A stable relationship?

Working with an associate can be problematic, but the relationship can also work if you manage it well from the start. Geoff Long offers some pointers

Very often, being awarded additional UDA’s under the new NHS dental contract leads the principal to conclude that he will have to hire an associate to cope with the influx of new patients. He sees the acquisition of an associate as a solution to the problem of stress associated with a single-chair practice. An associate may be a means of relieving one set of problems but over time is almost guaranteed to replace them with another set. Stress is usually the former, and invariably money is involved in the latter.

In taking on an associate, you will invariably discover the unpleasant side of the ethical pursuit of dentistry. There is no code of ethics when it comes to the associate/principal relationship and difficult situations can develop; promises are broken, principals are blackmailed, goodwill is high-jacked and associates come on competitively next door.

It gets worse

Associates are generally detrimental to practice profitability. There are two reasons for this:

i) Low grossing

ii) Instability

The monthly break-even point for an associate is usually £8,000 to £9,500 per month depending on practice overheads. Many associates work part time or do not make the break-even gross.

I took a sample of associates’ pay and the results were staggering. Depending upon ability, an associate can earn the principal anything in the range of £20,000 to £30,000 a year profit. On top of that, taking on an associate will probably add £10,000 to your practice overdraft while you fund the increased overheads for the first few years. In fact, if you added all the associates in the country together, they would produce no net cumulative profit for their principals as a whole. What a waste of time.

Rewriting the rules

To overcome this inbuilt problem with associate’s profitability, I have rewritten the associate contract to include a more representative proportion of the practice’s fixed overheads. This not only helps the associate appreciate how expensive it is to run a business, but also transfers some of the financial risk from the principal to the associate. It also strengthens the associate’s self-employed status under the new NHS contract.

On top of that there is the problem of retentability. The minute they get their gross to £10,000 a month, they invariably leave to start their own practice or get another job. To overcome this problem, the principal needs a much more sophisticated recruitment strategy than sticking an advert in the back of the BDJ and along with all the others.

For those dentists who still insist on taking on an associate, here are some points to look out for:

• DO treat the associate as an equal clinical partner in the practice.

• DON’T pay the associate more than 45 per cent. This is the quickest route to the bankruptcy court.

• DO give the associate his fair share of the new patients. Don’t hog them all yourself.

• DON’T interfere with his clinical judgment. Remember he is a professional in his own right. Ask his opinion occasionally, after all he is probably more up-to-date than you.

• DO make sure you have clear systems in place when you take on an associate and make sure you are properly prepared before he starts.

• DON’T assume your associate will be like you. He is a professional in his own right and will have his own idiosyncrasies (he will have his own way of doing endo). Be flexible in your response.

• DO have up-to-date equipment and service contracts to ensure breakdowns are quickly dealt with and kept to a minimum.

• DON’T sound out about your abilities as a dentist. It is very demoralising for the associate.

• DO be aware of the older “professional” associate. Why hasn’t he a surgery of his own?

• DON’T forget to have a written agreement that is both comprehensive and fair with the Associate covering such things as pay and “binding out”.

• DO ensure there is sufficient work to keep the associate busy.

• DON’T forget to keep the channels of communication open with the associate and hold regular meetings.

• DO have a gentleman’s agreement that the associate will stay for a minimum two-year period.

• DON’T forget to give the associate clear goals to work towards.

• DO ensure the associate has a good dental nurse.

• DON’T be unreasonable about hours and holidays.