

# The Dental Transition

N E W S L E T T E R

## In this issue

### Page 1

A Guiding Light During Grief:  
Essential Steps for Families Navigating the  
Sale of a Dental Practice After a Sudden Loss

### Page 3

10 Essential Steps to Ready Your  
Dental Practice for Sale

## A Guiding Light During Grief: Essential Steps for Families Navigating the Sale of a Dental Practice After a Sudden Loss

When a dentist suddenly passes away, their spouse or family faces both personal and professional challenges. We deal with this situation multiple times per year, and while we have tried to get in front of dentists to have a more detailed plan of action in this circumstance, it is human nature to have the mindset that "it won't happen to me." Therefore, no one follows through. My suggestion is for you to select a dental practice broker in your area who has an outstanding reputation, multiple references, and testimonials. Save their contact information and this article for use in case of necessity.

Your family will need to have a structured approach to handling the situation; balancing the need for clear, practical steps with sensitivity to the emotional difficulty of the circumstances. This article will serve as a vital roadmap to alleviate challenges and optimize the sale outcome.

### Time is of the Essence

Seek emotional support and give yourself and the team members of the practice a few days to grieve the loss. During this difficult time, we must balance emotional

wellbeing while also making business decisions to maximize the sale of the business. The more time that goes by, the less the practice is worth. If the practice is not sold within 60 to 90 days, the value of business becomes nominal.

The first step is to contact a broker who specializes in dental practice transitions. They can guide you through the immediate necessities, including:

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*Continued on Page 2*

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HUDSON TRANSITION PARTNERS INC  
*Transitions are personal ... so are we!*

# A Guiding Light During Grief: Essential Steps for Families Navigating the Sale of a Dental Practice After a Sudden Loss

Continued from page 1

- Putting together a plan of action
- Valuing the business
- Connecting you with trusted advisors
- Helping you find a temp dentist to work the practice

## Keep the Practice Open

After the dentist's passing, you will want to notify the team members immediately. Clarify that they are still employed with the practice. It is important they know that your plan is to keep the practice running and that you will find another doctor to take over the practice. If you cut hours or pay, they will more than likely be inclined to leave the practice, which hurts the value of the business. If possible, retain all the team members to keep familiarity within the practice. The team members are the only remaining known to the patients.

A dental practice broker should be able to find a dentist to help work the practice for 30 to 60 days while they locate a buyer. In an ideal scenario, the practice will at least break even after paying the overhead, which includes compensation to the temp dentist. If not, this further stresses the need to complete the sale sooner rather than later, as the family will be spending money to keep the practice going until the sale is completed.

A major pitfall we oftentimes see is perspective buyers, concerned about losing practice patients to a local dentist, attempting to lower the purchase price. Retaining your patients is important to valuing the business properly.

After notifying the employees, you must notify the patients. We recommend keeping news of the doctor's passing quiet as long as possible. If word spreads to the community, the likelihood of the patient finding another dentist before the sale of the practice is high. We recommend telling patients that there is a family emergency, and that "Dr. Doe" will be caring for our patients at this time. After closing on the sale, we recommend sending out a letter to the patients informing them of the doctor's passing, the practice sale,

and the arrival of a new dentist. If a patient gets wind of the situation before you're ready, the team should be prepared to confirm the news and reassure the patient that you are looking for a dentist to continue the quality of care in the practice.

## Finding a Motivated Buyer

Your highest offer may not be your best offer as finding a buyer who has the ability to close quickly and is financially qualified is of greater value. Utilize your broker's market knowledge and expertise to help you evaluate any interested parties. If a buyer takes 30 days to conduct their due diligence, and then does not close, that could cost the family one month of overhead and, more than likely, a lesser purchase price. As more time passes, the risk of word getting out to the community increases and, in turn, so does the likelihood of more patients requesting a referral to another dentist. The longer the practice goes unsold, the value continues to drop, and the less money your family will receive from the sale.

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Each situation is unique. The advised steps may need to be adjusted according to your circumstances. It's crucial to consult with professionals who can provide personalized advice and support during this challenging time. In the event that you are in a rural area and are not able to locate a buyer, and closing the practice is the only option, consult with professionals to do so in a manner that is respectful to patients and staff, and complies with legal and professional standards.

# 10 Essential Steps to Ready Your Dental Practice for Sale

Whether retirement looms on the horizon or remains a distant dream, as a practice owner, it's prudent to contemplate the eventual transition of your practice. Life's twists and turns may necessitate expediting your plans, making early consideration crucial for seamless transitions. Your practice's value ultimately hinges on what someone is willing to pay for it and what a bank is willing to finance. To effectively market your practice, it's imperative to showcase its true worth from a buyer's perspective.

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Here are ten essential steps to prepare yourself and your practice for a successful sale:

## 1. Consult with a Professional Practice Broker:

Establishing a relationship with a practice broker 3-5 years before you plan to transition is paramount. Together, assess your retirement timeline and financial needs to ensure a comfortable post-retirement lifestyle. Engaging in these preparatory steps will not only grant you valuable insight into your practice's current value but also shed light on the pivotal factors influencing its worth and attractiveness to potential buyers. Armed with this knowledge, you'll have ample time to craft a tailored transition plan that aligns with your unique requirements.

## 2. Focus on Results, Not Potential:

Recognize that buyers prioritize current performance over past potential. Scaling back hours may diminish recent collections, impacting the practice's valuation. While easing into retirement is feasible, it may lower the sale price. Consider maintaining production levels by bringing in an associate, potentially paving the way for a future buyout.

## 3. Evaluate Practice Performance:

Analyze your practice's state by examining trends in patient acquisition, treatment uptake, and insurance reimbursements. Identify profitable plans and areas for improvement to optimize the practice's appeal to potential buyers.

## 4. Update Technology and Equipment:

Early- and mid-career dentists seek practices equipped with modern technology. Consider investing in digital radiography and functional equipment to attract buyers and avoid post-purchase upgrades.

## 5. Determine Transition Preferences:

Define your ideal transition scenario, whether gradual mentorship or a complete sale. Consult with family members to align preferences and consider post-retirement involvement in dentistry.

## 6. Address Real Estate Considerations:

Decide whether to include your practice's real estate in the sale or if you'll retain ownership. Ensure favorable lease terms if renting, enhancing the practice's value for prospective buyers.

## 7. Organize Financial Records:

Maintain meticulous financial records to facilitate evaluation by potential buyers and lenders. Work with an accountant to streamline documentation and ensure readiness for due diligence.

## 8. Review Fee Structures:

Keep fee schedules current to reflect market standards, enhancing the practice's appeal, and positioning it favorably for prospective buyers.

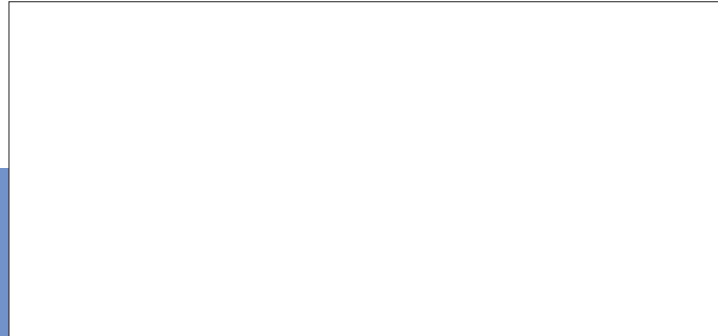
## 9. Document Policies and Procedures:

Document practice operations, including roles, responsibilities, and policies, to demonstrate efficiency and professionalism to buyers.

## 10. Enhance Curb Appeal:

Present your practice in its best light by decluttering, updating, and refreshing the physical space. Impressions matter, and a well-maintained practice enhances buyer interest and willingness to pay a premium.

Regularly revisit these steps to maintain your practice's appeal and readiness for sale. Anticipate buyer inquiries, and prepare comprehensive responses to ensure a smooth and successful transition.



ARTICLES INSIDE:

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## What Our Clients Have To Say About Us Matters

"I was very satisfied with Brian and Sean Hudson and the smooth transition experience they guided me and my staff through. Their professional approach to every detail and concern removed any apprehensions I may had at the onset. Needless to say, my dental practice was sold within a short period of time. I highly recommend their services. – *Dr. Richard Craybas*

"Hudson Transition Partners could not have been more helpful when I was selling my Dental Practice. Their excellent professional practice evaluation was extremely detailed and invaluable when presenting my practice to potential buyers." – *Timothy Holloway, DMD*

"I worked with Hudson Transition Partners when I was looking to relocate and purchase my first dental practice. From the initial phone call to the closing, they were there for me every step of the way. Their guidance and referrals to other professional sources were invaluable." – *Matthew Whipple, DDS*

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**Contact us TODAY to schedule a free consultation!**

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