begin as soon as the appraisal is completed.

A stockbroker will advise that one should set a target sale price the day one acquires a stock. Similarly, the exit strategy is part of the potential financial reward of practicing.

Good business sense dictates the plan should really have been started when the practice was first acquired.

Part of a transition plan started early in one’s career will allow for inclusion of a well-funded pension plan and less reliance upon practice sale proceeds for retirement needs.

The timetable for the actual implementation of the plan will be dependent upon the personal wishes, needs and financial resources of the dentist. Metro areas are seeing a common market time of one to two years from listing to sale. Rural area practices face three to five years if they can be transitioned at all.

The length of time required for location of a prospect and transitioning of the practice requires that the practice opportunity be listed at the earliest time that the dentist is willing to complete the transition.

If the seller is fortunate enough to immediately locate a buyer after listing, the dentist needs to be ready to act.

At the time of listing, the dentist must also realize that he/she may continue to own the practice for a long time.

The plan should also contain an action plan for completion of any activities that will enhance the value of the practice or increase the chances the practice will be selected by prospective new dentists.

Understanding that an inactive practice loses five percent of its value per week, an important part of the plan should also include a list of people to be called in the event of an un-anticipated career-ending disability or death.

A letter of instructions to family members should be included that lists those contacts and stresses the urgency to act expeditiously in transitioning the practice. A part of the plan needs to include sharing this letter and plan with significant family members.

Many dentists, especially if incorporated, will execute a power of attorney authorizing a specific individual to immediately begin transition proceedings if required due a dentist’s death.

When and how to start
If an appraisal has not been completed or updated within the past two years, this is the first step. Developing an exit strategy plan, even if it is years away, should also

An alternative
For dentists considering retirement, many have a difficult time starting the process because of the emotional attachment to their practice.

These dentists, unless or until they find something else they would rather do than practice dentistry, will be unable to activate their transition plan. If the practice of dentistry is their only interest, their hobby and the center of their later life, there is no law stating that they must transition their practice.

For these dentists, their transition plan is to practice until they can no longer do so. Their plan may be as simple as one day closing the doors and retiring. 

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