

Tactics for when Your Boss Sells to a Dental Corporate

Mention the word “corporate” to an Associate and he may recoil. Worse, the words from your principal, “I’m afraid I’ve had enough of running the business. I’m selling out to a corporate,” can be enough to evoke feelings of trepidation and fear in an unsuspecting Associate. Worse still, the government initiative “Options for Change” may fill you with sheer terror and this is a legitimate fear.

This need not necessarily be the case. The purpose of this piece is hopefully to give you some practical tips on how to “schmooze” your new bosses and secure a good deal for yourself. I do not propose to comment on the perceived merits or demerits of dental corporates, or to point the finger in any way, save to say that, rightly or wrongly, they have received some negative press in recent years. I think it is also true to say that all dental corporates cannot be tarred with the same “negative” brush.

Likewise, by no means do non-corporate principals practise in a utopian fashion and working in that environment can also give rise to problems. It may be fair to say therefore that working for one or the other will have its own individual set of pros and cons and that the prudent course is to put any preconceptions or prejudices you have to one side for the time being.

This article must be read in the context of the huge changes, which are going to affect all aspects of NHS dentistry, and whilst some of the tips may hold true, there is a strong likelihood that in the coming twelve months, much of this piece will be historic.

Corporate Profile

Not wishing to generalise or make sweeping assumptions, but there are some features, which will be common to all dental corporates. Ultimately, they are in the business of making money and will have the demands of shareholders (and often, financial backers such as venture capitalists, or bankers who may have a significant say in the way the business is run) to satisfy.

It is also true to say that many corporates will base their business plan on a particular financial, or mathematical model. They will put a figure into one end of the equation, “crunch the numbers” and will know pretty much what they have to do to get the appropriate end result on the other side i.e. the bottom line being in the black (significantly, although not necessarily in practice!!). Your profile as an Associate and your gross fees are critical to this equation.

Dentistry is a “people” business. Associates and staff are not simply pieces of meat. Moreover, their personalities are often intrinsic to the success of that business. Associates, for example may have generated significant goodwill through their endeavours. Do not forget this - you are a valuable asset, which even the most cynical corporate would be foolish to ignore. Here lies your starting point.

Associate Profile

The key to any successful negotiation is to be prepared. This may be difficult when your energies are focussed on the clinical side of the job. Whilst you may aspire to be a top clinician, it is far too easy to sideline important personal and financial issues. At the end of the day, you have bills to pay and your futures to consider.

It is also far too easy to forget the fact that, ultimately, you need to be happy! Indeed, there has been a trend in recent years for personal and business coaching designed to achieve this balance, whilst maximising your income. Whether or not you subscribe to this, remember that you are important and equally the corporate will perceive you thus. It is all too easy to think of the negotiation in terms of you against "big business" and simply to capitulate.

Perhaps the greatest and seemingly most natural legal advocate ever, the late George Carman, spent hours and hours preparing for and rehearsing impending court battles to the extent that he would stand in front of the mirror well into the early hours practising his speeches, contriving mannerisms and preparing to counter every possible line of attack to enable to account for every eventuality.

Maybe you do not need to go to the same lengths, but prepare a written agenda of what you want to achieve. Consider your career aspirations - short, medium and long term. Write a list of what you perceive to be your strengths and weaknesses. Consider realistic alternative options, talk with other Associates engaged by corporates and anticipate what the corporate is going to hit you with.

Important considerations may include:-

✚ Are you a high grossing, hard working Associate? It goes without saying that corporates will find this particularly appealing and will be more inclined to retain your services. This will give you a degree of strength in your negotiations. Maybe you will not be able to negotiate a greater commission but you may be able to negotiate on other important issues to you. Remember that until the contract with the corporate is signed there is no restriction on your setting up in business around the corner.

✚ Do not be fazed by standard contracts and corporates seeking to impose them on you. It is probably true to say that because corporates will engage many, many associates, they will want their agreements to be standardised to facilitate practice administration. This however does not necessarily have to be the case and it is for you to seek to negotiate amendments to the commercial terms.

✚ Restrictive covenants - the corporate will seek to impose restrictions on your practice following the termination of engagement by them. These will include covenants preventing you from soliciting patients or practising within a certain geographical radius. In simple terms, restrictive covenants will only be enforceable to the extent that they are reasonable in all the circumstances. Clearly, a restrictive covenant preventing you from practising within a five mile radius in Central London will be wholly unreasonable, whereas a similar restriction, say if you are practising in the wilds of Dartmoor, may be appropriate taking into account the demographics of the areas.

✚ Consider the merits of working for a corporate. As a general assumption, it may be true that through economies of scale, corporates will have a better infrastructure than the average High Street Practice. It follows that they may have say the purchasing power to buy state of the art equipment and materials, which may not be the case in a privately owned practice.

✚ Career pathways and business training - corporates will often provide this to a very high standard. It follows that even if you do not propose to stay in the medium or long term, they can provide invaluable assistance and training which will be relevant should you decide to leave and set up on your own. Likewise, corporates will often have a defined career structure. This will enable you to aspire to greater things whilst working within the organisation.

✚ It is in the interests of corporates to promote practice excellence. This can only be in the interests of the Associate.

✚ Clinical governance and autonomy. Remember that you are a self-employed person and it is in the financial interest of the corporate for you to remain as such. Whether or not you are

truly self-employed is a question of fact. The Revenue has not as yet investigated, or determined the true employment status of Associates. However, the extent to which the Associate is permitted by the corporate to have autonomy in their professional life for example as to choice of laboratory, materials and holidays is certainly a relevant question. It should be borne in mind the fact that corporates will often insist that you use a particular laboratory, or materials as through their purchasing power, they will often achieve lower rates. Of course, this could be in your interest but remember you, as a self-employed person, have the right to insist on your autonomy.

Options for Change

There is a huge amount of speculation as to what the implications of the government's proposals will be for practice. However, the likelihood is that block contracts will be issued for a given period (probably initially three years) at a fixed price based on the historic turnover of the practice provided certain standards are attained.

Principals who know that they have (pretty much) fixed future revenues will in turn seek to limit their outgoings. The corollary to this is that there may be a "knock-on" effect for Associates and other staff. Whereas NHS dentistry is currently fee driven, there will be a shift in emphasis to the extent that Associates will be required to perform but not to over perform, as there is no particular incentive for them to do so. Indeed, this huge shift in emphasis may mean that the services of some NHS Associate dentists will no longer be required.

Nick Ledingham, an Accountant with Morris & Co. in Chester has noted a trend in corporates offering what they describe as a salary but which are in effect fixed price self-employed contracts. Worryingly, the amounts being offered are on average approximately two thirds of what Associates is likely to net under their current arrangements.

Nick adds, "If you are an Associate offered a salary or fixed price contract by a corporate, then you should seriously consider negotiating with them as hard as you can to ensure that there is not a resultant fall in your income".

The net effect of all this is likely to create a two tier system within a mixed NHS / private practice. What happens in practice, only time will tell.

Conclusions

- ✚ Be prepared. Consider all your options and decide carefully what you want from your career.
- ✚ Assess your strengths and weaknesses. Assess the merits and demerits of working for the corporate in question.
- ✚ Do not perceive yourself as having no negotiating position. Remember that there is a dearth of quality Associates on the dental market. This puts you in a position of strength.