

Economics Don't Matter- Testing From | Winner

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MBCLEGAL.CA

Canada's HR Law Firm for Doctors



Dr. "John" had planned to work another 5-7 years before retirement...

Unfortunately, some recent health issues have really slowed production in the practice. Revenues are down. Rather than waiting several years and risking having to sell at a further reduced valuation (based on depressed annual billings) he felt pressured to "pull the sale trigger" early.

It would have been very helpful if he could have laid some staff off temporarily. He did ask his staff for volunteers to reduce their hours but none of the staff were willing to lower their income.

He listed the practice for sale and received one offer. The prospective purchaser believed the practice was overstaffed and staff were overpaid (which given recent revenues was accurate). The Offer to Purchase had a condition that Dr. John terminate two of the longest-standing, most highly paid staff.

Dr. John had written contracts in place with all of his staff. Unfortunately, they were not of very good quality and had significant problems. For example, they did not provide an enforceable lay-off provision. Secondly, the termination provision was unenforceable. Thirdly, he was missing a comprehensive Workplace Policy Manual. At MBC Legal, we are regularly asked to review (and provide a second opinion on) the staff contracts and policies doctors have in place. Remarkably, over 90% of the time, they are not worth the paper they are written on. There are literally thousands of pages of case law on just the issue of what language constitutes an enforceable termination provision (and what language does not!)

Since the termination provisions in Dr. John's contracts were not enforceable, Dr. John was obligated to pay \$183,000 in termination payments as a condition of sale. This represented almost fully 25% of the purchase price of his practice!

Historically, an employer's financial circumstances might have been considered in determining reasonable notice for an employee being terminated. The Ontario Court of Appeal, in *Michela v. St. Thomas Villanova Catholic School*, has made it clear that economic difficulties will no longer provide any relief to an employer when terminating employees.

Don't find yourself in Dr. John's shoes. In our Brokerage and our Legal divisions at MBC, we regularly help doctors whose retirement or transition plans were upset by unanticipated health problems, financial issues or divorce. Those who already have a Practice Protection Package™ in place have the flexibility to extract the maximum value for their practices while preserving their legacy, no matter what life throws their way. The lesson from this Ontario Court of Appeal decision is this: don't leave yourself at the mercy of the law.

Because even if financial problems make it difficult for you to give large payouts to your staff, the law just doesn't care.

The PPP: Just Do It



MBC Brokerage

The Appraisal and Brokerage Name You Can Trust

Don't leave any of *your* money on the table.

Contact us to maximize the value of your practice, without harming your legacy.

Jon Walton



519-829-5953

Tom Schramm



416-720-3915

David Schramm



289-834-3893

Irv Handler



647-286-5839

We are delighted to welcome Irv Handler, formerly of Scotiabank!

Our brokerage division is booming, and we are excited to send you new practice listings as they become available. Just click one of the below to sign up for the listings that are relevant for you.

[Dental Listings](#)

[Optometry Listings](#)

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Check out the new site: mbcbrokerage.ca. Contact us today for your appraisal and sale needs: 905-825-2268

"Thanks to the PPPTM and MBC's input years before, my practice sale was seamless and efficiently handled."

*Dr. Garry Solomon
Past President, Ontario Association of Orthodontists
and Canadian Association of Orthodontists*

Reminder to Ontario employers: the Bill 132 alarm has rung...

As Ontario employers, each of us had until September 8, 2016, to comply with significant new legal obligations. On March 8, 2016, Bill 132, the Sexual Violence and Harassment Action Plan Act (Supporting Survivors and Challenging Sexual Violence and Harassment), 2016, (the "Act") received royal assent. Among other things, the Act requires that, as an Ontario employer, you update your workplace harassment policy to comply with the Act before the September 8 deadline. (Click here to read [Bill 132](#).)

If you are an existing Practice Protection PackageTM client of MBC, this is one of the exceedingly rare times (in our thirteen years of business) that you must update your PPPTM. As a professional courtesy to our PPPTM clients, for a limited time, we will update the Workplace Policy Manual of your PPPTM to comply with the new law for a nominal fee of \$320 (plus HST). Please contact us as soon as possible as we have a large roster of clients who need to have their policies updated and the clock is ticking. While we obviously will not be able to update yours in time for the deadline, at least if you are audited by a Ministry official, you can say that you have begun the process.
Email: mbc@mbclegal.ca or call us: 905-825-2268.

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