

Selling a Dental Practice in a Distress Situation

Definition of distress - "Acute or extreme pain or anxiety, state of extreme necessity or misfortune, to compel by pain or force of circumstances"

Selling a dental practice in a distress situation is never easy or pleasant. It is laced with many difficult but related issues, i.e., maintaining staff, maintaining productivity and maintaining practice value.

When a distress situation (usually disability, death, or an extremely adverse financial condition) arises the first priority should be to "circle the wagons" and stabilize the productivity by securing a dentist capable of covering the practice. Possible sources could be younger dentists working in other offices in other geographical areas looking to supplement their income, or seeking out a dentist looking to associate in the practice for a short while with a longer term goal of ownership (this may not be very practical as it is a time consumptive process and therefore may not prevent a decline in productivity). Perhaps even much more favorably, seek out an experienced dentist who has sold his/her practice, still wants to work, and can cover the existing hours of the practice until a sale can be consummated.

Regarding the retention of experienced staff who are so valuable to patient relations and maintaining productivity, it is critical to provide reasonable assurances that a prudent buyer will want to retain staff and not make immediate changes in personnel or policy.

Next, if there hasn't been a recent indication or range of value report of the dental practice done, then have one done immediately so that you have some idea of and evidence of the value of the practice and a reasonable basis for the asking price in a sale situation. This will also provide a potential buyer with valuable information when he/she is doing their own due diligence.

Whatever you do –do not close or shut down the practice. It can be costly and difficult. The value of the "goodwill" will plummet at best, and, in worst case, will disappear altogether.

While the overall goal is to realize the maximum value for the practice in this or any other type of sale situation, one should recognize that the real value of the practice (distress or not) is what a buyer is willing to pay and that the price and other terms will be a negotiation.

Finally, assemble an experienced, dental- specific team of advisors who will work for you and advise you solely as your advocate and not the buyers.