

## **The Associate Dilemma - To Have or Not to Have...**

By Bill Nolan, Vice President

“It would be nice to have another doctor covering those evening hours and weekends. ...If I just had an associate, I could take that vacation I’ve been wanting....Maybe if I got another doctor in here, I could hit \$1,000,000”.

There they are. The most common reasons to take an associate. One of the true “game-breaking” decisions a practitioner makes in a lifetime and one whose economic realities are often considered only after these emotional factors.

Today’s new veterinarian has one major objective after graduation: Get a job and pay back those loans! Graduating veterinary school with \$100,000+ in debt is no longer extraordinary. In fact, it’s quite ordinary. As we all know, living on other people’s money is certainly necessary at certain times in life, but shortly after we take those boards, its payback time! And when you add that payback schedule to life’s other demands, including young families often times, you can understand why they’re asking for more these days and why many practices are finding it very difficult to get and keep the right associate.

Obviously, an associate (or two, or three) can be a great thing; complete with professional and financial rewards. It can also be a major draw on the practice’s resources and a big headache (which is why half of them simply don’t pan out). Perhaps we can help ensure the former by examining some key issues in making it work.

In more cases than not, the desire for an associate is driven more by emotion rather than dollars and “sense” – hoping another doc will take-on some of the stress, reduce work hours and provide more time for the good life. These are all very good reasons for taking-on another doc; however, there are practical considerations which are important as well. If the practice is not ready to support another doctor, bringing one on will bring the opposite effects.

The first year or two with an associate can, in fact, increase your workload and hours. Informing clients and the community, training the new doctor to “for hire” practitioner (rather than a subsidized student), working the new doctor into the schedule, making adjustments in staff number and hours, bookkeeping, learning new delegating processes and, perhaps most importantly, increasing marketing efforts to fill a schedule that’s now half-empty! All are concerns and have potential to make life tougher for the chief executive officer (that’s you practice owner!).

There is also a new financial burden — the bigger the beast, the more it consumes. If the associate is to be paid \$45,000, she must generate somewhere around \$200,000 in collected revenue to break-even and show a 30% profit on this investment (which is the desirable margin on operations). At an average transaction of \$96, the associate must see a good number of cases and significant new clients to make this work.

Now we must determine where these transactions and new clients will come. Sure, we can get the associate “busy,” but is the growth of the associate’s practice within the overall practice real growth? Or is it simply robbing from Peter to pay Paul? For the practice to actually move forward, the associate must build her practice within that practice, rather than building it from the practice that already existed, or patient/client flow will not sustain both doctors.

It is not the point of this article to discourage practice owners from taking associates. Taking an associate (or two, or three) can be a wonderful enhancement to your quality of life, and to practice profits. But it can also be the opposite if your timing is wrong, understanding of your practice is insufficient and/or pre-associate practice-building efforts are inadequate. You must understand your practice’s contribution margin and your consequent break-even point. You must also ask yourself what operations improvements are in order, and from where will additional patient/ client volume come. Then you must formulate a master plan for making that happen, and allocate focus and resources the pre-associate practice improvement phase to ensure it. In other words, you must handle this expansion of your business as any chief executive officer of any company would.

And so, contrary to popular belief, adding an associate (or two, or three) is not about seeing the patients/clients. It’s about building the practice!