

How to Sell Your Dental Practice (3-Step Approach)

Selling your dental practice, or even selling a part of your dental practice to a new partner, is a huge decision in your career. Much of your professional career has been devoted to growing and improving your practice, and now that you're ready to sell, you're probably asking yourself these questions:

- What's the appropriate sales price for my practice?
- How should the deal be structured?
- What will the tax impact be when I sell?
- And most importantly, will I have enough to retire?

First, you need to establish your goals. Transitioning out of your practice starts with determining your overall goals and objectives, including knowing how much you'll need to retire. Is it essential for you to sell to a partner who will maintain the philosophy of your practice, or are you interested in selling to a dental consolidator, giving your patients more access to flexibility in services and location?

Second, you need to get a valuation. Understanding the current value of your practice, and how you can increase that value if you need to, is vital. Start thinking about the sale early enough to allow time to impact your valuation and sales price if you have a specific financial goal. To get the top dollar for your practice, benchmark and evaluate your productivity, fees, overhead expenses, and insurance contracts.

Third, enlist your advisory team. Once you have the valuation and benchmarks, your advisory team (including your accountant, your banker, your attorney) can appropriately negotiate with the buyer. Your accountant will allocate the sales price to maximize your tax benefit as well as the cash flow from the sale. Planning, strategy, and analysis will give you the best sales price and comfort level with this vital business transition.

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