Steps to selling a dental practice

By Eugene W. Heller

Henry Schein sales representatives are frequently asked how to go about selling a practice or bringing in an associate. Many dentists do not know where to start or what is required to successfully complete the anticipated transition. This is Henry Schein Professional Practice Transitions’ role. What follows is a partial list of the steps involved.

1. Meet with the seller/owner to determine his or her ideal transition (sales) plan and assist in identifying the most likely type of transition and candidate.

2. If a full or partial sale is involved, gather the necessary tax returns and other documents and discuss documentation and missing or unclear information with the seller’s/owner’s accountant.

3. Conduct the necessary financial analysis and appraisal calculations.

4. Discuss the appraised value, determine the asking price and list the practice for sale or that an associateship is available. (The listing agreement gives the broker the “right” to offer the practice).

5. Implement the necessary marketing plan including advertisements, Web site listings and announcements to the area.

6. Respond to various inquiries, secure confidentiality agreements and discuss opportunities with prospective candidates.

7. Qualify the candidate to their ability to secure financing, if ownership will be offered, and qualify their ability to take over the practice considering the production required and their business skills background.

8. Introduce the candidate to the seller/owner and show practice. This will typically require multiple meetings per prospective candidate.

9. Write the “offer to purchase” and any subsequent “counter-offers,” or write the proposed templates for the Employment Agreement and Letter of Intent.

10. Secure financing. Prepare the financing request (loan package), discuss the transaction with finance vendors, and secure financing commitment.

11. Draft the initial transfer document template (Practice Sale Agreement). Discuss the template with buyer and seller and negotiate the agreement between the parties, redrafting as required.

12. Present the proposed template to the individual parties’ attorneys and accountants, discuss questions and/or required changes, and present requested changes to the opposing party and their consultants, coordinating final negotiations. If required by parties’ attorneys, prepare final documents.

13. Provide guidance, checklists and other material to both parties relative to required steps prior to commencement of associateship or closing (that is, drafting of announcement, handling staff issues, printing new owner’s business cards, securing business checking account for new owner, and payroll arrangements).

14. Assist finance source in securing final loan documentation required to close loan, such as proof of satisfaction of unpaid prior liens.

15. Act as trust and closing agent for final document execution and money transfer.

The average practice sale involves 100–200 hours. A transition involving an associateship leading to a partnership may typically involve more than 200 hours. Henry Schein Professional Practice Transitions’ role is to facilitate these arrangements based upon the knowledge gained from our 15 years experience involving hundreds of transactions.

Dr. Eugene W. Heller is a 1976 graduate of Marquette University School of Dentistry. His preprofessional school background included accounting and small-business tax consulting. During his 15 years in clinical practice, his curriculum vitae in practice management was extensive. During the past 10 years, Heller has been involved as a consultant to hundreds of practice transitions involving the sale of practices and the formation of partnerships, group practices, office-sharing arrangements and other practice transitions, in addition to conducting practice appraisals for many of these transactions. He is presently the vice-president and chief operating officer for Henry Schein Professional Practice Transitions, the dental practice transition division of Henry Schein Inc. Heller can be reached at hsfs@henry-schein.com or (800) 730-8885.