

# The Dental Transition

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## A Buyer and Seller's Guide to a Seamless Practice Transition

**Whether you're on your way in or out, prepare yourself for your practice transition with these tips.**

Transitioning a dental practice from one owner to another is a significant milestone in a dentist's professional journey. For the aspiring dental practice owner, purchasing a practice and transitioning into the role of owner signifies the beginning of their entrepreneurial journey, a new chapter filled with opportunities and challenges. For an established dental practice owner, their practice is likely their most valuable financial asset, not to mention the years of hard work it represents. For both buyer and seller, it can be a thrilling and nerve-racking experience. However, a seamless transition is all about the prep work. In this article, we'll explore considerations for a successful transition for buyers and sellers.

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### The Prep Work

Before you dive into the transactional phase of the transition process, buyers and sellers should be on the same page philosophically, or at the very least, be able to acknowledge their differences. Every practice acquisition is different, so if you're an aspiring owner, it's important to set your expectations and know what you're looking for. Take some time to envision what you want for your future practice. Consider the location, the building, patient base, cash flow, equipment, staff, and your mission, vision, and values. Answering these questions will help determine if you're searching for a practice with untapped potential or looking for a well-oiled machine. Working with a consultant can help identify these areas of potential improvement, and propose modifications to help elevate the practice. If you're unsure what you're looking for, [NAPB.org](http://NAPB.org) is also a good place to search.

It goes without saying, sellers should clarify their motivations. Do you simply want to cash out, retire, and move to Hawaii? Or do you want to preserve your practice's legacy? Your answers determine whether you should sell to someone who shares your values as you consider potential

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 Practice Impact

## A Buyer and Seller's Guide to a Seamless Practice Transition

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buyers. You could sell your practice to an associate of the existing practice, a dentist outside of your practice, or to a dental service organization (DSO). Whomever you choose, finding "the right buyer" who has a shared practice philosophy will set your team and patients up for a good experience when transition day arrives. When searching for the right buyer, you may utilize a dental practice broker who specializes in matching buyers and sellers in the dental field, and have valuable insights and connections.

When it comes to practice philosophy, this includes not only the clinical aspects but also the overall approach to patient care, practice management, and business ethics. A philosophical match between buyer and seller can lead to a smoother transition and a more harmonious post-closing relationship, ultimately helping inform your transition plan.

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### Communication Is Key

One of the fundamental pillars of a successful practice transition is effective communication between the buyer and the seller. Before a practice transition, establish a clear line of communication so you can have open and transparent dialogue throughout the process. Discuss, both verbally and in writing, expectations, goals, timelines, and any concerns that may arise before the sale of the practice. Nearly as important as strong communication between the buyer and the seller, is communication between the seller and their legal team, staff, and patients. If a legal issue arises during communication, ensure that you discuss the issue with your attorney, as it could affect your long-term liability or cost you money, either immediately by purchase price adjustments, or allocations on the purchase price. As the seller, you'll also want to reassure your staff and patients that they will be in good hands with the new owner. Communication can promote

a comfortable and harmonious environment, which can help reduce any potential employee or patient turnover.

### Articulate Your Transition Plan In Advance

As a buyer, you've been dreaming of becoming a practice owner. But what does ownership look like to you? Take time to put your transition plan on paper. What's your practice's "why"? Having a clearly defined business strategy, goals, values, and timeline can help you stay focused and not just start making changes for the sake of making changes. Taking time to plan can help set the stage for the type of owner you want to be. Outlining how you intend to manage patient care, your staff, and day-to-day operations can help you engage more effectively with consultants and other professionals, who will be assisting you in the transition. The clearer your plan, the easier it will be to implement it smoothly.

It's important to acknowledge that even though you have your own goals for how your future practice will operate, being aligned with the seller about some of the details of the transition will be beneficial to everyone. Take time to hear their transition plan. Do they have handshake deals with their staff, patients, or community? Then take time to share your plan. By working together, you can implement changes gradually. This will help ensure that each of your modifications is intentional and that you are not making changes for the sake of making changes.

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### The Day You Been Waiting For

Transition day marks the culmination of a journey filled with anticipation, negotiation, and preparation. The baton officially passes from seller to buyer. It can be both a thrilling and nerve-racking experience for all parties involved.

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*When both parties share a similar philosophy, and work together, the transition can be a smooth and successful process.*

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Transition day essentially unfolds in two distinct phases: pre-closing and post-closing. Initially, there are experts who provide guidance before the sale, and their roles might conclude at the closing date. This group typically comprises attorneys, consultants, lenders, and brokers. After the sale is sealed, the attorney's responsibilities cease, documents are signed, and the consultant and lender may not be involved in the transition day. This leaves only the buyer and seller, who often have limited post-closing

communication. However, if you did all of the prep work, this day should feel effortless!

### **A Win-Win For Buyers And Sellers**

Navigating a practice transition in the dental industry requires a shared commitment to success, effective communication, and careful planning. Buyers should develop a clear transition plan and engage consultants to identify areas for improvement. Sellers should communicate their expectations to brokers to facilitate better matches with buyers. When both parties share a similar philosophy, and work together, the transition can be a smooth and successful process.

If you're ready to take your practice ownership dreams into your own hands, be sure to give us a call so we can help you put these steps into action for a smooth transition.

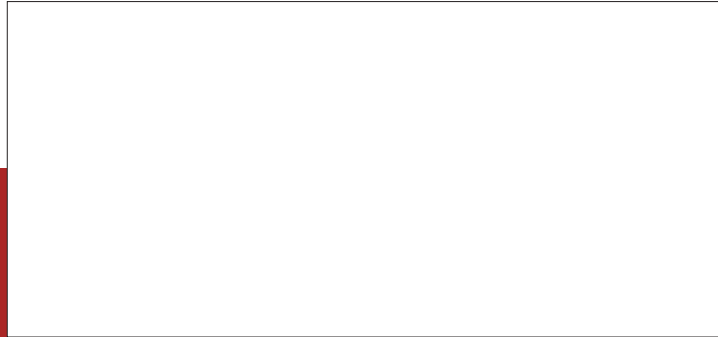
## **Jump Into Ownership**

### **Shortcut to Freedom**

When most dentists discuss becoming practice owners, the conversation seems to focus on buying an existing practice or opening a DeNovo practice. If you've followed the market lately, you know the cost of buying or starting has realized pressures from increased cost, higher purchase prices, and higher construction or lease costs. In most cases, if the practice is profitable, large enough or the location is in a highly desirable retail plaza, you are also competing against private equity or a multi-practice owner. You should ask yourself, "Where can I own and how can I do it affordably, while still creating a practice I am proud of, and that the market will embrace?"

In every town across this country, there are great practices just sitting, waiting to be brought back to life. They are typically presented as an underperforming office or a practice slowing down because the owner has been moving toward retirement in their latter years. These practices portray amazing attributes you rarely see today. They have been serving their community for decades, the space is large, and the lease is low or in some cases the ability to own the real estate exists. Given the right

vision, these offices are easy enough to pick up at comparatively lower costs. In years past, it was common to overlook these practices because the access to capital was too difficult, as most banks would only allow for small loans with virtually no money to reimagine the space. Some banks are now creating solutions which encourage dentists to buy, renovate, re-equip, and reinvigorate these types of practices. Recently, we had a client purchase an old space, renovate by increasing the number of opts from four to six, re-equip to bring in new technology, and fulfill their vision for their practice to provide full-service dentistry, which included implants and all four treatments. The dentists also enjoyed a couple additional wins in the deal: the landlord contributed to the renovation, provided free months of rent during the renovations, and offered a monthly lease below today's retail plaza rates. You might ask, "Where can I find these opportunities?" We've got you covered, contact us to find and connect with the office of your dreams.



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## ARTICLES INSIDE:

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*Jump Into Ownership*

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## *What Our Clients Have To Say About Us Matters*

"I have had the good fortune of working with Paul, Mollie and the team at PI since 2009. Since then, I have been involved with them in 7 practice transactions, both as a buyer and a seller. I can say that from the first call about a practice until the day of the closing, the process- and that's what it is, a process, is handled skillfully and professionally. The wealth of experience that comes from being involved in hundreds of practice sales leaves me little concern that any small detail has been overlooked. I know at the end of the day....the job has been done right. Thanks Practice Impact."

– Dr. James Leon

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***Contact us TODAY to schedule a free consultation!***

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