

There's More to Selling Your Dental Practice Than the Price

Far too many times when dentists are preparing to sell their dental practice, they are focused mainly on the price and may wind up overlooking many other issues surrounding the practice sale that are just as important, some even more important than the price. That is not to say the price is NOT important, because it is; however, there are so many other aspects of the transaction. Sometimes you need to know when to give on one issue so you can profit or benefit from another issue.

The following are some examples of different components of the dental practice sale where the seller can benefit.

- **How are you handling the assets that you are including in the sale? How is the price going to be allocated among those assets?**

As a seller, do you know how the allocation is going to impact the income tax picture in the year of the sale? It is important to have an income tax projection done to determine how one allocation may differ from another in terms of the income taxes you will pay. If there's an allocation that works better for you, compromising on the price may be necessary for you to benefit from that allocation.

- **If you plan to stay and work for the buyer as an associate, how will you be compensated?**

Would you prefer to be treated as an employee or an independent contractor? What professional expenses do you want the new owner to cover? These are all negotiable points and if you're planning on staying on for at least a year, the compensation you receive might actually be more valuable to you than standing firm on a higher price.

- **Will you be selling the accounts receivables to the buyer in addition to other dental practice assets?**

If so, how will they be valued? If you've compromised on the price of the other assets, you might be in a better position to use that as your negotiating chip for a more favorable price on the accounts receivables.

- **Do you currently own the real estate where your dental practice is located and if so, will you be selling it or renting to the new owner?**

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If you've compromised in other areas of the transaction, you'll want to remind the buyer of the compromises you've made in those areas so the price of the real estate or monthly rent works more in your favor. The annual increases and/or expenses can be passed through to the buyer within the lease agreement.

So as you can see, there so many other areas that get negotiated during a practice sale. If you are solely focused on the price of the practice, you may wind up losing a good buyer when, in actuality, the difference in the price may be made up in other areas of the transaction. It is important to look at the ENTIRE picture and plan accordingly.

Have a range in mind for the price you'll accept for the practice. Also have a range that you'll accept as compensation, a range for the value of the receivables and if you own the real estate, a range for the sales price or annual rent. When you approach the transaction with a global view instead of just concentrating on the price, you'll have a much better chance of success in not only selling the practice, but getting what you want from the ENTIRE package.

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