

Practice Purchase Check Up

Are you ready?

- Do you have the clinical skills to perform all treatments performed at the practice?
- Is there an up-to-date appraisal available (within the last 12 months)?
- Have you developed the necessary management skills to make the practice successful?
- Do you have a strong team of advisors (accountant, lawyer & banker) who all specialize in dentistry?

The Seller

- Do you know why the practice is being sold and what the seller's future plans are?
- Is the seller in good standing with the RCDSO?
- Is the seller prepared to help with a transition or stay on as an associate?

Patient Base

- Do you know how many patients have actually had one or more appointments at the practice in the last year?
- Are there enough patients to keep you busy? (On average, for every 250 recall patients you will be busy one day/wk.)
- Is the patient base suitable to meet your financial objectives?
- Is the new patient flow greater than or equal to 8% of the past 12 month patient base?
- Are hygiene billings divided by the past 12 months patient count greater than or equal to \$220?
- Are dental billings (excluding lab & hygiene) divided by the past 12 month patient count less than or equal to \$450?
- If there is an ethnic or language concentration in the patient base, will you be acceptable to patients?
- Are all the copayments being collected by the practice?

Financial Considerations

- Is there sufficient cash flow to repay the financing on the practice?
- Are occupancy costs less than or equal to 7% of gross revenue?
- Are wages and benefits less than or equal to 27% of gross revenue?
- Are total practice revenue trends over the past few years positive?

Premises

- Is there an opportunity to buy the premises and if so, is there a building appraisal?
- If premises are leased, is the lease assignable without renegotiating with the landlord?
- Are the terms plus options of the lease greater than the term financing required?
- Is the lease free of demolition or relocation clauses?

Staffing

- Does the practice have staff contracts, especially for staff with more than 5 years of service?
- If there is an associate, is there a contract with a restrictive covenant?
- Can the associate contract be assigned to you as new owner?
- Do you know why the associate, if there is one, is not buying the practice?

YES

NO

What does all this mean?

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Overview

Our Tier Three Practice Purchase Check Up is designed to give you an overview of many of the relevant issues to be considered when evaluating a specific practice purchase. Getting the answers to these questions will put you in a position to make a properly informed decision about whether the practice is a good fit with your objectives and some of the economic considerations you may want to factor into your offering price.

The Market

Do not be discouraged if you checked "No" quite a few times. There are virtually no practices that are entirely free of issues, and in as highly competitive a market as this one, practices with very few issues will sell for a significant price premium. The issues you flagged in the checklist are more likely to be factors to consider in determining what amount you will offer, rather than a reason not to proceed.

Talk to Experts

If you have questions about how some of the issues raised will impact you, a Tier Three expert is never more than a phone call away. More importantly, make sure your accountant, lawyer and banker are experts in the dental market. Your purchase of a Dental Practice will likely be the most important asset you ever purchase. You need to surround yourself with true experts if you want to make a wise decision. This is simply too important to leave anything to chance.

Appraise with Integrity,
Sell with Confidence.

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Thinking of buying?

Take a Practice Purchase

Check Up

