

The Dental Transition

N E W S L E T T E R

In this issue

Page 1

Pre-Transition Tips for Success in 2026

Page 3

Selling Your Practice:
How and When to Tell Your Staff

Pre-Transition Tips for Success in 2026

How to Maximize the Value of Your Dental Practice Before You Sell

Suppose you're a dentist approaching retirement or considering transitioning out of ownership in the next few years. In that case, the actions you take today can have a significant impact on the value and marketability of your practice tomorrow. In 2025, the dental market remains highly competitive, but buyers are increasingly selective. To ensure your practice stands out—and sells for top dollar—follow these key pre-transition strategies.

1. Stay Productive—Don't Coast Into Retirement

One of the most common mistakes dentists make is scaling back their hours or production too early. Remember: buyers and lenders evaluate practices based on the last 3–4 years of financials. A dip in revenue—even if intentional—can lower your valuation significantly.

ProTip: Maintain full operating hours, continue offering a wide range of procedures, and stay committed to high-quality care until the point of sale. The stronger your recent numbers, the stronger your negotiating position.

2. Tighten Up Overhead

Buyers pay close attention to your profit margins—

and so should you. With inflation still influencing operational costs, keeping overhead in check is more important than ever.

Key benchmarks:

- **Staff wages:** Should be **25%–28%** of total collections
- **Supplies:** Aim for **6%–8%**
- **Lab fees:** Target **6%–7%**
- **Rent:** Often negotiable (see next section)

Take time to review your Profit & Loss (P&L) statements. If any category is trending too high, take corrective action now so you're not penalized during valuation.

3. Review and Update Your Fee Schedule

Many dentists delay updating their fees, but keeping them current can immediately improve their net revenue and make the transition easier for their buyers.

Conduct a **fee schedule audit** using 2025 regional benchmarks. Buyers are more comfortable acquiring a practice whose fees are up to date and reflective of the market. This prevents them from having to adjust pricing right after taking over.

Continued on Page 2

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Continued from page 1

4. Optimize Your Real Estate Situation

If you lease your space:

- **Renegotiate early**—ideally 12 months before lease expiration
- Know the **current market rates** so you can negotiate intelligently
- If possible, aim for assignable lease terms and avoid personal guarantees

If you **own your building**, consider the strategy that works best for your retirement goals:

- Sell it along with the practice
- Retain, but lease it back to the buyer for long-term income

Either way, consult a **real estate attorney** to ensure the lease or sale terms are structured for a smooth transition.

5. Modernize Where It Matters

While your financials carry the most weight, today's buyers are drawn to modern, tech-forward environments. Outdated equipment or décor can raise red flags or lead to lower offers.

- If your **practice sale is 2–5 years away**, invest in **minor upgrades**: replace outdated chairs, update cabinetry, refresh flooring/paint, or install intraoral cameras and digital X-rays.
- These upgrades can often be **depreciated for tax savings** while boosting curb appeal and sale price.

6. Meet With Your Financial Team Early

Selling your practice is a **significant financial event**, and preparation is key. Work with your:

- **Accountant** to review tax implications and business readiness
- **Financial advisor** to ensure you're personally ready to retire or reduce hours

Solid financial planning gives you confidence and helps avoid surprises during the transition.

7. Consider the Impact of Family in the Practice

Family members working in the practice, particularly spouses in management roles, can complicate transitions. Buyers often prefer minimal disruption during ownership handoffs.

If a family member plans to retire with you:

- Create a **succession plan** in advance
- Gradually **transition their responsibilities** to other staff
- Communicate transparently with buyers about the continuity of key roles

Buyers want reassurance that the **team and systems will remain stable** post-sale.

Final Thoughts

Transitioning your dental practice is more than a sale—it's the capstone of your professional legacy. By strategically preparing in the years leading up to your exit, you can enhance your practice's appeal, increase its value, and ensure a smooth transition for your patients and staff.

Thinking about selling in the next 1–3 years? Start planning now. A dental transition expert can help you assess your readiness, uncover opportunities for value growth, and create a personalized strategy for success.

What Our Clients Have To Say About Us Matters

"We worked with Practice Impact when buying our 3rd location and it was truly a great experience. If you are looking to buy or sell a dental practice, you need a true partner that is well versed in transitions to ensure everything goes smoothly. Look no further than the team at Practice Impact as we could not speak more highly of our experience working with them!" - Dr. Carlyn Malenfant, DMD | Cincinnati, Ohio

Selling Your Practice: How and When to Tell Your Staff

Timing is everything when selling your dental practice, including deciding when to inform your team. Between coordinating financing, managing credentialing with insurance providers, and notifying landlords, impeccable timing is crucial during the sale process. Informing your staff too early or too late can significantly impact the transition and the new owner's success.

Wondering when and how to have this crucial conversation? You are not alone. Here's what you need to know to manage this sensitive process effectively.

Why Timing Matters

Your staff plays a critical role in your practice's success. They are the first faces patients see and the voices they hear when they call. Assistants and hygienists spend the most time with patients during visits and know the inner workings of day-to-day operations. Because of this, the timing of breaking the news to your staff significantly influences the transition process.

- Too soon, and you risk complications. If staff members find out early, they may start to worry about their job security or the changes a new dentist might make. This could lead to some looking for other positions or unintentionally sharing the news outside the practice, leading to unnecessary speculation among patients or the local community.
- Too late, and it may erode trust. Waiting until the deal is finalized might make staff feel excluded or undervalued, potentially causing resentment toward the new owner. This attitude could disrupt the practice's dynamic, impact patient experiences, and make onboarding for the buying dentist much more difficult.

When Should You Tell Your Team?

While the answer may vary depending on each practice, a general rule of thumb is to wait until you have a serious buyer lined up—someone whose offer you've accepted, has secured financing and has signed the purchase agreement. This way, the deal is far enough along that you're certain of the transition, but there's still enough time to engage your team in the process.

Your dental broker can offer guidance tailored to your unique situation. For example:

- Small, tight-knit communities may require longer discretion to avoid widespread rumors.
- Practices with insurance-heavy patient bases might inform staff slightly earlier to help with the credentialing process.

Ultimately, this decision isn't an exact science, so consulting with Practice Impact can help you strike the right balance.

How to Break the News

When you're ready, call for a team meeting to share the news. Remember that this announcement is a significant moment for everyone, so approach it with clarity, professionalism, and empathy. Here are a few key things to address during the meeting to keep the tone positive and reassuring.

Start with Reassurance

- "I value each and every one of you and wanted you to hear this directly from me first rather than an outside source."

Explain why confidentiality was crucial up to this point.

- "There were many moving parts, including loan with you."

Talk About the Buyer

Introduce the new dentist to help staff feel confident about the transition and use the buyer's name often to build familiarity with the new doctor.

- "Dr. [Buyer's Name] is talented, kind, and eager to continue the patient-focused care we've built here together. I feel truly confident in their abilities as both a dentist and an employer."

Share some personal details to make the buying dentist relatable.

- "Dr. [Buyer] graduated from [University] and has been practicing for [X years]. They have a family and love [hobbies]."

Set Expectations for the Transition

Provide clarity on what staff can expect moving forward.

- "Dr. [Buyer] plans to keep as much as possible the same, including employee benefits."
- "The sale is expected to finalize on [Date], and Dr. [Buyer] will be formally meeting with all of you on [Date]. They'll be ready to answer any questions you might have."

Ask for their support and flexibility during this time.

- "I ask you to please be patient with Dr. [Buyer]. Transitioning into a new office is a big step, but with your support and input, I know they'll do great."

Highlight the Positives

Help your team see the opportunities in this transition.

- "I have met with Dr. [Buyer] many times and they have

Continued on Page 4



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ARTICLES INSIDE:

Pre-Transition Tips for Success in 2026

Selling Your Practice: How and When to Tell Your Staff

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Selling Your Practice: How and When to Tell Your Staff

Continued from page 3

assured me that you'll have the chance to share feedback about what works in the office and what you'd like to see improved."

- "Many new owners expand office hours, which could mean additional opportunities for you."
- Reassure with Your Continued Support
- If you'll be staying on temporarily, share this with the team for added reassurance.
- "I'll be here for a while after the sale to ensure a smooth handoff and to help everyone—staff and patients—adjust to this change."

End on a Positive Note

Thank your team for their dedication and emphasize your confidence in their abilities.

- "You are an incredible team, and I'm so proud of what we've built here together. I know you'll thrive under Dr. [Buyer's Name]. Everything will work out great."

Keep Communication Open

Allow staff the opportunity to ask questions, either during the meeting or afterward. Open dialogue helps build trust and sets the stage for a smoother transition.

The Takeaway

Telling your staff about the sale of your dental practice can feel like a daunting task, but it's a pivotal part of ensuring a successful handoff to the new owner. By timing the announcement strategically and presenting it in a positive, reassuring manner, you can help protect your practice's goodwill and position both your team and the new dentist for success.

If you want personalized guidance on planning and timing this critical conversation, reach out to us today. Our expertise will help you handle this step with professionalism and care, reducing stress for all involved.

Contact us TODAY to schedule a free consultation!
