school?

So, what to do – now and for the future?! You only have two primary resources: 1) doctor at work and 2) money at work. (It is too late to choose wealthier parents!)

1. DOCTOR AT WORK
Running on all cylinders? Remember, when you get down to it, the purpose of your practice is ultimately to provide the quality of life you desire and the income to support it, both now and in the future. The typical established Atlanta general practice produces between $700,000 – $900,000. And for many folks, even that is not enough - especially at the lower end of the range, or below.

If your size and style of practice is fulfilling all of your personal, professional, and financial needs, then congratulations are in order. But, if not, are you willing to dare the discomfort and risk of change to increase your production by 20-30% or more? If you are willing to invest the time, energy, and money to enhance your communications, marketing, and management systems, success is virtually assured. In the worst cases, we have never seen a practice not generate enough growth to at least cover the cost of a practice management consultant. In most cases, a dental practice would realize a return on investment of 2 to 3 times the original investment – and hopefully much more over time.

Succession/Transition Plan in Place?
There’s a business adage that says: “Plan your work and work your plan – and your plan will work!” This assumes, of course, that you have one! If not, you should develop a strategic plan for “what’s next.” Dr. David Martin Reznik, managing partner of another new Willeford Group company, Dental Transition Advisors, LLC, prefers to call that “Practice Succession,” although it will involve some sort of transition too. This is not just due to death. It can be a disability that may force you to leave active practice. Or you may be one of the “walking dead” who can’t afford to quit but don’t want to stay!

Dr. Reznik recently noted that 6 out of 10 dental practices simply close their doors one day, never to return! While this may be a great financial loss to the dentist/owner, there are at least three other “stakeholders” who are also impacted: your patients, your staff, and your family.

In addition to having proper life and disability insurance, here are a few other things to consider:

• Does your spouse/family have any idea of the fair value of your practice? Some estimate that the value drops about 5% per week following a death. Time is of the essence. Some practices never sell because of unrealistic expectations of the spouse – or of family members trying to “help.”

• To avoid the above, add a “codicil” (essentially an “attachment”) to your will which instructs the family/executor to call a specified advisor (broker, etc.) and which authorizes the broker to value and sell the practice. (I can give you a sample if you contact me.)

• Do you have a “practice interruption agreement” with a colleague or your study club?

• Should you add an associate either to have reserve clinical skills on hand, or to be in the process of buying in, or to be available to buy you out when necessary?

2. MONEY AT WORK
Different This Time? Whether at the top of a bubble (just before we know it is a bubble) or at the bottom of a recession (before we know the recession is over), the self-speak we use to justify either condition is, “But it’s different this time!” The specifics may be different, but the general theme generally is not. The philosopher George Santayana said, “Those who do not know the past are doomed to repeat it.” The fact is that our economy has always been cyclical, with irrational exuberance or depression at each peak and valley. If history repeats itself, and if we do not have a “going out of America” sale, then popular articles crying the death of Modern Portfolio Theory are probably premature. We are already seeing evidence of a market rebound, although it will still be choppy for a few years.

Revisit Your Risk Tolerance Level?
After what we have been through, perhaps we need a new bumper sticker: “Risk Happens!” We discovered that we are all “long term investors” – as long as the market is going up! Then we got our mettle tested… Your investment advisor should have helped you determine your risk tolerance level in order to help him know how to invest your money. You need to know what risk assumption he is using on your behalf, and you should decide if you want to change it.

Once you know your risk tolerance level, then you should see how well your investment returns (or losses) are doing compared to the risk taken. We often see extremely risky portfolios (100% equities) that only had returns that could have been achieved with a lot less risk. So they did not get rewarded for taking that much risk. Get a “performance report” to see what your returns have been – even if negative. (This is different from the normal monthly report you get, which is…

See Sick and Tired? page 8
Suzanna Aguilera, DMD – Norcross
Michael Carr (student) – MCG School of Dentistry
Jamey Chang, DMD – Villa Rica
Andrew Gutierrez, DDS – Columbus
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Do you have a 5 year plan?
Doctors who make plans for the future have more transition options when they create their entrance and exit strategy into and out of dentistry.
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Leadership, continued from page 5
facilitate dialog and collaboration. These productive forms of conflict produce a team with a greater sense of interdependence and social closeness.

Negative tactics include force, accommodation, and avoidance. These tactics result in a greater degree of team member independence and social distance. As one senior staff member stated, “Who wants to speak out if nothing is ever going to be done about implementing it, or if you have to bring it up 3 months in a row before you find out anything? You get to the point you want to say “never mind.”

Offices that engaged in negative tactics reported increased rates of staff turnover, infighting among members of the team, and frustration with the dentist(s).

Findings suggest that a set of best practices include participative decision-making process, fostering an environment of open communication, and collaboration and confrontation as practiced methods of conflict management. These behaviors contributed positively to the team’s culture. Today’s dentists should take time to reflect upon the ways in which they currently lead and communicate with their staff. A paradigm shift in the way that leadership and team communication are viewed may be necessary in order to increase team work and productivity, and decrease the dentist’s and team’s level of stress.

Chilcutt AS. Exploring leadership and team communication within the organizational environment of a dental practice. JADA;140(10):1252-58. Copyright © 2009 American Dental Association. All rights reserved. Adapted 2009 with permission.

Sick and Tired?, continued from page 7
more like a bank statement.)

Playing the Loser’s Game? Don’t tolerate letting your “good friend,” college roommate or brother-in-law chase his ego with your money, trying to beat the market. Research shows time and again that a widely diversified, low-cost portfolio beats the typical “active” investor.

So, with some attention to your practice operations and to your financial management, you should be able to kick things up a notch to the next level. The extra income and investment returns should begin to get you on track to enjoy the lifestyle you had in mind.