

What a practice broker can do for you

Dental Economics MAY 98

by Tom Smeed

twsmeed@sound.net

Practice Transitions

What a practice broker can do for you

In most life situations, people use specialists to help them obtain the help they need. People go to their dentists to obtain dental care. They go to a medical doctor to obtain medical care. They seek the services of insurance agents to help design an insurance program to meet their needs. They seek the help of financial planners to help them obtain the financial security they desire. The list can go on and on.

Selecting an appropriate value for your practice is crucial to assure the success of the sale. If the value is too high, you may find yourself in a position where you will not be able to sell your practice. In like manner, if your sale price is too low, you may end up selling your practice for far less than you could have obtained. An experienced dental-practice broker can help you arrive at a value that will assure you of a fair price and will allow you to maximize the income you receive on the sale. This, in itself, could mean obtaining many additional dollars for your practice.

Today, more and more buyers are utilizing the services of a person who brokers or appraises dental practices when purchasing a dental practice. In most situations in life, the person who is the most experienced, knowledgeable and best prepared, is the person who ends up with the best results. That is why in negotiations more buyers and sellers are seeking the services of a trained professional to help make sure that their interests are best represented.

The understanding or knowledge one needs to deal with all the complex problems associated with the sale of a dental practice comes through taking the time to become educated as to the "ins and outs" of selling a dental practice or the experience gained from actually selling or buying a dental practice. This can be a time-intensive task that, when measured in dollars, can be very costly.

Finding buyers. Locating a buyer for your practice can be a difficult task. Some doctors have spent more than \$2,000 placing ads in national, state or local dental publications, sending out flyers, etc., and still were unable to find a qualified buyer. A question that should be asked and a question good brokers want to answer is, "How do you plan on marketing to obtain a buyer?" Locating a buyer can be a very labor-intensive task. Make sure your broker has ways of making most prospects aware that your practice is for sale.

Confidentiality of the sale. If you make an effort to sell your own practice, it may be close to impossible trying to maintain confidentiality. The use of a reputable broker can give you a high degree of confidentiality.

Obtain financing. Practice brokers or appraisers can be very helpful in obtaining financing for the buyer. In some cases, they can help the buyer obtain 100 percent of the selling price, and help the buyer obtain some working capital. Brokers and appraisers will know the lenders to contact and how to present the information to the lender to help the buyer get the needed financing.

These are a few of the many services a reputable and experienced broker or appraiser can provide for you. The value that they can provide in the long run should assure you of a fair and equitable price for your practice.

Some doctors feel comfortable selling their own practice. If you do, that is fine. But if you don't, contact a reputable broker or appraiser in your area and see what he/she can do to help you.

Tom Smeed is founder and president of Healthcare Practice Management Inc., a dental broker, appraiser and practice-management firm. He is one of the founding members of American Dental Sales (ADS) and can be reached at (913) 642-1988.