



HUDSON
TRANSITION
PARTNERS INC

"10 Essential Steps to Ready Your Dental Practice for Sale"

Whether retirement looms on the horizon or remains a distant dream, as a practice owner, it's prudent to contemplate the eventual transition of your practice. Life's twists and turns may necessitate expediting your plans, making early consideration crucial for seamless transitions. Your practice's value ultimately hinges on what someone is willing to pay for it and what a bank is willing to finance. To effectively market your practice, it's imperative to showcase its true worth from a buyer's perspective. Here are ten essential steps to prepare yourself and your practice for a successful sale:

- 1. Consult with a Professional Practice Broker:** Establishing a relationship with a practice broker 3-5 years before you plan to transition is paramount. Together, assess your retirement timeline and financial needs to ensure a comfortable post-retirement lifestyle. Engaging in these preparatory steps will grant you valuable insight into your practice's current value and shed light on the pivotal factors influencing its worth and attractiveness to potential buyers. Armed with this knowledge, you'll have ample time to craft a tailored transition plan that aligns with your unique requirements.
- 2. Focus on Results, Not Potential:** Recognize that buyers prioritize current performance over past potential. Scaling back hours may diminish recent collections, impacting the practice's valuation. While easing into retirement is feasible, it may lower the sale price. Consider maintaining production levels by bringing in an associate, potentially paving the way for a future buyout.
- 3. Evaluate Practice Performance:** Analyze your practice's state by examining trends in patient acquisition, treatment uptake, and insurance reimbursements. Identify profitable plans and areas for improvement to optimize the practice's appeal to potential buyers.
- 4. Update Technology and Equipment:** Early- and mid-career dentists seek practices equipped with modern technology. Consider investing in digital radiography and functional equipment to attract buyers and avoid post-purchase upgrades.

5. Determine Transition Preferences: Define your ideal transition scenario, whether gradual mentorship or a complete sale. Consult with family members to align preferences and consider post-retirement involvement in dentistry.

6. Address Real Estate Considerations: Decide whether to include your practice's real estate in the sale or if you'll retain ownership. Ensure favorable lease terms if renting, enhancing the practice's value for prospective buyers.

7. Organize Financial Records: Maintain meticulous financial records to facilitate evaluation by potential buyers and lenders. Work with an accountant to streamline documentation and ensure readiness for due diligence.

8. Review Fee Structures: Keep fee schedules current to reflect market standards, enhancing the practice's appeal and positioning it favorably for prospective buyers.

9. Document Policies and Procedures: Document practice operations, including roles, responsibilities, and policies, to demonstrate efficiency and professionalism to buyers.

10. Enhance Curb Appeal: Present your practice in its best light by decluttering, updating, and refreshing the physical space. Impressions matter, and a well-maintained practice enhances buyer interest and willingness to pay a premium.

Regularly revisit these steps to maintain your practice's appeal and readiness for sale. Anticipate buyer inquiries, and prepare comprehensive responses to ensure a smooth and successful transition.

Contact Hudson Transition Partners today for a FREE consultation to find out how we can assist you with your transition needs. 888-803-6131