Are You Ready to Sell Your Practice?

We are pleased to announce the launch of a new program that can save you tens of thousands of dollars when you sell your practice and ensure a smooth and profitable practice transition with a planned and organized exit strategy.

Because of the recent economic downturn and the corresponding decrease in values of dentists’ retirement plans, many dentists who had planned on retiring now have put off plans of selling and are waiting out the recession. For every call we receive from a dentist wanting to sell their practice now and are financially able to, we receive 10 calls from dentists who want to sell now but have not properly planned for the transitioning of their practice.

As a result of this overwhelming demand for help in preparing dentists to sell their practice for its maximum value, we have developed “TAP” or Transition Assurance Program. We felt the need for this program for those dentists who would like to retire but have not planned properly, have health related issues, or have just lost their desire to practice dentistry anymore for a variety of reasons. Statistically, the average dental practice peaks in annual revenue around age 52 to 54. After that, a gradual decline in revenues takes place over the course of the remaining years in practice. Not recognizing this or not planning for the sale of your practice at least five to ten years out can cost you a lot of money when you do decide to sell. If you are 50 or older, now is the time to put a practice transition plan in place. Waiting until you are ready to retire before positioning your practice for sale is a mistake that most dentists don’t have to make, but do. First of all, find out where you are both emotionally and financially with your practice. These are the two factors that the selling doctor needs to address when beginning the process of transitioning their practice.

Emotionally: How you feel inside about your practice is critical. Are you still excited about going to work everyday? Do you still enjoy managing your practice and motivating your staff on a daily basis? Are you constantly looking for ways to grow and improve your practice, enhance it with new technology, and see more new patients? If the answer to these questions is “yes”, then you have a healthy practice that will maintain or increase its value every year. It is no surprise that a well-managed practice with an excellent staff and high patient loyalty is worth more in value at the time of sale. If emotionally you are “done” and don’t want the hassle, nor have the desire, of managing a practice anymore then now is the time to sell. (continued on page 3)

Your Questions Answered

Why don’t you have any practices for sale listed on your website?

That’s easy! Because we actually SELL the practices that we list for sale. Have you noticed that those other guys don’t show the date of the original listing? Have you wondered why the practice is still for sale, if the brokers have, as they claim, thousands of interested buyers lined up? What’s wrong with the practice for sale? What’s wrong with the buyers? The key to successful practice transitions has nothing to do with the number of practices listed and the number of buyers in the database. Reasor Professional Dental Services carefully matches sellers with buyers so that practices are sold quickly, with a minimum of the “haggle and hassle” treatment you’ll find with other brokers.
Is Now the Time to Sell Your Practice?

By Buck Reasor, DMD, Founder of Reasor Professional Dental Services

Is today’s economic environment the best time to sell a dental practice?

That is a question we hear from almost all dentists over the age of 60. Unfortunately, there is no simple answer. There are many factors that need to be taken into account, some of which are under your control and some are not.

Market Demand

Selling a dental practice is similar to selling a house in respect to market demand. It is usually either a buyer’s market or a seller’s market. In residential real estate, the current climate is definitely a buyer’s market, due to the high foreclosure rate and low interest rates.

Quite the opposite is true in the dental practice transition market place. It is definitely a seller’s market in the Pacific Northwest. For every dental practice for sale, there are numerous buyers in the market seeking a quality dental practice to purchase.

In the last eighteen months, due to the decline of real estate and investment values, many dentists have reevaluated their plans to sell their practice. Many are delaying the sale of their practice and waiting for the economy to rebound. When that will be is anybody’s guess and is out of your control. If your practice is financially well-positioned and your retirement plans are in order, now may be the best time to sell in many years. The value of dental practices, unlike real estate, has for the most part remained steady over the past few years.

Financing

As recently as a couple of years ago, many young dentists were opening brand-new dental practices and were able to obtain bank financing without any problem. As easy money became a thing of the past, more young doctors began seeking out existing practices to buy. Existing practices are easier to finance because they have a track record of income.

Lenders are still lending money at attractive terms for dental practice transitions, but they have increased their due diligence by analyzing the practice numbers more acutely and lending money only on practices that have been appraised and priced properly.

These broad trends are not expected to continue. More dentists will be retiring in the next ten years than will be entering the market. Many dentists are waiting to sell until the economy recovers, which focuses a huge demand on the few practices that are currently on the market. When the economy does recover, the increased number of practices on the market will drive down prices.

Taxes

In 2003, the capital gains tax was reduced from 20% to 15%. Although these rates were set to expire in 2008, they were extended to December 2010.

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Reasor Professional Dental Services will be exhibiting at the Oregon Dental Conference again this year. Stop by and see us at booth 922 to learn about our many exciting programs!

This year, we will be offering five-minute consultations throughout the conference in order to accommodate all of the interest we’ve had in our new Transition Assurance Program (TAP). Learn how proper planning and goal setting can enhance the value of your practice tremendously. You can sign up for a consultation at your convenience by sending us an email at info@ReasorProfessionalDental.com.

If, after your complementary five-minute consultation, you would like to begin planning for your practice transition, schedule a one-hour session with us at a later date and be entered in our grand prize drawing for two nights at the Stephanie Inn on the Oregon Coast in Newport.

Are You Ready To Sell Your Practice?

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Financially: This is where your accountant and your financial advisor come into play. If you have planned and managed your practice well and have been an astute saver, you may be ready to sell now and take advantage of the seller’s market. If you are not financially able to sell, then now is the time to get every-thing in order and plan for your retirement in the next few years. Through proper planning, you will find you can preserve and enhance the value of your practice. Perhaps more importantly, you will learn how to avoid making some critical mistakes that can turn the sale of your practice into an emotional and financial disaster.

RPDS has developed a comprehensive assurance program, called TAP, to determine if the doctor is financially able to sell. The objective is to address the concerns of the dentists who would like to sell their practice in the next 1-10 years and don’t have a plan in place.

We have developed a 3 or 4 step process to set the plan in motion.

**Step 1** is to evaluate where the practice is now and compare it to the dental industry standards. We review the three main areas that are so critical to the overall health of any dental practice: operating systems, financial analysis of key profit centers, and the facilities. We gather information and statistics from the practice and come up with a mini evaluation of the practice currently. We identify areas of concern and concentrate on bringing your practice up to accepted industry standards. It is so critical to know where your practice is now so a base line can be established.

**Step 2** is to create a timeline and establish goals to implement the necessary changes to enhance your practice value. We make it easy for you by clearly identifying a thorough plan that will make the most of your limited time and by helping you through the process of implementation with advice, reminders, and encouragement.

**Step 3** is to put an exit strategy in place. The strategic plan for a doctor with 10 years to retirement will be much different than that of a doctor with only one year to retirement. It’s also important, before the sale, to plan for retirement psychologically. Only through proper planning and goal setting with solid time lines in place can you begin the process of maximizing the value of your practice.

**Step 4 (optional)** Less than 10% of dentists practicing have a plan for a practice transition in place in case of a career-ending disability or death. We will guide you in implementing a plan that will help sell your practice immediately in case of disability or death so you can maximize the value of your practice and remove the burden that would be placed on your spouse.

In summary, our experience suggests that any doctor with a time line for retirement of five years or less who does not have a plan underway for the transition of their practice could be jeopardizing one of their most important assets. Far too many doctors wait too long and receive too little for their practices. This is a highly individual and complex issue worthy of very careful planning and consideration. A thorough and realistic evaluation of your specific situation and your transition options can be invaluable for arriving at the best decision.

Is Now the Time to Sell?

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In recent interviews, President Obama has strongly supported an increase to the capital gains tax to at least 20%, and many believe that an even higher tax rate will be proposed. When a practice is sold, the goodwill portion of the purchase price is taxed as capital gains. Any increase in the capital gains tax rate will decrease your net profit for the sale of your practice.

If you were to sell your practice now, you would receive a better price than what you could expect to receive five or ten years from now. Due to the number of interested buyers, you can sell more quickly now, and with a greater likelihood of finding a buyer that matches your practice’s unique philosophy and character. The bottom line is that if your practice is financially ready to sell, and you are emotionally ready to sell, now is the perfect time to sell. Reasor Professional Dental Services is your best choice for a successful sale – where you receive full value for your practice, the terms that work for you, and a secure future for your patients, your staff, and your family.
Welcome back to our third newsletter on Practice Transitions. With each and everyone of our newsletters we elicit a lot of positive responses from our readers to the various topics we discuss. In this current newsletter we are pleased to announce our new program: TAP or Transition Assurance Program. We frequently talk to dentists who are looking to sell their practice within the next one to five years and want to know how to maximize the value of their practice and how to minimize the tax consequences.

We are introducing a new section this time called “Your Questions Answered”. We select the most frequently asked questions about selling your practice and provide answers that everyone can understand and relate to their own particular situation.

We are also conducting a two-day seminar about practice transitions in July at Sunriver Resort. We have five speakers who all specialize in practice transitions talking on various topics that are pertinent to a successful sale of your practice.

Finally, we want to welcome everyone to our booth (#922) at the Oregon Dental Conference in April. It’s fun to meet old friends and especially invigorating to meet new dentists who seek answers to their many questions on selling their practice.