

Step-by-Step Guide: How to Buy a Dental Practice

Are you thinking about buying a dental practice? It's more than just acquiring equipment. It's about stepping into a community with an established patient base, a dedicated team and a solid reputation.

But before you take the plunge, let's walk through some key steps to make sure you're on the right track.

First ask yourself, are you ready? If you've been practicing for a few years, building your skills and patient relationships, and you're considering ownership, it's time to evaluate your readiness. National statistics show that the average dental practice profit margin of about 40% of its revenue. Are you operating at that level? Are you prepared for the responsibilities of managing a practice and the financial risks involved?

Once you've assessed your readiness, the next step is finding the right practice. It's important to look at several options to find the best fit. When you find one that interests you, you'll sign a confidentiality agreement to protect sensitive information. If everything aligns, you'll proceed next with a letter of intent expressing your interest in purchasing the practice.

Now let's talk numbers. The seller typically sets the practice's value, which will be presented as a specific amount or a range. But valuation isn't just about the price tag. It's about understanding the value of both tangible assets, like equipment and accounts receivable, and intangible assets, such as goodwill and patient relationships.

Negotiation goes beyond price. You'll need to discuss tax implications, payment terms, and the timing of the transition. For example, will the current owner stay on for a while to help with the handover? These details are vital for a smooth transition.

Due diligence is your opportunity to dig deep. Review financial records, patient demographics, and operational procedures. Check the condition of equipment and confirm lease terms. This thorough examination helps you decide if the practice is a good fit and if the asking price is justified.

Finally, once all agreements are in place, it's time to close the deal. With everything signed, you can officially take over and begin your journey as a new practice owner. Starting early and seeking expert advice can make all the difference, if you're considering purchasing a dental practice.

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