



Four ways to sell your practice

Our organization has served dentists considering transitions for over 30 years. We find that many dentists are planning for transition at an earlier age — from 35 to 60.

In the past, the majority of dentists waited until their late 60s to early 70s to retire, and then realized their practices had decreased in value. The value declined because they had taken more time off and served fewer younger families. They had not tried to attract new patients in their last few years of active practice, and most of the patients they did have were older patients who had been with them for many years.

Today, more options are available to provide sellers with a variety of transition strategies. The four ways to sell a practice are: 1) sell the practice and exit immediately, 2) sell the practice and stay on as an associate, 3) initiate a buy-in/buy-out plan with an associate leading to partnership, and 4) initiate a deferred sale to an associate.

Some examples of these four strategies include:

1 Sell the practice and exit immediately

Many practitioners who have owned a practice for over 25 years are ready to sell and retire immediately.

- A 62-year-old dentist practicing in a small rural mountain community owned a beach property in the Mid-Atlantic area. After practicing successfully and funding their retirement, the dentist and his spouse sold the practice and immediately moved to their beach home.

A growing number of younger dentists are selling their practices in one area of the country and moving away. In this case, the transition results in an immediate exit from the practice.

- A 50-year-old dentist had practiced successfully for over 20 years near an East Coast major city. The dentist's wife had family in California, and wanted to move there. The dentist sold his practice successfully and bought a practice in California.

2 Sell your practice and stay on as an associate

A number of dentists enjoy providing the dentistry, but do not enjoy the burdens of solo practice ownership. They want to take more time off, and they do not enjoy staff issues and dealing with insurance companies.

By selling their practices and merging into another practitioner's office — or staying on part-time after the sale — they can practice for an extended period after transitioning.

- A healthy 65-year-old dentist was tired of ownership and ready to take more vacations. We identified a large growing practice in the area which purchased the practice at full-market value and allowed the seller to remain as an associate. The seller has chosen to remain in the practice for five years.

3 Equity buy-in and buy-out

A number of owners in their mid 40s and 50s are creating a plan to allow their existing or future associate to have an equity buy-in and buy-out of their practice. This allows the seller to grow the practice, maximize compensation, increase the practice value, and assure the future sale of the practice.

- A 45-year-old dentist had a 30-year-old associate. The practice was growing and the associate had worked successfully in it for two years. A healthy plan was created to have a 20-year buy-in and buy-out. The seller has now avoided the common problem of hiring and losing multiple associates.

4 Deferred sale

When a solo practice owner wants to retire in four years or less, we encourage identifying an associate and targeting a future sale date. Value, price, terms, and timeline are established in the beginning.

Some solo practice owners are not candidates for partnership, but enjoy this deferred sale concept.

- A dentist moved and renovated a new facility to prepare for a deferred sale. A candidate was identified as a buyer and agreements were signed for the future sale. A budget was created to ensure the growth of the practice and to allow the senior dentist to maintain his income during this four-year period. This strategy is designed for the owner who wants to remain in control of the practice.

These four transition strategies allow sellers to prepare for their exit with a plan that is designed for their needs. The key is to plan your transition *now!*

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