

Taking Care of Business



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I am fortunate to have David Lind here to service our clients while Val and I went for a cruise in the Orient. Beijing for three days then the cruise; Tianjin to Shanghai, Okinawa, Taiwan, Hong Kong, two ports in Vietnam, Singapore then Bangkok for three days. We stopped in Vancouver both directions and visited some friends. A great vacation! But when we arrived home we had five inches of water in the basement. Both sump pumps failed.

I thought back a few years when our agent suggested that we should put sump pump insurance on the house insurance. I am very glad that we did as two thirds of the basement is finished space and the replacement of the furnace, the freezer and the reconstruction of the walls is all covered by insurance.

This in turn reminds me that we tell our clients they should have a valuation and update it on a regular basis because you never know what is around the corner in life. If the flood comes in whatever form, it is nice to know that the valuation is complete and current. You have taken care of business and have the assurance that you have done everything reasonable to protect your asset, the practice. Too often spouses are left to pick up the pieces and it is a lot harder if they have not been involved in the business.

The valuation can be used for retirement planning. Often the practice and your home are your two main assets. But more than this, the presentation of the valuation should draw your attention to areas of potential improvement that can be carried out over future years to improve the value of the practice. There is time to consider even such basic concepts as moving to a new location. See my article in Volume # 32, *How Do I Prepare My Practice For Sale? eight to ten years out.*

When dentists are about 45 to 50 years old they come to the realization that they will not live forever. We do very few valuations for retirement planning for dentists under 40. We do valuations for partnership break ups, matrimonial purposes, and for sale when the dentist is going back to school or moving to the U.S.A. (in fact we just completed one of these this month).

Most valuations that we do are not for immediate sale purposes. We think it is wise to have a valuation done eight to ten years before you wish to sell your practice. This provides planning time with regards to equipment replacement, lease renewal, staff requirements, and relocation options. Think of us as another set of eyes.

With regard to estate planning, you will need a current valuation to sell your practice. The purchaser's bank will require a current valuation. Think of an update of an existing valuation costing about \$500 per owner per year. As with my flood, this is a small price relative to the benefits of keeping a current valuation in hand.

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