

Ask the Broker

January 2010

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When is the best time to put my practice on the market?

(name withheld)

Believe it or not, January is usually the best time

To list a practice. I say this based on previous years' history. We have been in the business for thirty years and experience dictates my answer. I can only assume the reason for this is because the New Year usually brings resolutions and the commitment to big decisions. Dentists who have been associating for awhile finally decide it is time to purchase and own their practice rather than associate.

High buyer demand is critical for our Sellers. Our business goes full tilt towards the end of January, slows down during the summer, picks up again from Labor Day until mid-November and then goes into hibernation for the holidays. Therefore, it is best to get the ball rolling in January as it takes several weeks to digest all the practice financials and establish the practice on the market.

Many dentists think that the best time to list a practice is when students are graduating from dental school. This is not true! New dental graduates entering the job market right after graduation usually cannot qualify for a loan until they have practiced for at least a year or two. Of course, there are exceptions for graduates with family funds, parents who will co-sign, or spouses with excellent income-producing jobs.

Those of us who have practiced dentistry for many years realize that as confident as we might have been upon graduation, our real education started when we have treated patients for an extended period of time in the same location. Most dental lenders also know that the "school of hard knocks" is the best teacher, which is why they usually want to see the new graduate work for a year or two before they take the risk of making the loan.

Historically, January kicks off the New Year with pent-up buyers who have been contemplating their decision for two months during the holidays, coinciding with new buyers who have been associating for the past 18 months after graduation. We are anticipating stronger than normal activity this Spring as we are seeing an influx of buyers coming back into the market after deciding that they can no longer postpone their dreams because of a slow economy.

Questions? E-mail wps@succeed.net

Timothy G. Giroux, DDS



is the Owner & Broker at Western Practice Sales and member of the nationally recognized dental organization, ADS Transitions.

A graduate of Creighton University School of Dentistry (1983), he and his wife, Mona Chang, DDS (LLUSD 1984) were in private practice together for 15 years in Scottsdale, AZ, before establishing their home in Northern California.

800.641.4179

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