

What practice option is right for you?

This won't hurt a bit — if you ask the proper questions

As Lara Nader got closer to her appointment, waiting to get into that chair, she was anxious. Who knew what the outcome would be? Any dental patient can understand the feeling. But in this case, Nader wasn't a patient. She was a dentist herself. And the 2003 appointment was with her banker.

"I was feeling stressed — my career was depending on it," recalls Dr. Nader, who runs a practice in Terrebonne, Quebec, just north of Montreal.

Dr. Nader was visiting Royal Bank of Canada to discuss a choice that every dentist faces. Should she buy an existing practice? Join an existing group? Or start a practice from scratch?

In Dr. Nader's case, she had been an associate in a practice for six years when she approached the bank. With their guidance, she bought an existing practice and doubled its income in just one year.

"RBC Royal Bank® was very encouraging," says Dr. Nader. "My account manager deals with dentists all the time and knows the field. I use the bank as not just a financier, but an advisor."

Consider all the issues

So which route to take when picking a practice option?

"The goal is to make the decision that works for you financially and gives you the professional rewards you want," says Amy Hsieh, Senior Account Manager, Health Care Professionals, RBC Royal Bank in Vancouver.

That starts with some soul searching, she says. What type of practice do you want to be in? Where do you want to work? Do you want to be your own boss or be part of a team? What sort of people do you want to work with? What are your career hopes? Do you want to be a leader? How much time do you want to spend on administration?

Those are just the initial questions. Once you start considering the alternatives, there are all sorts of detailed issues to consider.



For instance, if you're thinking about joining an existing group:

- › What size group do you want to join?
- › Are the client demographics a good match for you?
- › Do you want to build your practice quickly or work into it gradually?
- › How compatible are your ideals and personality with the group?
- › How much space would you like?
- › How much revenue do you plan to achieve? Is this a good match?
- › What's the buy-in feature, if any?

Thinking about buying an existing practice? Then you want to consider:

- › What's the practice profile?
- › Does the client mix suit your interests?
- › What's the current revenue stream?
- › What's the reputation of the practice?
- › How will you be introduced to existing clients?
- › How efficient is the practice with the existing staff?
- › What changes are anticipated, and what will they cost?
- › How does the location and nature of the practice fit your plans?
- › Is this the best career opportunity for you?

Finally, if you're contemplating starting from scratch, you need to evaluate things like:

- › What are the benefits of the location?
- › Is the area surrounded by residential development?
- › What are the plans for the area?
Is it a new or mature area?
- › What kind of competition is in the area?



- › How will you build your clientele?
- › Are you willing to work extended hours, i.e. evenings and weekends, to accommodate new patients?
- › Are you comfortable hiring and managing staff and making decisions?

What's best for you?

Dr. San Bhatha, a Vancouver dentist, understands all of these questions well. After graduating from UBC, he associated for a few years to gain experience, then came across an opportunity to run a practice for a dentist who was going on a sabbatical. In 2005, he bought an existing practice from another retiring dentist. And a year ago, he started a practice from scratch in Surrey.

"There's no right or wrong way to do it — just what's best for you at the time," says Dr. Bhatha, who works with Amy Hsieh at RBC®.

3 Practice acquisition options

- › Joining an existing group
- › Buying an existing practice
- › Starting a practice from scratch

Each choice has pros and cons. For example, joining a group can be a perfect way to “get your feet wet,” he says — so long as you can learn new clinical skills and administrative practices and aren’t sheltered from opportunities to grow.

Buying an existing practice, Dr. Bhatha says, can get you off and running, with staff who knows the patients and the office. “But are you ready to deal with staff, and does your personality and philosophy mesh with them?” he says.

You also have to crunch the numbers at the outset to see if you’ll even be making more as you would as an associate. The dollars, timing and circumstances all need to be right.

As for starting from scratch, you can save the “goodwill” cost (which varies widely, depending on the size of the practice) of acquiring an existing patient roster and build the practice exactly the way you want — as long as you’re willing to invest the time and effort to do so.

In looking into the Surrey practice, Dr. Bhatha carefully reviewed the risks and rewards with the help of his bank.

“When I found a location and approached Royal Bank of Canada about opening a second practice,” he says, “Amy asked some insightful questions about how I’ll spend my time working at both practices, and what my long-term goals are. She actually went out with me to the site. As it turned out,

the bank was opening a branch in the same outdoor plaza.”

When making any practice decision, finding the right bank to help you to sort through the options is a crucial step, says Dr. Bhatha.

“The main players are all fairly competitive in terms of rates and lending amounts,” he says. “At the end of the day, what made me most comfortable with RBC and Amy is that they asked lots of questions, did their own due diligence and have a lot of experience with dental clients who’ve had similar issues.”

Dentistry is a business too

You have to remember, notes Dr. Bhatha, that being a dentist isn’t just about being a clinician; ultimately, “Dentistry is a business too.” And not all dentists are comfortable with the business aspects of a practice. This makes it even more imperative to link with the right financial institution.

Starting in 2004, Dr. Jung Park of Oakville, Ontario, has started several locations from scratch, after finding a lack of practices to purchase (and high prices for the ones he would have considered). He says that working with RBC Royal Bank — and an account manager who specializes strictly in health care professionals and understands the local dental market — has been instrumental to his success.

“I’ve test driven most big banks, and RBC Royal Bank has gone beyond my expectations,” Dr. Park says. “RBC account managers have a keen understanding of the health care and business aspects of the dental office and give me the feeling of being my partner in business.”



Nora Dever, Regional Manager, Health Care Professionals, with RBC Royal Bank in Toronto, likes to be involved as early as possible when dental clients are considering their practice options.

“We can bounce off ideas and scenarios, and walk them through a business plan,” she says. “We can also provide you access to our network of other professionals who are critical to the decisions you will have to make.”

She and her bank colleagues say that, beyond offering financing, they can help dentists to achieve a healthy bottom line with any option. That includes offering advice or services around managing the business, cash flow, and optimizing revenue. The bank can also provide them with access to dental practice consultants who can re-engineer their practice.

Dr. Nader feels fortunate to have found a bank that understands her and has helped her to benefit financially. At the first meeting with RBC Royal Bank in 2003, she had been thinking about starting a practice from scratch. But the bank helped her to assess her financial position and come to the decision to purchase and take advantage of the income of an existing practice.

Later, when Dr. Nader had a baby and wasn't practicing for several months, the bank increased her line of credit. And recently, the bank supported her decision to buy a property where she plans to move her new office (which will expand from three to eight chairs) and rent out space to other professionals. “I rely a lot on RBC,” Dr. Nader says.

Buy, build, join — so which practice option is right for you? Making that choice is only the first step, say dentists Nader, Park and Bhatha. What's most important, after that decision, is making it work.

“You need to surround yourself with good people, and that means good staff, a good lawyer, a good accountant, a good bookkeeper and a good bank,” Dr. Bhatha says. “Do that, and your chances of succeeding go up significantly. For me, RBC has been a key piece of the puzzle. I'm fortunate that they share my vision.”

For more information about how RBC can help you and your practice, speak with an RBC health care professional specialist today by calling 1-800-ROYAL® 2-0. Or visit www.rbcroyalbank.com/prof-dental to learn more.



© Registered trademarks of Royal Bank of Canada. RBC and Royal Bank are registered trademarks of Royal Bank of Canada.

The strategies, advice and content in this publication are provided for the general guidance only and benefit of our clients. Readers should consult their own professional advisor when planning to implement a strategy to ensure that individual circumstances have been considered properly and it is based on the latest available information.