

The Secrets to a Smooth Transition

One of the biggest concerns of a potential (and actual) buyer is simply this: If I buy this practice, will I be able to do as well or better than the prior owner?

When it comes to a medical practice, this question comes down to management and patient attrition. Put simply, will I be able to manage the business as profitably as my predecessor, and will I see as many or more patients?

Keeping the business humming through the transition from one owner to another is in the best interests of both parties.

From the prior owner's perspective:

- The lower the attrition and the smoother the transition, the more likely you are to head off any buyer's remorse.
- If the buyer is paying you out over time, you'll also be much more assured that they will not default on the payments.
- Reduces the likelihood of any kind of legal action coming from the other side.
- A smooth transition also keeps your patients and staff happy. And if you're like most of us, happy patients and staff mean a happy doctor and a lasting legacy.

From the new owner's perspective, a smooth transition:

- Minimizes attrition so that worries about paying the bills are minimized.
- Keeps staff happy and secure so that they continue doing an exception job for the buyer, just as they did for the seller.
- Assures that, moving forward, you can grow the practice and realize what you hoped to achieve by buying the practice in the first place.

So, how is it done? What steps can be taken in the sale of a medical practice to assure a smooth transition with as little attrition as possible?

Let's jump right in.

Transitioning Patients to a New Practitioner

When it comes to selling a practice, making sure the patients move over makes up a big and vital part of both the pre- and after-sale activity. Here are some suggestions for a smooth transition:

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Set Expectations for Your Buyer. We like to say that, getting 70% of patients to move over (30% attrition) is a realistic goal, while we actually *expect* to have 85+% transition successfully if providers follow our advice (much of which is found below). Setting an expectation for 30% attrition with your buyer is a good first step, and they may be pleasantly surprised to find that they have a much lower number.

Do Everything You Can To Transition Patients. Let your buyer know that you will do everything you can in order to help reduce attrition and maximize their potential to do well their new practice. Some ideas that we've used successfully include:

Creating a "Runway." If the buyer gave you a deposit at closing, and you are going to train them and have them shadow you for a month or two, consider making all money made from the date that they own the practice forward be "their money." Basically, they are earning from day one. You can sweeten this even further by making their first installment payment to you due two or three months after signing. Car dealers do this all the time (graphic of "zero interest and no payments due until 2018"). You've undoubtedly seen ads like this.

We call this a runway. By giving the buyer a bit of a runway, you are helping to calm their nerves and let them know that you are primarily interested in assuring their success.

Telling Patients In Person. From the moment of signing, you need to begin the delicate process of informing your patients what's happening in your practice. As you see patients, you will need to let them know that you are turning the practice over to another person; the reasons why you've decided to do this; why you chose person you did; and that there will be no interruption in their care. If the new owner is present, we recommend having a moment alone with the patient, telling them at the end of their appointment with you, and then offering to have you meet the new owner/practitioner. You may have become quite close with some patients, and many will have unpredictable reactions ranging from sadness to sometimes even anger. Factor a bit of time in to absorb their potential reactions as well!

We also recommend having a sort of introductory fact sheet on the new provider. Have it available for you or your staff to hand to the patient before they leave.

Telling Patients By Mail and Email. If you keep records of your patients' email addresses, and especially if they are accustomed to receiving email from your office, you should create a mass email to send to let them know about the transition. Let them know about a month or six weeks in advance, but no more, and certainly no less. Describe when, why, and whom, and give some good details, including pictures.

Aside from a mass email, you should also send a postcard with the news to all of your current patients, and preferably those whom you have seen within the past three years. This may seem onerous, but your buyer wanted to see financials for the

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past 3-5 years or more, and a large part of what they are buying is your goodwill. It is also only fair to let your patients know what's going on, and many do not have or check their email.

But wait, there's more. The most successful practice transitions also include...

Inviting Patients to a "Goodbye/Hello" Event. This is an informal get-together, in your office or at another location like a restaurant, where patients can come say goodbye to you and say hello to the new person/people. The meet-and-greet should happen within a week or two of the end of your tenure, perhaps on a weekend, and can be advertised in the above-mentioned email and postcard announcing your departure.

Doing an event like this tempers the shock of your departure with the option of closure for those patients who feel closer to you, and again shows the new owner how serious you are about helping them get started.

Be sure to bring your family, maybe some close friends, and your staff to such an event. The buyer should also be there, of course, as you will be introducing them as you say goodbye. And at a certain point in the event, you may wish to give a little speech thanking your loyal patients, and introducing your new buyer as your more-than-competent replacement.

If you choose to go this route (and we highly recommend that you do), you may wish to work out costs with your buyer. Though, truth told, the buyer will most often expect the seller to do this for them. And while, again, it seems like quite a lot, it will go a long way to proving to the buyer that you have gone beyond the call of duty to be sure that they retain your patients and the goodwill of your practice.

Put This Stuff in Your Sales Contract. If you plan on going to the lengths we suggest above, stipulating that you will do so in your sales contract will further assure your buyer that you care about their success as well as the continued treatment of your patients.

Your contract should also talk about the minimum amount of time per week you plan to spend showing the new buyer your processes and introducing them to your patients, as well as for how long. A month? Two months?

Talking To Referral Sources

In addition to telling your patients about the sale of your practice, you will also want to let your key referral sources know about it. You can do this by:

- Visiting them with or without the buyer. If the buyer is not with you, be prepared with the buyer's introductory fact sheet (see above under patient

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transition).

- Assure your referral sources that your policies, procedures, and quality of care will remain the same. As will your phone number and other contact information.
- Include your referral sources in the mass email and/or postcard you send out about the transition, and even invite them to the above-mentioned meet-and-greet so they can meet the new owner. If you do these things, we still recommend letting the referral source know in advance of getting a surprise email or postcard!

Taking a few basic, thoughtful, pro-active steps to assure that both your patients and your referral sources are properly informed of your plans will go a long way to reducing attrition and increasing the odds of your buyer's success.

A Note On Employees

If you have employees, letting them in on the fact that you are selling your practice can be a delicate matter.

From their perspective, they are usually looking for security, continuity. So whether or not your employees are staying with the new owner's practice, they need to be informed of what the plans are in a timely and sensitive manner. Tell them too early, and they may opt to leave early. Tell them too late, and they may leave out of spite, perhaps taking valuable business information (and goodwill) along with them.

The key is letting employees know that they are valued, and showing them that their lives will not only stay pretty consistent with the new owner, but they may actually have some up-side.

When it comes time to tell employees of their fate, we recommend doing so without the new owner present. Give them time to digest what's happening without forcing them to paste on a smile for the new guy.

And if you or the new owner will be letting people go or otherwise reorganizing the management of the practice, this, too, will require some notice.

Employment law is a complex legal specialty with rules that differ in each state, and sometimes each county. If you will be dealing with employee issues that you anticipate may become at all complicated, you should consult a good attorney who specializes in employment law in your geographical area.

We also have a post on some of the intricacies of what happens to employees, and you can read that [here](#).

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Finally...

If you're reading this post, it's likely that you are close to closing, or have already closed on, the sale of your practice. If that's the case, congratulations!

And of course, if you would like some help following up on any or all of the suggestions for a smooth transition for your patients as part of the sale of your medical practice, we're here to help. We can prepare the emails, create the postcards, find you a mailing house, and give suggestions on how to organize the meet-and-greet. [Let us know](#) how we can help you today!

