



# Avoiding conflict with your colleagues

**A partnership agreement is a vital part of running a modern, multiple-GP, general practice, writes Barry O'Brien**

**FOR MANY GPs**, the words 'partnership agreement' compete with 'revenue audit', 'employee grievance' and 'income tax computation' in the shortlist of business-related activities, which we would all like to brush well under the mat before stamping firmly on top to ensure it stays there.

However, just like the rest of the list, a partnership agreement is something which is part and parcel of running a modern, multiple-GP practice and only one of the many legal documents, which should be in place ensuring optimum and effective management of the business.

Happily, unlike the rest of the list, a partnership agreement differs significantly from the other processes mentioned, in that it should not involve conflict, stress, sleepless nights and ultimately an unwelcome financial outcome. Quite the contrary, a good partnership agreement should provide understanding, clarity, comfort and a clear structure outlining each GP's obligations and entitlements within their mutual professional relationship. In a nutshell, it should allow you forget about the partnership on a daily basis and concentrate on the job at hand.

As an independent consultant, I often take on the role of facilitator to such agreements. GPs' motivations behind such requests for assistance are varied. On occasion, it is part of the formation of a new partnership, more often it is to document a new or retiring partner or altering an existing partnership structure. Occasionally, the partnership is not in a state of change but the partners have simply recognised the need for a formal agreement.

Unfortunately, the most common reason for my involvement is to assist in the resolution of a partner dispute and put in place the necessary agreement to ensure such a problem does not arise again.

Regardless of the motivations, the steps involved in setting up a partnership agreement tend to be similar and are surprisingly simple. Where all partners are of a like mindset, the process is also very straightforward and uncomplicated.

## **Step 1 – finances**

The first step should always focus on the finances. Profit-sharing ratios, agreed work-in or buy-in procedures, exit entitlements and preferential profit shares should all be discussed, considered and agreed.

Reaching an agreeable financial structure is without doubt the highest hurdle to scale, so it is always advisable to tackle it first. Once agreement in principle has been reached on this subject matter, the entire process becomes considerably easier and more achievable.



## **Step 2 – entering and exiting**

Step 2 should focus on the processes involved for entering and exiting the partnership. In many cases, entering the partnership has been addressed by virtue of an agreed work-in or buy-in model included in the overall financial structure. For existing partnerships where there is no new partner, it is usually a simple agreement that new partners will only be admitted by unanimous decision, the financial implications and conditions of which will be agreed on a case-by-case basis.

Exit procedures should include provisions for retirement, resignation, death-in-service, expulsion and full termination of the partnership.

## **Step 3 – leave entitlements**

Having agreed how to get in and out of the partnership, and what you are entitled to earn while a member, the next step is to look at leave entitlements. The list is long and needs careful consideration, but once agreed will ensure that the risk of conflict over a partner's right to time-off (be it paid or unpaid) is minimised in the future. Make sure your agreement at a minimum covers the following; annual leave, sick leave, incapacitation/long-term sick leave, study leave, maternity leave, paternity leave, parental leave, compassionate leave and sabbatical leave.

## **Step 4 – everything else**

If you have made it as far as step 4 you are well on your way to a completed partnership agreement. There are many more areas to consider, but in practice they tend to be issues that are agreeable between most GP partners with minimal negotiation. Other areas within a partnership agreement include, though are far from limited to; decision-making process, professional registration, medical indemnity, disclosure of past, current and possible future claims, confidentiality and arbitration.



### Step 5 – independent legal advice

The final step, prior to committing pen to paper should always be to seek independent legal advice on the agreement you are about to sign. It is always advisable to reach agreement in principle with your partners before you individually seek legal advice, but it is equally important that such advice is received prior to final execution of the document.

Once signed, you should hope that your agreement sits and gathers dust for a long time. Of course, at any time it can be reviewed and amended to take account of changes in the partnership members, the business model, specific clauses or profit shares; however a partnership agreement is not a document one would hope to be reviewing on a regular basis. Regular review tends to indicate underlying problems.

In advance of commencing such a process remember a few key tips:

- The partnership agreement is not about a legal document. That is only the ultimate outcome. It is about people. It requires open and honest communication and transparency in all discussions. Once those key ingredients are there, the result will be as desired
- If you find that you cannot reach agreement in principle on the key clauses within the partnership agreement, this needs to be addressed. If you can't agree how you will work together on paper, how can you hope to physically work together in practice?
- Not all partnership agreements are equal. Make sure yours is designed for general practice. Look out for key tell-tale signs. No mention of GMS income and treatment of GMS locum leave payments under the sick leave policy? No mention of medical indemnity obligations? No mention of expulsion linked to de-registration with Medical Council? Time to find a new agreement
- Get some advice. In most cases professional advice simply puts a structure on the process, ensures momentum and direction, and facilitates a timely arrival at the destination. You don't necessarily need a team of advisors negotiating on each partner's behalf. Look at it as a mar-

riage; if you can't reach simple agreement in principle with a little help and advice, do you really want to enter into the agreement?

- Keep it fair. The traditional approach to business deals is to extract every last cent possible. A fine approach if your business is concluded at the end of the deal. Bear in mind that a GP partnership agreement is only the start of the deal. Once agreed you have to work together. A partnership agreement that unfairly favours one GP over another by virtue of one partner's superior negotiation skills will ultimately end up going sour. A good agreement has to work in the long-term for everybody.

### Conclusion

As a parting thought, consider the number of legal agreements you will enter over the course of your lifetime. Countless documents executed in personal, family and business life. Few are more important than the one document that governs the key terms and conditions of what for many will be their entire professional career.

Without such a document, everybody is compromised. Personal recollections, understandings and interpretations are simply that. We all know what verbal agreements aren't worth. For the sake of a few weeks work, a good partnership agreement will make sure that you are all still friends come retirement.

Good professional relationships tend to dissolve the closer to the High Court they get. More importantly, a partnership agreement provides clarity and understanding and should ensure that such a legal journey is never taken. Life is hard enough as it is. General practice has plenty of external battles to fight right now and into the future. At the very least make sure the conflict does not start from within. 

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Irish College of General Practitioners



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