THE EQUITY DEVELOPMENT PARTNERSHIP

By ADS SOUTH

I. DESCRIPTION OF THE EQUITY DEVELOPMENT PARTNERSHIP

THE EQUITY DEVELOPMENT PARTNERSHIP provides a business structure for dentists who wish to practice together in a long-term career relationship. It is a significant improvement over traditional partnerships, corporations, buy-ins, and other forms of joint ownership. **THE EQUITY DEVELOPMENT PARTNERSHIP** has all the benefits of traditional partnerships and corporate structures and more, but without the disadvantages. A particularly valuable benefit is that **THE EQUITY DEVELOPMENT PARTNERSHIP** avoids the worst partnership catastrophe of all, the practice divorce.

II. FEATURES OF THE EQUITY DEVELOPMENT PARTNERSHIP

A. One of the greatest advantages of **THE EQUITY DEVELOPMENT PARTNERSHIP** is its **simplicity**. Most dentists' apprehension and confusion over **THE EQUITY DEVELOPMENT PARTNERSHIP** is the expectation of a complicated, incomprehensible set of buy-in schemes, vesting schedules, stock purchase plans, and options, when in fact the **EQUITY DEVELOPMENT PARTNERSHIP** is disarmingly straight-forward and clear. While the **EQUITY DEVELOPMENT PARTNERSHIP** is the simplest plan you will ever consider, it has many well thought-out provisions that have far reaching ramifications that result in enhancing the safety and success of its parties.

B. THE EQUITY DEVELOPMENT PARTNERSHIP has two primary components.

1. The first part is a five-year associate employment contract with two primary features. First, the associate is paid a competitive collection-based commission. Secondly, the associate contract includes a reasonable covenant not to compete and non-solicitation agreement to protect the host dentist. There are many other significant provisions and safeguards contained in the contract to protect both parties and to insure a mutually beneficial working relationship. It is written in plain English so that you can easily read it, but more importantly you will understand what it ***means.***

2. The second part of **THE EQUITY DEVELOPMENT PARTNERSHIP** is the office sharing agreement. The primary features of this agreement are 1.) there are no covenants not to compete imposed on either party, except for instances of death, adding to the fairness and equity to the transaction, and 2.) the parties share the practice net income based on their prorata percentage of their total collections. This is the essence of the agreement! There any many other provisions and safeguards built into the office sharing agreement and the exhibits. As with the associate employment agreement, this part is written clearly and in plain English so you will understand and know exactly what it means.

III. BENEFITS OF THE EQUITY DEVELOPMENT PARTNERSHIP

A. As discussed, **THE EQUITY DEVELOPMENT PARTNERSHIP** is designed to be simple and equitable and safeguard the interest of all parties. We have covered the primary components and principles that make **THE EQUITY DEVELOPMENT PARTNERSHIP** so successful. But don't be concerned that its simplicity will compromise your success. The simplicity of the plan provides the foundation of a business structure that makes it ***easier for you to succeed***. We will review several of the superior features and benefits of **THE EQUITY DEVELOPMENT PARTNERSHIP**.

B. Features and Benefits to the practice owner:

1. The owner will continue to own all equipment and practice assets, retain the office lease/building, and continue to employ his current staff throughout the whole term.

One important disadvantage of a buy-in to your practice is that the newly created interests result in an immediately discounted value – as much as 50% - to both parties. A buy-in converts a real tangible practice into multiple intangible *interests* and neither party will have control in their individual interest.

The benefit of THE EQUITY DEVELOPMENT PARTNERSHIP is that there is no loss in practice value due to a minority discount as a result of the loss of marketability and control. Rather than selling part of what an owner actually produces and intends to continue to produce, THE EQUITY DEVELOPMENT PARTNERSHIP offers an associate the opportunity to treat the existing patients and potential patients of the practice which the owner would not or could not personally be able to treat. We call this the "Phantom Practice".

2. In **THE EQUITY DEVELOPMENT PARTNERSHIP** the owner will net at *least* 20% profit from the associates revenues, and frequently more, for the first five years. The total profit to the owner over this five year period amounts to at least the associate's average ***annual gross collections***. This amounts to selling the Phantom Practice, which has no equipment and no office, for 100% of a year's gross income! **THE EQUITY DEVELOPMENT PARTNERSHIP** is the only plan that allows the owner to sell the Phantom Practice – every other plan gives it to the associate for free when the associate buys a half interest in the owner's real practice.

The benefit of THE EQUITY DEVELOPMENT PARTNERSHIP is that the owner receives more income from the profit of the associate's work over the first five year period than they would have received had they sold half of their practice. In addition, the owner will still own their *entire* practice, instead of only a half interest. Additionally there is no discount in value in the owner's practice due to minority discount.

3. THE EQUITY DEVELOPMENT PARTNERSHIP gives the owner five years to really get to know their associate, in which time they can assess the future success of the relationship. During any time in this first five year period, if the owner decides the relationship will not be mutually successful, they can terminate the relationship simply by giving sixty days' notice. Compare this to a traditional partnership buy-in, in which the owner would have sold half of the equity interest and given up all control in their practice, and later discovered that the relationship was not successful. At this point, the associate partner would have as much right to be in the practice as the owner and the only way out for the owner would be to buy back their own practice, providing that the associate partner would even agree to sell. In the absence of an agreement by the parties, they could end up in years of expensive and draining litigation.

The benefit in THE EQUITY DEVELOPMENT PARTNERSHIP is that in the event of an unsuccessful relationship, whether in the first five years or afterward, the owner can terminate the relationship by simply writing a letter of termination. Compare this solution to a traditional partnership "divorce", which can result in years of litigation, loss of great amounts of stomach lining, legal costs, and stress in the practice. THE EQUITY DEVELOPMENT PARTNERSHIP preserves the practice ownership and control that an owner worked so long and hard to develop. The practice owner will always have and always own and control 100% of their practice, with no buy-

backs or legal hassles to threaten the owner or to devalue their practice.

4. When a partner decides to sell their practice interest they discover the reality of the discount for minority interest. The fact is that very few dentists are interested in buying a non-controlling partnership interest in a privately held corporation and going into practice with a stranger.

The benefit of THE EQUITY DEVELOPMENT PARTNERSHIP is that the owner will always have 100% ownership and control of every aspect of their practice, including equipment, leases, buildings, and employees. The owner in THE EQUITY DEVELOPMENT PARTNERSHIP will not be subject to discounting for minority interest, but will be secure in the value and marketability of their practice until the day they sell it.

5. To sum it up, the owner in **THE EQUITY DEVELOPMENT PARTNERSHIP** maintains 100% ownership and control of their practice until the day that they sell it. They will not merely own a less marketable, less valuable intangible interest in the assets they worked so hard to create and build, and be subject to the whims of another party, but will enjoy the real value of they practice they worked hard to create**.**

Rather than have a 50% intangible ownership interest in a partnership or corporation, which is then discounted even further for minority interest, they will have 100% ownership of their tangible practice in THE EQUITY DEVELOPMENT PARTNERSHIP. The result is they will receive more cash than if they sold a 50% interest. Any termination of THE EQUITY DEVELOPMENT PARTNERSHIP will not result in an ugly practice divorce, but simply writing a letter of termination.

C. THE EQUITY DEVELOPMENT PARTNERSHIP is not another lopsided plan designed just to benefit the practice owner. It also successfully meets the needs and goals of the associate from the first day until their ultimate retirement.

Features and Benefits for the ASSOCIATE include the following:

1. The associate is not required to make a large investment into a minority interest in which the real value to the associate cannot be calculated. It is impossible to judge what a fifty percent undivided interest in a practice is worth, since it is purely intangible and is based on many factors beyond the control of the owner and buyer. When an associate purchases a 50% interest in a practice, half the existing patients do not automatically know that they belong to the new partner, and typically new partners end up having to build and develop their own patient base, thus getting little value for the price they paid. We have seen cases in which an associate buys an interest in a practice only to have no patients transfer to them at all.

The benefit of THE EQUITY DEVELOPMENT PARTNERSHIP is that there is no buy-in and no upfront payment, but rather the owner is "paid" by the profit from the associate's revenues during the first five years. While the associate is developing their equity ownership, they are not subject to any risk, debt or liability.

2. A traditional buy-in in which the associate pays the owner a large sum of money up front for a practice interest can result in an owner who is not as interested motivated in the welfare and success of the associate as they were before being paid.

The benefit of THE EQUITY DEVELOPMENT PARTNERSHIP is that unless the associate succeeds, the owner will not succeed. The owner's success is contingent on the success of the associate, since the sole "payment" for the owner comes from the profits of the associate. No other business arrangement places both parties in the same financial boat as THE EQUITY DEVELOPMENT PARTNERSHIP does.

3. In a traditional partnership buy-in, if the associate discovers that the arrangement will not be successful, the associate then must try to extricate themself from the partnership and hopefully get back the money they paid for their interest in the practice. This has resulted in countless lawsuits, some of which lasts years, with great stress and financial and emotional costs. We have seen some partners just walk away from their partnership and their money rather than get embroiled in an expensive battle than cannot be won.

The benefit of THE EQUITY DEVELOPMENT PARTNERSHIP is that since there was no money paid to the owner by the associate, there is no risk of loss of capital. If the associate wishes to terminate for whatever reason, all that is required is to notify the owner in writing that they are terminating the arrangement. If the termination comes after the five-year anniversary, there is no restriction on where the associate may locate their practice, and they are free to solicit the patients they have treated. If the owner were to terminate the associate without cause during the first five year period, there would be no restrictive covenant or non-solicitation restriction on the associate.

4. When a partner, whether it be an associate or owner, wishes to sell their interest in their practice, they discover the phenomenon of discounting for minority interest of their practice. The fact is that there is little demand or value for a non-controlling partnership interest or minority stock in a

privately held corporation and the requirement to go into business with a stranger.

The benefit of THE EQUITY DEVELOPMENT PARTNERSHIP is that the associate will have a 100% ownership of the personal goodwill that they have developed in the practice as well as any assets that they have personally acquired. We have sold a number of associates' practices at fair market value, even though most of them involved no office or equipment, which actually made many them more desirable to the purchaser. THE EQUITY DEVELOPMENT PARTNERSHIP puts the associate in a much better position to make a significantly higher capital gain on the sale of their practice than a partner, and will allow them to sell their practice quicker and at a higher value as they are not dealing from a minority position and no one else is involved in the process.

The further benefits to the associate of THE EQUITY DEVELOPMENT PARTNERSHIP is that after the first five years, the associate will have their own practice and simply share space and enjoy the economy of scale with their host. Most associates find their net to be approximately 50% or more of their collections. The associate has direct individual control over issues such as their business entity, employees, pension plans, continuing education, vacation time, and many issues which in a partnership or corporation would require the agreement of another party. This is far preferable to having to agree on every practice issue with another party, particularly when the other party prevails and the associate is forced into a decision that is counter to their best interest.

IV. HOW DOES THE OWNER IMPLEMENT THE EQUITY DEVELOPMENT PARTNERSHIP AND WHAT DOES IT COST?

THE EQUITY DEVELOPMENT PARTNERSHIP is a step by step process starting with studying whether the owner actually needs an associate or not, and continues through the signing of agreements with the associate.

The total cost of **THE EQUITY DEVELOPMENT PARTNERSHIP** is $19,500 if the owner has identified the associate who will join the practice. **THE EQUITY DEVELOPMENT PARTNERSHIP** is a four stage process and each stage of the process is designed as a stop-loss, so that if you decide not to proceed further, there will be no further costs to you. An optional Phase Five service, an additional fee, consists of **ADS** obtaining an associate for the owner. The steps and the fees for each step are outlined below.

1. Phase One of **THE EQUITY DEVELOPMENT PARTNERSHIP** consists of the initial consultation regarding the feasibility of employing an associate to become an equity owner. This step usually consists of a telephone consultation, but may be done in person.

There is no fee for Phase One.

2. If you decide to continue the study, Phase Two of **THE EQUITY DEVELOPMENT PARTNERSHIP** consists of performing a practice valuation, projections, and feasibility projections for the associateship. We will examine such areas as practice value, overhead control, and at least four projections demonstrating approximately what the owner and associate can expect financially over the next seven years. At the conclusion of Phase Two, you will have the information needed to decide whether to proceed with **THE EQUITY DEVELOPMENT PARTNERSHIP.**

The cost of Phase Two is $6,000. An engagement letter will be entered into to start the process of **THE EQUITY DEVELOPMENT PARTNERSHIP.** A payment of $6,000 will accompany the return of the engagement letter along with the information required for the analysis.

3. Phase Three of **THE EQUITY DEVELOPMENT PARTNERSHIP** consists of creating the draft documentation of the agreements. The cost of Phase Three is $9,500 which is paid prior to delivering the draft contract.

4. Phase Four of **THE EQUITY DEVELOPMENT PARTNERSHIP** is the delivery of your completed and custom-tailored agreements and the signing of the agreement with the associate and therefore instituting **THE EQUITY DEVELOPMENT PARTNERSHIP**. The cost of Phase Four is $4,000 which is due upon the signing of the agreement with the associate.

5. Phase Five of **THE EQUITY DEVELOPMENT PARTNERSHIP** is optional, depending on whether you have identified the associate for your practice. At your request, **ADS** will solicit, prospect and arrange for the hiring of an associate for your practice. You will be responsible for making the final decision of whom to hire from the qualified candidates presented for hiring.

The cost for Phase Five services is $7,500 and is paid at the time the associate executes **THE EQUITY DEVELOPMENT PLAN** documents. The owner is not required to hire any prospect provided by **ADS.** If the prospect should not continue with the owner's practice for at least six months, **ADS** will conduct another search for the owner at no additional cost. There is no Phase Five charge unless the owner actually hires an associate provided by **ADS** and owners can recruit associates on their own or from any other source.

V. HOW DOES THE ASSOCIATE IMPLEMENT THE EQUITY DEVELOPMENT PARTNERSHIP AND WHAT DOES IT COST?

A. The process for an associate seeking an **EQUITY DEVELOPMENT PARTNERSHIP** is very simple and the best part is that **there is no cost to the associate.** The steps for the associate are as follows:

1. Phase One consists of reviewing the concept of **THE EQUITY DEVELOPMENT PARTNERSHIP** until the associate prospect understands the benefits and responsibilities that they will expect to accrue under the terms of the agreements.

2. Phase Two consists of reviewing available opportunities offering **THE EQUITY DEVELOPMENT PARTNERSHIP.** This involves reviewing practice locations and the financial projections for each available opportunity.

3. Phase Three consists of meeting prospective owners in which the associate prospect has a serious interest. This is an opportunity for each party to become acquainted with one another and to determine if the "chemistry" exists between them, for the owner to learn about the associate's credentials and references, and for the associate to see the physical office and, on occasion, to meet the staff.

4. Associate Phase Four consists of receiving the final documents as reviewed by the owner. The associate prospect receives the documents and has them explained in detail.

5. Associate Phase Five consists of signing the documents and instituting **THE EQUITY DEVELOPMENT PARTNERSHIP.**

THE EQUITY DEVELOPMENT PARTNERSHIP is a unique new approach to practice partnership and represents a significant paradigm shift from traditional partnership approaches. It provides both parties with the highest degree of security, profitability and success, while maintaining a fair and intelligent approach to practice ownership.

THE PRACTICE CONTINUATION PLAN is yet another excellent program by **ADS SOUTH**, giving the ultimate protection to a practice owner, and is a perfect complement to **THE EQUITY DEVELOPMENT PARTNERSHIP.** With **THE PRACTICE CONTINUATION PLAN,** in the event of the death of a practice owner, the owner's practice is instantly and automatically sold to the surviving practitioner and a trust fund is instantly funded for the benefit of the owner's heirs. The whole issue of settling the practice of a deceased dentist is quickly and effortlessly settled. There is no negotiating, no loss of value, and estate planning can be done with the highest degree of precision and confidence.

If you are a dentist who prefers a stable, friendly and long term working relationship with another dentist rather than practicing solo, see how **THE EQUITY DEVELOPMENT PARTNERSHIP** can give you the highest degree of practice safety, security and financial reward. For more information, call 770-664-1982 for a free, no-obligation discussion on how to put **THE EQUITY DEVELOPMENT PARTNERSHIP** to work for you.

Multi-Dentist / Multi-Owner Practice Options

Partnerships vs. the EQUITY DEVELOPMENT PARTNERSHIP

Traditional Partnerships – The Pitfalls

KEY POINT There is no structure, plan, legal advice, or clever contract that can prevent all of the pitfalls and problems of traditional partnerships. At some point in time, all partnerships will be impacted by one or more of the following.

Due to inherent problems related to the traditional partnership "buy-in" phase, most associateships end in separations. Most fail to materialize into partnerships.

Compared to typical outright practice sales, combining the buy-in and eventual buy-out price, traditional partnerships tend to result in practice owners receiving considerably less for their practice. This can happen for different reasons at each of the sequential purchase steps.

At the time the associate buys-in, the value of the interest purchased is likely to be discounted as a result of

- a discount for minority interest due to the lack of marketability and lack of management control. Any practice interest of 50% or less is considered a minority interest. This means the value of 30% or 50% undivided interest in a practice is less than 30% or 50% respectively of the total value of the entire practice;

- the buyer's lost tax advantages of depreciation and amortization deductions result from purchasing a traditional partnership interest or stock rather than assets;
- or, in the worst cases, a combination of both.

At the time of the final interest buy-out - when the original practice owner wishes to sell the remaining percentage of their practice - severe price discounts often occur. This may result from the fact that the remaining partner has by now developed as much practice and income as they need or want. The remaining partner may not need or want to buy-out the original owner's interest. Most potential outside third parties would not consider buying into the partnership at this stage, so other purchaser prospects are rare. The original owner often ends up accepting a markedly reduced price from what they expected the buy-out to yield.

Traditional partnerships greatly reduce a partner's managerial control over a practice. Traditional partnerships also greatly reduce the marketability of a practice by converting it to intangible undivided interests.

Traditional partnerships are very difficult to manage. Management by committee, negotiation, or concession is often ineffective and the compromising of two opposing good ideas often results in a poor third idea.

Traditional partnerships typically deprive both partners of financial advantages they would otherwise have, such as individual control of the retirement plan structure, individual control of benefit plans, the ability to set the rent paid to one's self (if owner of the building), and so on.

Traditional partnerships are complex to create and operate and the decision making process is far from simple. All partners must arrive at consensus in all matters of management, resulting in increased stress and frustration for each party.

If structured properly, traditional partnerships are expensive to form and operate and require expensive and ongoing legal and accounting expenses.

When traditional partnerships fail, the separation is complex and expensive. The partnership divorce is invariably an emotional, physical, and financial setback for both partners.

When a traditional partnership fails it is possible the original owner may be forced to choose between leaving the practice or buying the other partner's interest. In some cases the only final resolution may be the liquidation of the entire traditional partnership, leaving both parties without a practice.

The EQUITY DEVELOPMENT PARTNERSHIP

An alternative to traditional partnerships – Benefits without the pitfalls

KEY POINT **THE EQUITY DEVELOPMENT PARTNERSHIP** was developed to offer the career and financial advantages of traditional partnerships while eliminating traditional partnership disadvantages, pitfalls and problems.

THE EQUITY DEVELOPMENT PARTNERSHIP Advantages For Practice Owners

THE EQUITY DEVELOPMENT PARTNERSHIP is simple, being much easier to set-up, operate, and understand than a traditional partnership or buy-in.

THE EQUITY DEVELOPMENT PARTNERSHIP is much less expensive than a buy-in or traditional partnership with no ongoing legal or accounting expense and little if any cost to separate.

THE EQUITY DEVELOPMENT PARTNERSHIP is easy to terminate. If the parties wish to separate, there is much less risk of severe financial damage, loss in practice value, forced relocation, or forced repurchase. The agonies of the traditional "partnership divorce" are avoided. If it becomes necessary to terminate the relationship, it is not necessary for the original owner to buy-back the associate's practice to regain ownership and control.

Discounts for minority interest that are encountered in the Buy-in and Buy-out process are avoided in **THE EQUITY DEVELOPMENT PARTNERSHIP.**

The practice owner receives the profit from the “phantom practice” developed by the owner and worked by the associate for the initial five year associateship phase as their “buy-in” payment. Essentially, the practice owner is being paid for the “phantom practice” that arises out of the practice and is developed, worked and created by the associate, rather than the owner selling part of the their own existing practice that they use for producing their own income.

The profit made by the owner from the associate’s income in the initial five year associateship phase usually results in more income to the practice owner than selling half of their existing practice to the associate.

The practice owner retains 100% ownership and control of their own practice throughout the entire relationship, thus preserving the marketability and true value of their practice. The loss of value and marketability that results from a traditional partnership is eliminated.

The original owner maintains total managerial control over their practice. The original owner retains control over their expenses, staff, fees, and policy, resulting in more effective and less stressful management.

In the event of the original owner’s death, if permission for insuring the owner’s life was granted, the associate must purchase the owner’s practice or be subject to a covenant not to compete, thus preserving the owner’s practice value and marketability. The associate is given the opportunity to fund the purchase of the owner’s practice with life insurance through a program available by **ADS**. The key point is if the associate decides not to purchase a deceased owner’s practice, the presence of the associate will not affect the value or marketability of the practice.

The associate is not a party to the owner’s retirement programs, health insurance plans, or other benefits. The associate is free to have their own separate plans and programs, if they desire. Each party can establish benefits in the manner that best serves their personal interests.

The owner retains ownership of their equipment even if a separation occurs, eliminating a need to buy back or replace equipment.

If different business entities offer better advantages for the individual practitioners, each practitioner can practice in the format most appropriate to them with no effect upon the other party. Parties can choose to form corporations, sole proprietorships, LLC’s, LLP’s, or whatever new entity becomes available in the future.

During the office second phase of **THE EQUITY DEVELOPMENT PARTNERSHIP**, if the original owner wishes to slow down and work less, as most eventually do, the cost sharing advantages of **THE EQUITY DEVELOPMENT PARTNERSHIP** will help prevent the owner’s net percentage from decreasing.

Either party can terminate the arrangement at any time with or without cause and without undue financial or practice penalty. There are no handcuffs and neither party will be locked into an arrangement that is not appropriate for them.

EQUITY DEVELOPMENT PARTNERSHIP Advantages for Associates

There is no debt, liability or risk involved in joining an **EQUITY DEVELOPMENT PARTNERSHIP** practice. There are no payments to make or wasted interest costs. There is little or no outside set up expense as opposed to the expensive fees to enter into buy-ins and traditional partnerships. The money saved becomes profit that benefits the dentists rather than accountants, attorneys, and bankers.

The risks involved in **THE EQUITY DEVELOPMENT PARTNERSHIP** are much lower than buying a practice, starting a practice, or "buying-into" a traditional partnership. **THE EQUITY DEVELOPMENT PARTNERSHIP** allows a dentist to acquire their own practice without debt, risk or liability. The financial reward for the original owner is the profit from the associate's work. This is the only plan where the owner is motivated after the fact to support the associate in reaching their highest success. The more successful the associate is, the more successful the owner will be.

If the associate leaves, they have no continuing financial obligation as opposed to a buy-in. Since no loan is required, the associate will not incur credit limitations which may affect their ability to borrow money for other needs, such as a home. **THE EQUITY DEVELOPMENT PARTNERSHIP** does not add debt to one's balance sheet or lower one's net worth.

THE EQUITY DEVELOPMENT PARTNERSHIP turns an associateship period into an opportunity to build one's own practice. It is not just a job as is the case with many associateships.

The associate is not restricted in location or practice options by a restrictive covenant if the practice owner terminates the associate without cause during the employment phase of **THE EQUITY DEVELOPMENT PARTNERSHIP**. There is no restrictive covenant during the subsequent office sharing phase if the associate decides to leave or relocate their practice.

Most dentists object to the concept of associating in a practice, building their respective part of the practice over several years, and then having to borrow money to buy that part of the practice they have just built. This does not occur in **THE EQUITY DEVELOPMENT PARTNERSHIP**.

If the associate stays throughout the associate phase of **THE EQUITY DEVELOPMENT PARTNERSHIP** and enters the second phase of the office sharing agreement, they can elect to leave the practice and relocate with no overhanging financial obligations.

THE EQUITY DEVELOPMENT PARTNERSHIP is a model of simplicity, being easier to set-up, operate, and understand than a traditional partnership. T**HE EQUITY DEVELOPMENT PARTNERSHIP** is much less expensive to establish, operate, and if necessary, to separate than a buy-in or traditional partnership.

THE EQUITY DEVELOPMENT PARTNERSHIP is easy to dismantle, with either party able to terminate with or without cause at any time. If the parties wish to separate, there is little if any risk of financial damage, thus avoiding the disastrous traditional "partnership divorce".

Once the second phase is reached, the associate gains ownership of their own individual practice and they will have management control over their own practice and issues such as retirement plan, benefit plans, and so on.

The associate will always have the first right of refusal to buy the owner's practice when the original practice owner wishes to sell their individual practice or in the event of death.

THE EQUITY DEVELOPMENT PARTNERSHIP provides a shorter time period for the associate to reach free and clear ownership of their practice. **THE EQUITY DEVELOPMENT PARTNERSHIP** results in ownership by an associate in five years. In contrast, traditional partnerships and buy-ins require an associate to work a number of years as an associate before going into debt to purchase a portion of the practice. Traditional partnerships require an additional seven to ten years of payments to attain free and clear ownership.

The practice attained by an associate in **THE EQUITY DEVELOPMENT PARTNERSHIP** is much more valuable and marketable than the interest obtained in a buy-in or traditional partnership.

Summary

Traditional partnerships appear ideal in concept and on paper, but in real life the traditional partnership is far more difficult to operate due to human factors which cannot be adequately identified or addressed in a partnership agreement.

All co-practice arrangements will eventually be terminated, either by separation of the parties, death, disability or retirement of one of the parties. Therefore, the issues related to separation are as important, if not more important, than the issues related to operation during the co-practice phase. The ability to sell the portion of the co-practice that the owner retains at a reasonable price is as important, if not more so, than the price received by the owner at the time of the buy-in. Structures considered for co-practice arrangements should be selected based on their ability to offer not only profits of co-practice, but also the lowest risk of financial or career damage when the inevitable termination occurs.

No plan is without its problems, but based on our experience we have found the **EQUITY DEVELOPMENT PARTNERSHIP** offers the best possible combination of management control, career freedom, practice marketability, practice value; and overhead cost savings, profit margins, income benefits, practice coverage, and camaraderie of any co-practice option that we have seen.

Depending upon structure, not every pitfall and problem exists in each specific traditional partnership. However most exist in all. Depending upon the specific practice, and contractual arrangements, not every advantage and benefit exists in each **EQUITY DEVELOPMENT PARTNERSHIP**, but most exist in all.