

TOP CONSIDERATIONS FOR YOUR PRACTICE TRANSITION

It's never too early to think about the future of your practice. Having a long-term plan ensures the hard work you have put into building your practice continues to pay off when you are ready to transition and sell your practice. To ensure your team and your patients are well cared for, keep these key considerations in mind as you plan for the future.

What involvement would you like to have in the practice after sale?

✓ The sale does not have to be the end of the road – think about how you would like to transition.

- **Timing** – are you planning to continue working for several years after the sale of your practice, or is your preference to retire immediately? This timing may impact the terms of the deal.

- **Your role** – if you plan to continue working after the sale, consider what position you would want to play. Would you prefer to remain the key decision maker, or take on a less involved role as an associate?

Who are you looking to sell to?

✓ The ideal prospective buyer should be able to offer you stability and support.

An individual buyer:

- **Experience** – a buyer with previous, proven results will lead to a smoother and more organized transition.
- **Financial obligations** – a new owner may have financial obligations that drive them to make changes that effect your ability to continue to practice after sale. To minimize impact, it is critical to have a large enough patient base to accommodate your desired income, along with that of a new owner.
- **Financing conditions** – consider the potential risk for the deal if the buyer is not able to secure capital.

A larger organization:

- **Flexibility** – factor in how much autonomy you would like to retain, and how much you would like to continue working. Look for a buyer who is aligned with the role you wish to continue to play.
- **Support** – think about what type of support and resources would be most beneficial to your practice, your team, and your patients for the long term. Consider whether your buyer is prepared to share the burden of managing the practice.

Is your practice valuable to the next generation?

✓ Set realistic expectations around what your practice is worth.

- **Stable patient flow**
- **Physical location** – the details of your lease, including location, future plans for the area, and when the lease ends will be important in the valuation of your practice.
- **Upgrades** – the need for a buyer to make immediate investments in areas such as technology or aesthetics may have greater implications for a buyer with less access to capital.

What kind of financial deal will benefit your needs?

✓ With various financial models available, evaluate opportunities that work best for you.

- **Total liquidity** – an ideal sale will allow you to realize the full value of your practice, allowing you the freedom to invest your money as you see fit.
- **Retained interest** – are you looking to keep retained interest as a part of the sale? Would your minority position be considered equal or subordinate to that of the purchaser?
- **Shares** – if shares are part of the deal, it is important to have line of sight to past liquidity events, what the share options represent in actual value, and future opportunities to sell.
- **Tax structure** – will the buyer work with your advisors to structure the purchase in a tax efficient way?

How will transition impact your team?

✓ Look for a partner who will honour the culture you have built for your practice.

- **Values** – the best partnerships come when both parties are fully aligned on core values, and how these values are reflected in their culture.
- **Team support** – your team should continue to feel safe and valued. Look for a buyer who can offer financial support, as well as additional opportunities such as professional development and mental health assistance.

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