

An Open Letter To All Dentists

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Dental Economics June, 1999

Following are excerpts from a private letter I recently sent to all my dentist clients. I believe all dentists will find the letter to be very enlightening.

Dear Friend:

It occurred to me that many of my long-time acquaintances may be at that time of their lives where they are contemplating retirement. At that point, typically, a dentist asks himself:

- How do I go about selling my practice?

- How much is it worth?

- How can I realize the most money?

- Should I use a broker?

- Do I have to stay on during the transition period immediately following a sale?

- If so, how long?

- Do I work, or just introduce the patients?

- If I work, how do I get compensated - per diem or percentage?

- What happens if I become disabled or die during the transition period (which can be as much as a year)?

- What about remakes?

After 29 years of experience successfully brokering the sale of dental practices, I can tell you that the two most common mistakes dentists make when nearing retirement or when wanting to sell, are:

1. Thinking they can sell their practices "in a couple of months" (up to a year is more realistic) and
2. Thinking they can go it alone, i.e., "it's as easy as selling a house," so "why should I pay a broker's commission?"

Here's what dentists don't know:

1. They don't know what their practice is worth, or how much to ask for their practice.
2. They waste time, disrupt their office, and frighten staff, seeing financially and professionally unqualified "tire-kickers." Word starts getting out to patients and staff that the practice is for sale, patients worry and begin looking for another dentist, and staff members worry about losing their jobs and begin looking around.
3. Dentists don't know how to structure the financial terms of the sale. For example, "How much of a down-payment should I ask for?" "How long should the pay-out take and at what interest rate?" "How much of a discount for all cash?" "What are the tax consequences?"
4. Sellers aren't strategically positioned (or knowledgeable enough) to negotiate in their own behalf. For example, merely a follow-up phone inquiry to a buyer often will be interpreted as desperation or anxiousness to sell - a potential buyer may see this as a weakness and try to take advantage of the seller. A broker, however, can be eager on behalf of his client, the seller, but the buyer will place the onus on him, rather than the seller. A good broker can smooth the way for both parties.
5. Sellers on their own seldom have a desirably large enough number of potential buyers. Their market is limited generally to the small number of dentists who saw their ad on the particular day they advertised, therefore seriously

reducing their chance of finding the right buyer and their leverage for negotiating the right price (if they ever find the right buyer). A long-established broker, however, has a backlog of hundreds of qualified buyers ready to go, and a network within the profession, built up over the years.

Many dentists trying to go it alone often see their practice going unsold, or eventually sold for peanuts, or simply liquidated. We get many listings from dentists who have tried to sell their practice by themselves. They run into unqualified buyers, small response to their ads, myriad unforeseen difficulties, aggravation, and considerable expenditure of time and money, then finally throw up their hands, call and list with us. We wind up getting them more money than they would have gotten by themselves, even had they been successful.

I hope you find this letter as helpful to you as my clients indicated it was helpful to them. If you feel you would like to discuss any part of this letter ... please feel free to contact me.