

The Importance of Equipment in the Purchase of a Practice



Graham R. Tuck
H.B.A., C.A.

It's nice to have newer equipment when you purchase a practice but don't let older equipment turn you off when considering an otherwise great practice. Equipment that's 20-years-old won't have a long life without constant repairs so consider the cost of revamping the equipment and/or the leaseholds when borrowing to purchase a practice. The value of the practice should be reduced because of the expected cost of replacing old capital assets. This comes back to having a good patient base to fund the new capital projects.

There are actually several advantages to having old equipment:

- You can replace the capital equipment with brands you prefer.
- You can purchase the practice with a lower capital expenditure.
- You can lay out the practice in a more contemporary design.
- You can pick the time frame for replacement (remember the patients are used to the old layout and equipment)
- You can focus first on new x-rays and sterilizers.
- Often the vendor would like to keep using the old equipment during transition.
- Left or right handedness is not an issue with old equipment as it can be changed with minimal loss.

Cost of computerization

Non-computerized practices generally should be computerized in today's market. The cost of computerization is low enough for virtually all practices. Computers are a labour-saving purchase which will pay for themselves and give you reports to better manage the practice.

Computer monitors that are on the front desk appear to be more up-to-date if they are the TFT flat screens which now cost only \$500 to \$600. TFT flat screens are also easier on your staff's eyes if they are on the computer for much of the day.

Filing systems

Many practices have suspended files on plastic strips that are three or four wide in a drawer. The drawers are generally 18" deep but provision must be made for 36" when the drawer is pulled open. However, there are advantages to using a system of 8 ½" by 11" file folders with an alphabetic colour code. These file folders take up less space and the colour coding allows staff to see misfiled patients more easily. There are a number of suppliers with a variety of prices. This new system is also impressive to show the extensive number of patients that have confidence in you as a dentist. Much of dentistry is the perception of the patient.

In summary, think of older equipment as a potential benefit rather than a drawback when considering a practice. Capital expenditures for computer equipment, meanwhile, should be viewed with regard to payback and efficiency. Finally, filing systems are an important component of your practice.

Graham Tuck, H.B.A., C.A., is the broker/owner of Professional Practice Sales (Ontario) Ltd., which specializes in the valuation and sale of dental practices. He can be reached at (905) 472-6000 or 1 (888) 777-8825 or by e-mail at: grtuck@rogers.com.