

Selling Your Practice – FAQ

We have compiled a list of some of the more frequently asked questions during the practice sale process. If you have others, please then simply call us at 800-393-8017

or email us at Chrissy@DDRdental.com.

What is my practice worth?

This is the most commonly asked question and one that requires the most effort to answer. While there are many “rules-of-thumb” (e.g., percentage of gross collections or multiple of net income), those historical measures only provide a broad estimate using industry assumptions. We approach your practice as a unique and valued asset. We use multiple approaches in combination with our 30 year industry experience to arrive at a valuation that fair and industry consistent.

How long will it take to sell my practice?

Obviously some cities (e.g. Austin) are more highly sought after than others, and specialists can take longer to sell than general dental practices. But assuming all things equal, in general it typically takes 2 to 4 weeks for the appraisal process and 2 to 6 months to find the right candidate and close the transaction. Much of this is dependent upon third parties, like other brokers, banks and lawyers. However, having an experienced practice broker not only shortens the typical transaction time but more importantly improves the overall process, leading to a more successful sale.

What are the overall steps in the sale process?

1. Data gathering and on-site visit
2. Review and completion of the valuation.
3. Listing of the practice and direct mail (email) communication with a ready pool of potential buyers.
4. Showing the practice to potential buyers.
5. Executing an earnest money agreement.
6. Due diligence, obtainment of financing and document preparation.
7. Closing and funding.

Do I have to leave the practice after closing (retire)?

No. Most often the selling dentist remains with the practice to provide post-closing transition of the staff and patients to the purchasing dentist. However, this is a very, very key point that must be thoroughly vetted and decided pre-closing. It is important that the purchaser have sole discretion of when the selling dentist should leave, or if necessary, how long the selling dentist may contractually remain.

When is the best time to sell my practice?

While it seems obvious, it is best to sell BEFORE you are ready to retire. This means that the practice is at its highest value. The selling dentist may always continue to practice for the purchaser or even other dentist in the area. However, we have often seen a dentist wait, and wait, many times too late. If a practice is declining, not only will the sale price be less, but it will be more difficult to find a buyer.

Will I have to finance the sale of my practice (“tote the note”)?

No, generally. Today’s lending market is advantageous since there are banks that specialize in dental practice transactions (that we routinely work with), and interest rates are at all-time lows (making it affordable for the purchaser). However, it is sometimes a requirement of the purchaser that the seller “retain continuing incentives post-closing” or if the seller wishes to obtain tax advantages through gain deferral.

Why should I use a broker?

Over the past 30 years, we of course have heard horror stories of transactions that have simply “gone bad.” While a broker cannot guarantee a successful transaction, there are many, many issues that are complex and require multifaceted expertise. That is why we strongly recommend a team approach that can successfully address issues concerning price, value, transaction structure, legal documentation, professional accountability, taxation, and your emotional wellbeing. Your practice is not only one (if not the) most valuable assets . . . frankly it is thought of as “your baby.” We understand this and do everything possible to protect your interest by providing fair and competent transition assistance.

What will it cost me to sell my practice?

Broker fees vary by organization, state and transaction size. In general, dental practice brokers charge 10% of the purchase price of the practice. This fee is most commonly paid by the seller (from closing proceeds). Likewise, we charge 10% of the purchase price, with a reduced fee provide in unique circumstances. We also provide a discount of that fee to DDR Dental Trust members (if you are a member call for a quote). Legal fees for legal document preparation are separate and typically cost \$2,500 to \$3,500 per transaction.

Do you represent only me or both parties?

Because of our legal and accounting backgrounds, we believe that we should only represent one side of the transaction (typically the seller). That way our loyalties and fiduciary obligations remain clear and uncompromised.

Call us today for a free consultation at 800-393-8017

or email us at Chrissy@DDRdental.com