

BUYING A DENTAL PRACTICE

Coming out of dental school, unless you have funding to open a brand new practice, you have only a few options for job placement. You can work for a corporate dental group, you can join a private dental group by partnering or buying an existing business.



Corporate or "chain" dentistry:

- Guaranteed decent paycheck for you but, you're working for private investors' paychecks as well.
- High turnover in dentists and staff.
- Focus of your work is the quantity of patients.



Private dentistry:

- Ability to become owner & working for yourself.
- Less turnover because your team of dental assistants, hygienists, and office managers are handpicked.
- Focus of work is quality of work & patient relationships.

In the long run, private dentistry generally offers a better quality of life and an overall higher income. However, dental school is expensive and buying into a practice may seem impossible when starting out.

Buying a business (into or outright) is a complex transaction. Having a business advisor and CPA at your side who is aware of your short-term and long-term goals can help ensure your interests are protected and your financial goals are met. We will help you navigate the transaction while considering everything from your tax liability, to debt management, to your personal wealth and retirement/estate planning goals. Keeping these in mind, we can help structure the sale/purchase in a way that best benefits your overall goals.

Here are some areas where we can help you as you go through the buying process.

Market Analysis: After you've chosen where you want to live and open a practice, we can help complete a market analysis to give you an upfront synopsis of local competition, costs of business, and demographics of patients.

Practice Analysis: You need an accountant to examine the cash flow and financial information such as:

- Recent P&L statements
- Recent balance sheets
- 3 years of tax returns
- Fee schedule to evaluate against industry norms and insurance reimbursements
- Percentage of revenues used for overhead as well as revenues broken down by procedure
- Employee expenses including salaries, benefits, payroll taxes, & retirement.
- Production & collections report for each dentist/hygienist
- Determining the practice's cash flow, or how much money you'll take home at the end of the day.

Negotiating Allocation of Assets: Dental supplies, dental equipment, real property, and the goodwill and reputation - and how those costs depreciate - will affect your tax situation. We will help you with allocating as much of the sale price to items that can be recovered quickly, such as dental equipment and supplies while decreasing things like goodwill, which have to be amortized over 15 years.

A thorough knowledge of the tax code and an understanding of how to structure assets appropriately is vital for IRS and tax purposes.

Securing Financing: We have great relationships with many mid-sized bankers who will be easier to work with over the long run. We can refer you to 2-3 for you to talk with and determine what works best for you.

For general information on Buy & Selling a business, please contact us.