

Five Time Frame Levels to Sell a Practice



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Selling a dental practice takes time. There are several things to consider, including location, patient base and the age of equipment that are key to the length of time it takes to sell a practice. Here are five levels of demand to consider when considering the time frame to sell your practice.

- 1. Proximity to Toronto.** The closer you are to Toronto the higher the demand. That is, there are more purchasers looking to buy a practice in the Greater Toronto Area (GTA) than everywhere else in the province combined. If you have a practice in a high demand area with contemporary assets and a good size patient base, one should anticipate a shorter time frame to sell the practice and it should have a substantial value. But if you have excellent equipment and leaseholds with only a limited patient base, this is not a good situation as the purchaser is probably looking for a good patient base.
- 2. Cities with universities.** The second most sought-after locations are mid-sized cities in southern and eastern Ontario that have universities. These include Ottawa, Kingston, Hamilton, St. Catharines, Kitchener/Waterloo, London, and Windsor. A practice in one of these areas that has relatively new equipment (8 to 12 years old) and a good patient base should sell within a period of two to four months.
- 3. Commuting distance to university centres.** The third most sought-after locations are the communities within easy commuting distance of the mid-sized university cities. Again, a practice in one of these areas that has reasonably new equipment and at least 1,500 patients should sell within two to four months. If the practice has older equipment, expect it to sell within four to six months.
- 4. Centres away from university communities.** Less desirable areas include cities and towns that don't have universities. In these areas, a practice with relatively new equipment and a good patient base could sell within four months to one year. If the practice has older equipment and a limited patient base, it may need to be sold to another dentist in the area

who would merge it with his or her current practice. We have just sold a good practice in level 4 in six months.

- 5. Northern Ontario.** The least sought-after practices are in this area of the province. For a buyer, Northern Ontario is the best place to find an inexpensive practice. The cost of rent and staff is lower than in other centres. The lifestyle is more relaxed but the demand for practices is the lowest. It's difficult to predict how long it would take to sell a practice in this part of the province because factors such as airport accessibility and who the major employers are in the community come into play.

General Rules

As a general guideline, patients in the GTA are very valuable because competition is so great. As a result, the equipment and leasehold improvements in the practice have less importance. In lower demand areas, meanwhile, the equipment and leaseholds tend to be a determining factor in the salability of the practice because there is seldom a competitive situation for patients.

If the practice is properly valued, the above time frames are reasonable in most situations but there are no guarantees.

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