

Transition Talk, a Newsletter for Dentists

2009: You Can Sink Your Teeth In it!

The year is shaping up to be a great one, both to sell a solid practice or to transition into one! Activity has been incredibly busy in these first two months. Lenders see the value in solid borrowers like dentists, and want to place their money in a market that continues to be stable and successful. Katie Hines Office Transitions specializes in offering strong, productive practices. Visit our website for our latest listings, at www.OfficeTransitions.com!

Three Considerations When Looking For a Practice

By Valerie Falkner

Looking for a practice can be exciting, heart wrenching, and nerve-racking. But there are several considerations that will help to ease the search, and in essence, make the transition much smoother.

1) *Have Your Ducks In a Row.* Before you start your search, you should have a good handle on your financial situation. Take a look at your credit score. You are entitled to one free credit report each year from the three reporting agencies, Equifax (800-759-5979), Trans Union (800-851-2674), and Experian (800-682-7654). Check for any mistakes: these agencies are not known for their stellar accuracy.

Also, at this point you should order a life insurance policy. Most lenders require this as collateral, and it helps to have the paperwork and medical exams completed so that you can easily get your financing together. In the meantime, start talking with lenders. Speak with a few that are referred to you by other dentists or practice brokers. A lender will require three years personal tax returns, a resume, and a statement of living expense needs at the very least. Knowing how much you can reasonably afford before you start looking for a practice will be the greatest single factor in determining which one you purchase.

2) *Line Up Your Team.* No man or woman is an island, and a practice transition is a perfect illustration of that. You will need the advice and guidance of people that you trust, for this is a very large and somewhat complex decision! (No, Glenda from the psychic hotline doesn't count.) Contact a practice broker that has been in your market for awhile. Consider very closely those that charge you a fee upfront to help you with your search or promise to do the evaluation for you. Make sure that your broker discloses to you where their fiduciary responsibility lies so you are not misled (traditionally it is to the seller of the practice and not to you.) You should have an accountant and an attorney that specialize in working with dentists on your side as your representation and to thoroughly cover the bases. You may also need a contractor and architect if you are starting an office from scratch or will need to make any interior upgrades to the existing office. A good practice broker should have a repertoire of contacts, and can and should provide you with at least two of each profession so that you can effectively recruit your team.

3) *Determine Your Criteria.* A sparkling new office with loads of high-tech equipment in a brand-new area of town seems like a great idea, right? While there are advantages to an office like this, there are disadvantages too and all facets of a practice and its location need to be evaluated. Does the area provide a long-term, stable patient base, or is it transitory? Are there enough people living/working in a new residential area to provide you with patients? Will new equipment generate a lot more loyal business for you and keep the practice cash-flowing? Does the patient base enjoy a high-tech office, or do they find it intimidating and costly? Established residential areas can provide loyal patients that have been around awhile, however newer areas can provide opportunities for growth. And for some doctors, a small office of three operatories can provide them with enough opportunity to grow at a steady pace and keep a lighter schedule. For others, a larger practice with lots of expansion opportunity and an aggressive business plan is more fitting. Take the time to evaluate your needs for the next five years. Keep in mind family and lifestyle needs as well, and make a list of important factors for you in your search. A clear mind on your criteria will go along way in providing a laser focus during your search.

Finding just the right practice can take some time. But if you have the right people on your side, a clear snapshot of your financial picture, and a strong sense of your most important criteria, it can be a fun and exciting process.

Issue 2

March 2009

What's New for the Office Transitions Team

We've got a great team to assist you with all of your practice needs! Katie and Valerie have partnered their business with GPE Commercial Advisors—leaders in health care real estate in Arizona. With this kind of experience, you can trust that clients needs are #1 with us.



The right considerations during your practice search will increase profits.

A Vote of Confidence From Our Clients...

"Thank you for being patient and kind. This is my heart's desire and you have helped me achieve my goal."
- Lois A. Cross, D.D.S.