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Newsletter Article Reprint

From Hy's Desk: The Art of Negotiating

November 2007

Over the past 35 years, it's amazed me at how often a buyer or seller loses focus on what's really happening in a transition.

Recently, I completed a transaction that totaled over one million dollars. The practice is in a rural community and the deal almost fell apart because the seller would not pay the purchaser to collect the seller's receivables after closing. If collected as anticipated there would be about \$40,000 to forward. The seller was about to walk away from \$1,000,000 for \$4,000!

It's worse for buyers, specifically those negotiating with a lender over an interest rate. The buyer spends months shopping to sometimes get a half-point lower rate. In one instance the savings equaled \$2,100 over the loan's seven years. Throughout this process, though, he is losing \$50,000 of production a month. With an overhead of 60% the monthly net loss is \$20,000!

This may look exaggerated, but it we see much worse. Perhaps it is that dentists work in a 3mm space and sometimes don't see the big picture. As one client said, "You're right, I am not seeing the big picture, but a 10% error in a 3mm space can be disastrous." And he's right! We want to help keep both buyers and sellers focused on the important issues so they don't lose sight of the forest for the trees.

A handwritten signature in black ink that reads "Hy M. Smith". The signature is fluid and cursive.

Hy Smith, MBA
Managing Member

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