

# I'll wait five years



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During the 37 years that I have served dentists, there has been a consistent answer when I ask about transition or retirement plans. Amazingly, the response is nearly always, "I'm going to do something in five years."

By waiting five years to plan a transition or retirement, my experience has been that nothing good can happen. On the other hand, there are many benefits to having a proactive, healthy plan for retirement.

Here are the likely consequences of waiting five years:

- ❶ Increased stress managing the practice and staff
- ❷ Fewer children and young adults as new patients in a general practice
- ❸ Leveling or reduction of revenue and income
- ❹ Lower value and selling price for your practice
- ❺ Less time off because of prescheduled hygiene or lost income when the office is closed
- ❻ Taking more time off resulting in less revenue and income
- ❼ Lost time due to illness
- ❽ Decrease in motivation and

A preplanned practice transition is beneficial to all — the sellers and staff, the buyers and associates, and the patients. You'll enjoy less stress and have more fun.

passion for your work

❶ Equipment and facility wear and tear, making the practice less desirable to a buyer

The following clients chose to be proactive and not wait five years:

**Example #1: Merging into an existing practice.** This client sold his practice at age 59 and moved into a quality group practice. He received more than the appraised value for his practice by also selling his vacant location and equipment. The buyer wanted him and his staff to remain in the new practice. He was able to work four more years and continue earning money while taking more time off.

**Example #2: Identifying a time-share with a presale agreement.** A 50-year-old owner with a 65-year-old part-time associate added a 35-year-old dentist who built her own practice independently and paid expenses to the owner for this opportunity.

The senior dentists created a presale agreement for the 35-year-old dentist to buy into the practice when the 65-year-old associate retired. The practice grew considerably with a structured transition plan in place.

**Example #3: Identify an associate leading to a buy-in.** This 50-year-old client in a rural community

had a busy solo practice and was unable to keep up with the high patient volume. He hired an associate and arranged for the future buy-in to ensure that the associate would remain. The practice grew, income increased, and his practice transition was complete.

These are the positive benefits of proactive healthy planning:

✓ Reduced stress related to managing the practice and staff.

✓ Increased referrals from existing patients.

✓ Increased revenue and income.

✓ Increased value and selling price of the practice.

✓ More vacation time with peace of mind. Patients are still being served, and the office is open.

✓ More money available for pension contribution.

✓ The option to continue working and earning income after the sale.

✓ The practice continues to operate productively during a short- or long-term illness.

✓ Practicing is fun and enjoyable.

Instead of waiting five years, be proactive now! You can increase your income, take more time off, sell for a higher price and have the peace of mind of knowing that your practice transition is in place.

Why not choose the healthy five-year plan?

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