



Practice Transitions Made Perfect™

Newsletter Article Reprint

Faux Retirement

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Many dentists experience a “Faux Retirement” period, caused by burnout, stress, chaos, and/or personal issues. Interestingly, once the problem has been eliminated or resolved, a “New Energy” is experienced, and the dentist is “re-enthused” about practicing. One of the most common examples of this is the transition of a practice, bringing on an associate or partner with a buy-sell expectation. Once the pressure is off the selling dentist, he or she begins to enjoy dentistry again and delays, often to the chagrin of the buyer, the sale.

The exit stage should be defined by one or more of the following:

1. The acknowledgement of a physical or mental impairment
2. The financial ability to retire – real financial freedom
3. The desire and excitement to pursue new and other interests
4. The willingness to walk away from the practice, the patients and the professional relationships that have developed
5. The real distaste or dislike of the practice of dentistry

Unless dentists have reached the point of financial security and embraced the real desire to retire to do something else, there is a good chance they will find a void in their life and the desire or need to return to practice.

Very often we encounter dentists who have an unrealistic value of their practice. It does not matter how much you think your practice is worth, its actual value is only determined after it has been purchased, whereby the buyer and you have agreed upon the price. If your asking price is too high, it will not sell, if your asking price is too low, you will not receive your due compensation for your business. To accurately value a dental practice you should engage an expert who performs dental practice appraisals. The dental practice marketplace is different from any other profession and has many facets that are completely unlike any other business. Market values of dental practices “rules of thumb” may not apply to your particular practice. It would be the same as if you were told that somebody has a toothache and without seeing that person you would decide that she had an abscess. It may or may not be an accurate diagnosis and would not be definitive until you had examined the patient. The same goes for appraisals, your practice has to be carefully analyzed by a knowledgeable professional.

Another extremely important issue when considering the sale of your practice is the tax consequence of your sale. Proper allocation of the purchase price can save many thousands of dollars. A professional practice broker can work with the allocations, while a competent accountant who has dental practice experience should be consulted to assure that unreasonable tax liabilities or consequences are not present. If you are considering the sale or transition of your practice, we recommend that you plan for that transition as far in advance as possible. A practice evaluation appointment can assist you in planning for a successful transition. ADS Florida, LLC can assist you in determining the value of your practice.

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