How To Add Or Remove A Practice Partner

Chip Hart
PCC UC 2017
Constant List of Assumptions

- It’s about the *practice*, not the partner
- If done right, contracts should be irrelevant, but...
- ...get it in writing
- Spell out the non-clinical expectations
- Spell out the clinical (production) expectations
- If there isn’t some love between the partners, bail
- There is no magic bullet, ideal model
Adding A Partner - Owner

You are small, new, and have no or few partners. So, why are you adding a partner?

- Running the practice is tiring?
- You want to share obligations?
- Existing providers are pushing for a slice of the pie?
- You want more freedom, have lifestyle needs?
- You want a legacy and don’t want to abandon your patients?
Adding A Partner - Associate

This is a small practice – why do you want to buy into it?

- You want more money?
- You want more control?
- You don’t want to work for someone?
- You spouse is telling you that you deserve it?
Adding A Partner - Owner

• Be prepared to share numbers.
• You will need to consider your existing debt and toxic assets.
• Think about where you need support, expertise.
• Are you prepared to not be in total control?
• Is this someone you can envision sharing responsibility with you?
• What happens if the doctor leaves?
Adding A Partner - Associate

- Be prepared to learn about the numbers.
- What are the land mines you don’t know about?
- Are you ready to lose more sleep and work harder?
- Will you walk if it doesn’t work out?
The Buy In - Owner

- Sure, great, go get a “valuation.” But take it with a grain of salt.
- Your buy-in has to be achievable and reflect the true cost of starting the business from scratch.
- Remember, whatever you get from the Buy In you need to be prepared to Buy Out.
- Production, profit sharing...the money must be discussed and can be modeled before ink hits paper.
The Buy In - Associate

• Your future partner spent a lot blood, sweat, and tears building that practice. The Buy In will probably be an emotional price.
• Compare the Buy In to starting your own practice.
• If you owned the practice, how much would want for a buy in?
Subtracting A Partner

- What does the contract say?
- What will the impact be to the schedule?
- What will the impact be to the patient base?
- Give the data away!
Subtracting A Partner

- Don’t wrestle with a pig!
- Why stay with someone when it isn’t working?
- What are you afraid of?
- Can the partner be downgraded to associate?
- Can you amend the partnership agreement?