

TOP 10 ISSUES FOR DENTISTS WHO WILL SOMEDAY SELL THEIR PRACTICES!

BY **TIM GIROUX**

10 The baby-boomer bubble of those who graduated in the 1970s and 1980s. They have been hanging on, and they will eventually retire and increase the supply of dental practices on the market.

9 If you are eight to 10 years away from retiring, it might be a good idea to spend your money on new equipment and new leasehold improvements. Use it, enjoy it, and depreciate it! Your practice will still look good for the eight to 10 years you have left.



8 If you have three to eight years left before you retire, it still might be a good investment to upgrade the equipment in the office if it extends your career and enjoyment of your surroundings. At the very minimum, it might be wise to convert to digital X-rays. Most graduates in the past five to eight years have never even seen a processor!

7 If you have three or fewer years, you will not get the return on your investment from upgrading your equipment or leaseholds. The purchase price is based mostly on your collections, not your equipment. However, common-sense cosmetic upgrades and cleanliness are worth the small effort and expense.

6 No matter how old you are, you should speak with your accountant and get a financial advisor to help plan your exit strategy. It really is never too early to put some thought into this, even if you think you're still young and invincible.

5 The "trickier" your financials are, the more difficult it may be to get a good price for your practice. Every accountant has a different level of aggressiveness on tax avoidance. The cleaner the tax return, the easier it is for the buyer to get financing for a practice.

4 If you have more than one practice, try to keep separate tax returns. While there may be some cost savings in filing one return, the trouble and cost to split the finan-

cial later will probably cost more than the extra return. Plan for the usual occurrence that you will probably sell one practice at a time.

3 The best time to sell is when you're ready to hang up that drill. Your proceeds from a sale are approximately 1.5 times your normal take-home income from working your practice. Even if you are slowing down a little, do the math and you will realize that working a more relaxed schedule for an extra year will generate more income than the decrease of your purchase price due to the reduced revenues. Having said that, I believe that practice prices will go down about 10% in five years or so due to the baby-boomer phenomenon mentioned above.

2 Do not try to sell your most cherished asset on your own. You would never sell or buy a house without a realtor, and dental practice transitions are much more complicated than selling a house. A good broker is the glue that ties together the tax, legal, and dental transitional issues. Just as experience in dentistry is critical to becoming a great practitioner, experience in transitions helps buyers and sellers avoid the many possible pitfalls.

1 Your most current tax return is EVERYTHING! The last return is the main instrument to determine the price. There is always a narrative to explain some variations, but lenders really look at the most current numbers. Conclusion — Finish strong in your last year and make all those deposits in December, even if your accountant tells you differently. Essentially, you will be paid again through the sale of the practice on what you deposited in that last year. **DE**

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