

Interview

Practice Transition: An Interview with Dr. David Gimer

Conducted by Dr. David Hochberg, Editor, AAID News

DR. HOCHBERG: *I understand that you recently transitioned your practice model. What was the “old” model?*

DR. GIMER: I was a sole proprietor for most of my 33 years in private practice here in Iowa Falls. I had a brief experience — about six years — with a second dentist in the office; but I have practiced alone since 1990. We have a complete general practice, offering all dental services to all ages of patients. We’ve been providing orthodontia services for 30-plus years, and implant surgery and restorative for 25-plus years.

DR. HOCHBERG: *What were the reasons for your*



David Gimer, DDS

decision to pursue a change?

DR. GIMER: When I turned 60 years of age, I had my practice appraised, and then listed for sale or associate. I was planning to go through the process of identifying a successor for

my practice. However, we are a small community (5,200 population) with an expanded service practice model, and we did not receive much interest. After six to eight months, my broker contacted several corporate dental practice management companies, and I was approached by two of these. After some deliberation, I agreed to proceed with an interview process.

DR. HOCHBERG: *Did those companies make you an offer?*

DR. GIMER: Both companies offered up-front to pay the full appraised value for my practice. One company offered a covert operation, with no change in our office business model, signage, stationery, etc. They offered a marketing budget and a facility update in the first year. We already used the same office software and digital x-ray programs preferred by this company, so there were no significant changes needed to blend with their corporate model. The second company preferred an overt take-over, with signage and stationery for their company. They would require a software

change and digital x-ray change. Company #2 appeared much more heavy-handed in their management approach, but they indicated the office appearance looked fine the way it was.

Both companies offered me the opportunity to continue to practice for as long as I wanted. This was important to me, as I was not ready to retire. Both offered a commission-based compensation model, and payment of a portion of lab expenses. There were differences in the commission percentage, in the lab percentage, lab choice (restricted vs. unrestricted), and budget management.

I decided to proceed with negotiations with Company #1.

DR. HOCHBERG: *Why did you choose this company over the other?*

DR. GIMER: I was more at ease with their hands-off approach. They offered a higher commission rate, and a higher percentage of lab expenses. No changes were required in our office software, which was a huge issue for me. We have full electronic records, and had

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Building where Dr. Gimer's practice is located in Iowa Falls, IA.



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just converted our software a year previous. We were in no hurry to do this again. Also, the offer to upgrade the facility décor was a big selling point.

DR. HOCHBERG: *What path did your due diligence and negotiating process take?*

DR. GIMER: The initial contact occurred in early December or late November. Since our practice appraisal had already been done, we were able to proceed fairly rapidly. By Christmas I had made up my mind that this type of transition was right for me, and I communicated my desire to move forward in early January.

It was very important to me that my staff remained with me, and that no one would go backwards in compensation. I also wanted to continue to travel for continuing education (like the AAID Annual Meeting) and to take my entire staff to at least one of these meetings each year. So I negotiated a CE budget consistent with our CE expense average over the last five years.

As the owner of office building, we negotiated a five-year lease consistent with dental office space rental. Once these and other minor negotiation

points were reached, and an acceptable split between goodwill and equipment allocation was determined, we were ready to finalize the deal. Our closing date was in late April, and the new practice ownership date was May 1, 2011.

DR. HOCHBERG: *You said that you wanted to retain your staff. How have they reacted to the change?*

DR. GIMER: I informed my staff members of this confidential offer very early in the process. I wanted them to be aware that their jobs were secure, and there would always be a practice to employ them, whether I was the dentist, or someone else. Also, I'm very aware that a fall, an illness, a car accident, or other situation could shutter my practice immediately. Having a back-up organization is (would be) insurance for all of us.

It would be safe to assume there was some level of anxiety amongst my staff members as to changes that might occur in the transition. However, other than punching the clock as opposed to salaried compensation, there have been very few changes. Everyone now has health insurance, other insurance, dental benefits, 401K retirement plan, and flex plan available should they choose. We all have to request time off, which is a

lot more formal that I was used to!

DR. HOCHBERG: *What was the initial transition period like?*

DR. GIMER: Our transition period was rather uneventful. About two weeks in advance of the formal change, a team of two or three representatives from the company come to the office and met with all of us to answer questions, present benefits opportunities, review HR and OSHA requirements, and just basically provide a face to a name for future communication.

DR. HOCHBERG: *What about now? How involved is the company?*

DR. GIMER: Once or twice a month someone drops by, or uses a back office computer to do some insurance or collections work. We have had mandatory presentations for OSHA, sexual harassment, etc., but other than that, very little on-site presence. E-mail and telephone contacts pretty much take care of our corporate contacts. Daily reports are generated and faxed; receipts and expenses are mailed to the home office. Occasionally, the accountants call to ask a question, but overall there has been a very easy transition for our office. They kept their promise of

an update for my office building, which turned out very nice.

DR. HOCHBERG: *Now that you have been practicing with the new model for some time, what do you believe are the pros and cons of having made the transition?*

DR. GIMER: For me, the pros vastly out-weighed the cons. I had no legacy to continue, and virtually no prospects for buyers. I dreaded the dice game of finding an associate, the courtship, and the eventual purchase of the practice. I've seen so many of my colleagues have difficult transitions. I knew that even if the practice did sell to an individual, the emotional and ethical aspects of a transition could be very problematic. This offer gave me the opportunity to continue to practice, as long as I wanted, with my own staff, and to write my own end game. As I evaluated my prospects, I came to view this as my best-case scenario.

DR. HOCHBERG: *Would you do anything differently?*

DR. GIMER: If I were a better negotiator, I probably should have asked for more money, or negotiated a higher commission percentage, or something like that. I'm still not totally sure how my pre-sale and



post-sale taxable income compare, but I know that I have no practice debt, and I'm not borrowing money for equipment, retirement plan funding, office updates, etc. Performance reviews are still my job, with the assistance from the home office if desired,

and salary adjustments are mine to tweak.

DR. HOCHBERG:
Anything else you would like to share with our readers?

DR. GIMER: From my perspective, there has been

no change in how I operate, and I have no financial worries. Like most of us, I care deeply about my patients and what lies ahead for them. Working out this endgame is still my biggest concern, but the financial aspect is behind me. I had to watch my par-

ents close the door on their business, unable to find a buyer. I was mindful of that possibility for a long time, and this opportunity gave me the financial reward for the practice I had built, and the peace of mind to continue on my own terms. ■

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