

How do I Prepare My Practice for Sale



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Part II Four to Seven Years Before Planned Sale

You have passed the point of doing major renovations or moving. You will be selling your practice where it is currently located. Let's make the best of it; renovate where necessary, to best suit your needs. Try to utilize your entire area. Eliminate wasted space, paint or wall paper with the help of someone with colour taste and select a colour scheme which will be appealing to future purchasers. First impressions are important.

You have missed your best opportunity to enhance equipment in your practice (see Part I) but now you should consider the oldest room or rooms and replace dental chairs and stools with good used equipment. Other equipment such as Sterilization should come under consideration. If your sterilization is old, this is one of the most important enhancements even before new dental chairs. In fact both sterilization and x-rays should be given equal weight if they are old and giving you some problems, replace them or at least upgrade with good used equipment. Check your room lighting, are the florescent diffusers yellowing, try the new polished cube diffusers, they can change the brightness very inexpensively.

Try to have your practice look contemporary. Sliding glass panels between the waiting room and the receptionist is very 1975 and prior. Today the receptionist area projects into the waiting room area to be more patient friendly. Artwork on the walls makes the practice warmer and more relaxed. Look for walls that would be enhanced by a nicely framed picture not a free trade promotion picture.

One of my pet peeves is waiting room chairs made with square tubular chromed construction. It appears too cheap. Decent chairs do not have to be expensive, one hundred and twenty five dollars per chairs can be purchased from an office supply store and it would be a vast improvement.

Some practices have unnecessary clutter on all horizontal surfaces. This does not show well, try to reduce clutter by throwing it out or filing it.

Carpets or other floor coverings should be replaced or renewed if the years of traffic have taken its toll on the appearance. Being replaced now, it should still be good when it is time to sell if the quality is there. Dental decorators can assist in giving your practice a fresh new look which will stand up well past the time in which you would be selling your practice.

Remembering that patients and profits determine most of the value now is not the time to have a closed practice. One of the questions the purchaser will ask is: How many new patients per month does the practice have?

A valuation would be appropriate to focus your practice for the sale. It should point out any weaknesses which can be corrected prior to the financial statements which are used for the valuation. In some practices the creation of financial statements may even be an improvement. Purchasers have stronger belief in financial statements created by an accountant rather than internally created financial statements.

Now might be a good time to look into the terms of your premises lease. The purchaser will need a minimum of seven to ten years of occupancy after the sale in order to get money from the bank to purchase your practice.

OVERVIEW: Try to avoid having a tired looking practice. You may even find it uplifting to have a rejuvenated practice. You still have time to amortize the cost over the next few years and also to enjoy the improvements.

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