

The Dental Transition

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Hiring the Right Dental Practice Broker in 2025

Selling a dental practice is one of the most significant financial and professional decisions a practice owner will make. The sale's outcome can greatly impact your financial stability and quality of life after transitioning out of ownership. While previous articles have discussed the importance of hiring a dental practice broker and their role in the transition process, it is equally crucial to ensure that you hire the right broker—one who will represent your best interests and facilitate a smooth and profitable sale.

With changes in the dental market, evolving buyer expectations, and increased financing options, selecting an experienced and well-connected broker is more important than ever. Before signing a listing agreement, consider asking the following key questions:

1. What Experience Do You Have in Dental Practice Transitions?

Your broker should have substantial expertise in handling practice transitions, including knowledge in finance, accounting, marketing, and professional sales. Given that they will determine your practice's valuation, they must be adept at analyzing financial statements, production reports, and equipment lists to establish a fair market value that aligns with 2025 market conditions.

Additionally, inquire about:

- The number of **practice sales they've facilitated in your area over the past few years**—this reflects their market knowledge and ability to price practices correctly.
- Their **marketing experience**—effective brokers understand both **traditional and digital marketing** strategies to maximize exposure to potential buyers.
- Their understanding of **dental industry** trends, such as corporate group acquisitions, private equity interest, and shifts in solo practitioner ownership models.

2. Do You Represent the Seller Exclusively?

A reputable dental practice broker should **work solely in the seller's best interest** to maximize the practice's value. Be cautious of brokers who offer **dual representation**, where they claim to represent both the buyer and seller. This arrangement creates conflicts of interest, as the broker must disclose all details to both parties—including price negotiations and terms—potentially compromising the seller's position.

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Instead, seek a broker who:

- Clearly discloses their exclusive representation of the seller.
- Assists both parties in building a strong advisory team (including an accountant and attorney) while maintaining seller advocacy.
- Ensures buyers have the proper financial and professional guidance to make a smooth transition without jeopardizing the sale.

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3. How Are You Connected to the Local Dental Market?

A broker with strong connections in the local and state dental community can enhance your practice's exposure and attract serious, qualified buyers. Ask potential brokers:

- Are they actively involved in dental associations, study groups, and professional conferences?
- Do they work with attorneys, accountants, practice management consultants, and financial advisors to stay informed on market trends?
- Do they host seminars or webinars to educate dentists on practice transitions?
- Do they have relationships with banks and lenders that specialize in dental practice acquisitions?

A well-networked broker will have a pool of pre-qualified buyers ready when your practice is listed, increasing the chances of a faster and more profitable sale.

4. What Is Your Marketing Strategy and Buyer Qualification Process?

Marketing a dental practice in 2025 requires more than just placing an ad in a journal. An effective broker should use a multi-channel approach to maximize your practice's visibility. Ask how they:

- Leverage digital marketing, email campaigns, and social media to reach potential buyers.
- Advertise in local and state dental publications.
- Have an up-to-date and informative website that educates buyers on the purchasing process.

Additionally, qualifying buyers is crucial to prevent wasted time and ensure serious inquiries. Your broker should:

- Screen buyers based on financial standing, experience, and career goals.
- Require signed confidentiality agreements before sharing practice details.
- Match buyers with practices that fit their philosophy, budget, and long-term goals.

Final Thoughts

A well-qualified dental practice broker should possess the expertise, connections, and marketing skills necessary to handle your transition efficiently and profitably. In 2025, with increasing competition among buyers—including private practitioners, group practices, and corporate dental groups—having the right broker can maximize your practice's value and ensure a seamless transition.

Before making your decision, seek referrals from colleagues and advisors, research potential brokers, and use these critical questions to ensure you hire the right professional to represent you. Your life's work deserves nothing less.

Debunking Common Myths About Dental Practice Transitions

Transitioning out of your dental practice is no small task, and you will inevitably encounter plenty of advice along the way. However, not all of that advice is rooted in fact. Over the years, we've helped hundreds of dentists successfully sell their practices, and we've repeatedly heard the same misconceptions that can cause unnecessary stress—or worse, financial loss.

To help you make informed decisions about your transition, we're here to set the record straight about these myths.

Myth: The practice will lose 30% of patients after the sale.

Fact: Some patient attrition is expected but far lower than 30%. Typically, practices lose just 5%-10% of their patients post-transition. This number can increase if the seller and buyer have mismatched treatment philosophies or if the buyer struggles with business operations. However, patient retention can remain strong with careful planning and alignment between seller and buyer.

Myth: Sellers must stay and work in the practice for at least one year.

Fact: Every transition is unique. While it's true that sellers staying on temporarily can help with patient and staff retention, this isn't a one-size-fits-all rule. We've worked on transitions where sellers left immediately after closing, and others where sellers stayed for a year (or more). The most common arrangement is for the seller to remain for 2-6 months to help ease the handover process.

Myth: My associate can buy my practice.

Fact: While this seems like a logical solution, statistics suggest otherwise. The American Dental Association (ADA) estimates that 75% of associate buy-ins fail before closing. Challenges often arise due to personality clashes, differences in practice philosophy, or disagreements over assigned procedures. Setting clear expectations and seeking experienced guidance early can help mitigate these risks, but many alternatives typically provide a smoother transition.

Myth: My landlord will release me from all liability in the lease.

Fact: Many times, landlords will not fully release sellers from lease liability. Instead, they might require the seller to remain a guarantor for the total lease term or a negotiated

period, such as 1-3 years. While some landlords may agree to a total release, it really depends on the lease and sometimes the buyer. If you have a younger buyer who has never owned a practice, a landlord who owns multiple properties may require the seller to retain some liability for a period. Before finalizing a lease agreement, consult a professional to explore your options.

Myth: Sellers will need to finance the purchase price.

Fact: This is uncommon. Buyers typically secure financing through banks, often with little to no down payment required. Seller financing generally only comes into play in specific situations, such as when a buyer has low credit or when a practice has insufficient cash flow. Even in these cases, sellers usually finance only a small portion—typically around 10% to 20% of the purchase price.

Myth: It's better to sell my accounts receivable (A/R) rather than keep and collect them myself.

Fact: It depends. If you are not planning on staying with the practice for much of a transition, and don't want the hassle of dealing with the A/R, then you might want to consider a sale. You will of course not receive full value for the A/R, but this approach ensures a cleaner transition, avoids potential disputes over payments, and simplifies the overall process. Selling A/R provides convenience for both parties unless you receive a large portion of your A/R payments through EFT or have a good amount of over 90s that pay regularly. If you sell your A/R and then receive EFT payments, you will need to work with the buyer to transfer these payments to them. If you retain ownership, you still have to coordinate this with the buyer, but you will only need to let them know of the payment and then they can document it in the practice's software. Also, buyers rarely want to pay anything for accounts over 90 days old. If you keep ownership of the A/R and allow the buyer to collect them, you will continue to receive payment for these accounts. Typically, the buyer gets 5% of the amount collected for the seller, but this is far less of a discount than you will have to give if you sell the A/R. When deciding whether to sell or keep your A/R, it's best to provide Practice Impact with a current copy of your A/R Aging report and discuss your options with us so you can make the best decision for you.

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Myth: Slowing down your practice before selling is a smart transition strategy.

Fact: Slowing down your practice before selling can significantly devalue it. Many dentists fall into this trap, reducing collections from above \$1 million to \$600,000 or less, ultimately costing themselves hundreds of thousands of dollars in equity. Instead, consider hiring an associate to take on some of your workload or sell your practice while continuing to work part-time under the new owner.

Myth: Practices are always valued and sold for 100% of collections.

Fact: While some practices sell for 100% of collections, they are often the exception. Valuations typically range between 60% and 80%, depending on factors like net income, location, overhead, updated technology, and local market demand. A proper valuation should go beyond collections and encompass all aspects of the practice, including goodwill and the book value of assets. Sellers'

market conditions may push valuations higher, but not all practices qualify for top-dollar sales.

The Importance of Dispelling Myths

Making decisions based on myths or bad advice can cost you valuable time, money, and peace of mind. By relying on facts and seeking guidance from experienced professionals, you can ensure the transition of your dental practice is as smooth and successful as possible.

We're here to guide and support you through every stage of your transition. Whether planning the next steps or just starting to explore your options, accurate information can make all the difference. Remember, selling your dental practice isn't just a transaction—it's the culmination of years of hard work and dedication.

Connect with our team of experts today, and ensure your transition is grounded in knowledge, not misperceptions.

Contact us TODAY to schedule a free consultation!
