Doubtful disputations Romans 14, v. 1

Ray Goodman discusses how to deal with business disagreements

**D**entists who jointly own or manage a dental practice with the intention of returning a profit have effectively formed a business partnership, in exactly the same way that traders in any other sphere of commercial activity. However, unlike most entrepreneurs in other areas, many dental practitioners work together on something of an ad hoc basis, without having a legally binding partnership agreement in place. Experience has shown that allowing this kind of relationship to develop, perhaps almost unnoticed between friends or colleagues can lead to problems in the future.

De facto, legally recognised business partnerships can occur by default even without signed agreements, and dental partners need to be wary of inadvertently forming associations with can be so interpreted, as potential disputes may be difficult to resolve and provoke rancour, expense and stress when there has been initial goodwill on both sides.

A detailed partnership

Dentists are notoriously busy, and usually preoccupied with treating patients, clinical paperwork or PCT red tape, and specific business arrangements with work colleagues are easily, and all too often, taken for granted. This laissez faire approach, however comforting at the time, is fraught with risk; a brief time-out to draw up a detailed partnership document will make no difference to day-to-day relationships but may save possibly endless, and always costly, disputes from arising in the future if circumstances or attitudes change.

Partnerships which have evolved as a result of informal professional association and with no detailed legal agreement are covered by the Partnership Act of 1890, which necessarily is not a legally binding partnership agreement in place. Experience has shown that allowing this kind of relationship to develop, perhaps almost unnoticed between friends or colleagues can lead to problems in the future.

The advantages of having such an agreement in place cannot be overstated, as those who have suffered the expensive consequences of disputes within less formal business associations will quickly testify. A specialist dental law firm, such as Goodman Legal, will have the industry knowledge to draft an agreement which precisely suits your own practice's circumstances.

If a partner should decide to leave the practice before reaching retirement age, through ill health, changed family circumstances or for career ambitions for example, a partnership agreement should cover the division, entitlement and responsibility of each individual and any capital assets, debts, other liabilities and payment of any tax outstanding. Such an agreement will also include directions on how to deal with a partner who is under performing, and the procedure for expanding the partnership.

Business Security

Nothing delivers greater peace of mind than certainty. A properly constituted partnership agreement is the strongest guarantee of business security, as it unequivocally sets out the rights, obligations and responsibilities of each partner in the event of a disagreement or an unexpected shift in the status quo. The mere existence of the agreement is a powerful disincentive for aberrant conduct, and it offers an ever ready reference to resolve a dispute should it ever be required.

However harmoniously colleagues normally work together, inevitably over time there may be occasions when disagreements occur and unforeseen events arise. A partnership agreement provides a means of positive, impartial resolution when such disputes do arise, and is especially valuable at times of major upheaval, such as a death, retirement or a change of business focus.

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**About the author**

Senior Partner Ray Goodman is a Member of the Provisional Specialist Providers for Dental (PSPD) legal member of NASDA (National Association of Dental Suppliers) and included on the BDA’s list of recommended dental solicitors. He has a comprehensive understanding of the commercial and professional objectives of Dental Practices, along with the relevant legal requirements. In his spare time, Ray has ambitions to be the next Eric Clapton.