Thinking About an Associateship?
Here is What You Need to Know

by David James, CPA

Dear dental graduate or student,

Greetings! I wanted to take a moment to have a friendly chat. I know that finding a job after graduation is tough, stressful and competitive. Some new grads start a practice, but most look to join a practice as an associate to gain experience, with the goal of starting or buying a practice in a few years.

That’s a great plan. You should know, however, that 80 percent of associateships fail. That’s an astonishing statistic. Please let me briefly tell you my story, connect how it relates to you right now, and show you what to focus on to maximize the chance of a positive, career-building experience.

I thought I was pretty smart

I graduated from college summa cum laude with a bachelor’s degree in accounting and business management. I overcame an insanely competitive hiring environment to join Coopers & Lybrand (now PriceWaterhouseCoopers), one of the “Big 4” national CPA firms. I targeted them because the credibility and experience I gained would advance my career exponentially faster than any other option.

Going in, I felt confident and smart. That lasted one day. I’ve never felt dumber than I did during my first three months at that job. While I knew the classroom theory of auditing, tax and accounting, applying that in the real world with actual clients who didn’t want to be audited, with immovable deadlines, usually unrealistic time budgets and the pressure of excellent performance or else—that was a different story.

Sound familiar?

The overtime was brutal, but the common mentality was, “Survive for three years to meet the CPA license experience requirement and then bolt.” As such, most associates took a short-term view and were not fully invested in making the most of a remarkable
learning experience. They missed the chance to exponentially advance their careers and future earnings.

How does this apply to you?

I believe that going into an associateship with a short-term mentality is unhealthy, shortsighted and dangerous. Don’t think of the position as just a place to put in your time and then leave. Approach this critical first career decision assuming you will be at that practice for the rest of your professional life. You never know what’s going to happen—you may meet someone or fall in love with the area. Or the dentist could burn out, change plans, divorce, retire early, etc. In other words, life happens and opportunities are created.

So don’t settle. Why would you want to join a practice without ensuring, with real data, that the promises they are making have a great chance of happening? Why not make certain it makes sense for the long term, just in case?

Many others have great advice about the operational and clinical aspects of choosing a practice to join. That’s important, but it’s even more critical to focus on the practice’s location strategy.

Location strategy will be the No. 1 factor that determines how successful you—and the practice you are joining—will be. Below are a few questions you should consider when looking at location.

**Location-based strategy questions to ask a practice**

- How saturated is the market? What is the practitioner-to-population ratio? Who are the competitors and where are they located?
- When is the last time you obtained a complete demographic profile on this location? How do you know the market hasn’t changed over the past several years while you’ve been hard at work?
- What is the building/office strategy? Do you own or lease the building? If you lease, when does it expire, and then what? If we stay here, is there enough room to accommodate the growth we are expecting?
- Have you recently considered whether to expand, remodel, invest in new equipment, add an office, buy a practice, or move to take advantage of new neighborhoods and markets in the area? Will the market support the investment?
- Are there underserved areas within a 90-minute drive where it might make sense to open another office, now or in the future?
- How is the visibility, accessibility from highways, parking, street and building signage?
- Is there new commercial and residential growth in the market to provide new patients, or will we have to cannibalize from other practices to grow?
- What percentage of revenue do you spend on marketing?
- Are you satisfied or frustrated with your marketing ROI? What has worked and what hasn’t? Why?
- Do you know where your existing patients really are? What is the drive-time dispersal of the existing active patients? What percentage drive more than 10 minutes?
- What is the true market area? What is the maximum drive time a new patient would realistically be willing to travel to this practice?
- What were the original revenue and profitability growth goals, and how have you done?
- If I buy or join this practice, what data do you have that shows it can absorb my learning curve to give me the opportunity to learn and grow?
- Do you know beyond a doubt that your practice in the best location?
- Do you have a strategic plan? How recent? Is it in writing?

If the practice you are considering can’t or won’t answer these questions with real data, beware.
However, these questions may trigger a positive strategic planning process, and by focusing on location strategy, both parties can identify opportunities that the practice may not have realized existed, including the need for an associate. If you approach them with the right data, it will do wonders. Or it can identify market threats and weaknesses that can be addressed.

Even better, thinking through location-strategy issues now is great practice for when you want to start or buy your own practice—the same principles apply.

**Conclusion**

To summarize, here is how I recommend you conduct your associateship search:

Target the general area(s) you want to work and get real data (not online junk data) to understand the market and determine if it will support growth. Start with competition (practitioner-to-population ratios) and the demographics (both current and 5-year-forecast data so you can see growth estimates). Use census block data, not ZIP codes.

After finding the best general areas, strategically research and target the practices that offer the best long-term location strategy growth potential. Don’t start with finding a practice and then trying to justify it. In my experience, that will work less than 25 percent of the time.

I stayed at Coopers and Lybrand for seven years. Once it became clear that being a partner was not for me, I moved on—but doing my due diligence up front with a long-term perspective exponentially advanced my career.

I didn’t settle. Neither should you. Whether you’re a graduate or a student, I urge you to focus heavily on location strategy above all else. If you get it right, you’re in fine shape to negotiate a great deal. If you get it wrong, your deal is probably not worth much in the long run, which can be an expensive, high-opportunity-cost mistake that can be extremely difficult to recover from.

Don’t leave your future to chance.

All the best,
Dave