

Maximizing the value of your dental practice

A successful transition begins before your dental practice goes on the market. Protect the business you have built, understand what a buyer can sustain, and make preparation part of your retirement plan.



By James R. Ackerman

THE TAKEAWAY

Value depends on the operating practice a buyer can continue: its earnings, patients, team, facility and transition plan. New equipment alone cannot replace that foundation.

Start with the practice you have today

A practice that once produced strong collections may look different when its owner is ready to retire. Fewer clinical days, a shrinking patient base, changes in the local economy or delayed maintenance can all affect the opportunity a buyer sees. Begin with current records and current operations, rather than the best year in the practice's history.

Review the recent financial trend, hygiene activity, patient retention, staffing and the condition of the facility. Identify what is stable, what needs attention and what depends heavily on you personally. These are working questions for a transition plan, not reasons to postpone the conversation until everything is perfect.

- Clarify your preferred timing and how much clinical work you want after a sale.
- Assemble recent financial statements, tax returns, collections and production reports.
- List the staffing, lease, equipment and operational issues that could interrupt a transfer.

Invest in continuity before appearances

Updated equipment can improve care and marketability. It is not a substitute for sufficient patient demand, sustainable earnings or an effective hygiene program. Before making a large purchase near retirement, discuss whether it solves an operating problem and whether a likely buyer would value it.

Dr. Fred's story illustrates the distinction. His collections had declined, but he hoped new equipment and an associate would restore the practice. The available clinical work could not comfortably support both dentists. When the associate left, the practice also lost a long-standing hygienist and patients. The modern equipment remained; much of the operating value did not.

The practical lesson is to evaluate demand, staff continuity and the economics of the proposed arrangement before borrowing for a makeover or recruiting another dentist.

Protect the relationships that make the business work

Patient relationships, a reliable team and an established pattern of care are part of what a buyer hopes to continue. A transition can unsettle those relationships if messages are premature, inconsistent or unclear.

Develop a communication plan that identifies who needs to know what, who will deliver each message and how timing relates to the transaction. Keep patient care and staff responsibilities organized while the sale progresses. Dr. Fred's agreement lacked a non-compete provision, and the associate opened a competing office nearby. Discuss how the contract addresses departure, patient and staff relationships, and any legally available restrictions before an associate joins.

Goodwill is not an inventory item that can simply be put back on a shelf. Once patients or key employees leave, the practice offered to a buyer may be materially different.

Keep the practice intact until the transition is agreed

A smaller practice may be better suited to a merger than to a buyer operating the same location. That can still be a meaningful transition, provided the patient relationships and agreed assets remain available.

Dr. Steve had low overhead but a small, dated facility and employees who expected to retire. While the practice was being marketed, he began selling equipment and referring patients to nearby dentists. Those actions weakened the very opportunity a merger buyer would have been purchasing.

Before disposing of equipment, reducing operations or redirecting patients, work through the effect on the proposed transaction. Care obligations still come first; the point is to coordinate the business transition and continuity of care rather than allowing an unplanned shutdown to decide the outcome.

Evaluate the whole deal, including the lease

Purchase price is only one part of a buyer's operating budget. Rent, financing, working capital, equipment needs and any continuing role for the seller also matter. A practice and its building may be separate assets, but the terms must work together.

Dr. Tom owned a main practice, a satellite location and both buildings. A buyer wanted the main office, which produced most of the revenue. The seller still expected the price for the entire business, wanted substantially above-market rent and planned to build up the retained location. The combined terms did not support a workable agreement, and the buyer moved on.

Discuss which assets and locations are included, the basis for the price, realistic occupancy costs and how any continuing seller activity will be addressed. Resolve these issues early enough to avoid turning an interested buyer into a lost opportunity.

Use advice to turn information into decisions

A useful valuation explains the practice, its assumptions and the purpose of the assignment. A marketing plan identifies the type of buyer who might fit. A negotiation process turns interest into written terms and an achievable path to closing.

We can help you identify the information needed, present the practice, discuss buyer questions and keep the transition moving. Where contracts, financing or tax treatment need decisions, coordinate those issues with the professionals responsible for them. Advice is most useful when it is connected to a decision you are ready to make.

Build a preparation plan you can actually follow

Begin with a conversation and a prioritized list, rather than an expensive renovation or a last-minute search for a buyer. The right preparation depends on the practice and your intended transition.

- Establish a current financial and operational baseline.
- Address the few issues most likely to affect continuity or buyer confidence.
- Keep collections, staffing and patient care stable while preparing.
- Agree on a marketing and communication plan that respects confidentiality.
- Review offers as complete transactions, including timing, financing, occupancy and transition responsibilities.
- Keep the practice operating as agreed through closing and the handover.

Your next chapter starts with a clear picture

You do not need to have every retirement detail settled before talking with us. An early review can help distinguish changes worth making from spending that may not improve the transition.

The goal is a sale that reflects the practice's strengths, preserves patient and staff continuity, and supports the next stage of your career. Start with your goals and the facts of your practice; build the plan from there.

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