

# VIEW FROM THE PRACTICE

## PLANNING YOUR EXIT

**Rahul Doshi says that by the time you're thinking about retiring or selling up, it's already too late to plan your exit strategy effectively for maximum returns**

**D**entists with practices to run are forced to think about the business and management aspect of their practices on a day-to-day basis, but many do not think about planning for an exit from their practice until they have to. Only too frequently, the thought of how they intend to sell their practice comes about when they are near retirement. Often it is too late to maximise on returns.

The key variable that will have a direct impact on your end profits from the sale of your business is time. The more time you give yourself, the more time your plans have to work and integrate into your practice protocols.

The main objective of a sale is to get maximum returns from your business asset. A dental practice only becomes an asset after you have instilled value into all of its components. The main aspect is to give the practice 'buyer appeal'. So how do you transform your practice into a valuable saleable commodity?

### THE BUYER'S SHOES

One idea is to look at your practice from a different perspective – the perspective of the buyer. Ask yourself, 'If I were looking for a practice today, what factors would appeal to me?' Then make a list and re-evaluate your practice with these factors in mind.

Also, when you are thinking about selling your practice it is advisable to get as much information on selling as possible. You need

*Rahul Doshi BDS LDSRCS is the senior clinical director of The Perfect Smile Advanced Training Institute in Hertford and offers hands-on training courses in Aesthetic Dentistry. He lectures both in the UK and abroad and is PPD's clinical editor. [www.theperfectsmile.co.uk](http://www.theperfectsmile.co.uk)*

to help the agents that put your practice up for sale by providing them with some 'saleability' factors. These are aspects of your practice that are key and will serve the buyer in the future by helping them with their turnover. This gives the buyer reasons to purchase your practice.

### SALEABILITY FACTORS

Here are some key exit strategy 'saleability' factors that should be in place prior to sale.

- Increased turnover. Here you will need at least a good three-year average of your gross income as high as possible. This shows that in your practice you are consistently able to produce a high income and that the practice for sale is a profitable one.
- A well-trained and focused team. This will assist you with internal marketing and helping patients to understand the types of treatment available to them. Also, a good team can be led as oppose to managed. This in turn allows you to reach your desired goals (especially with respect to turnover) faster.
- Good patient appeal. This means the practice needs to look presentable to prospective patients, but also have a good reputation behind it. This is where you need to understand what your practice is known for by your target market.
- Good operating systems. These allow for faster revenues because the entire team understand how the systems work. For example, every practice should have a good follow-up system that enables them to track patient behaviour in their practice. Metrics of this kind enable financial targets to be met.
- The location of your practice can be a key selling point. A good location that allows passing traffic to see your practice can help considerably with marketing it as it has buyer appeal. If you do not have a shop



front location then you will need to focus on emphasising the other key sellability points.

- Great marketing. This is a necessity in any business. Good cost-effective marketing is the engine that drives the right type of patients into your practice. A dental surgery with a good influx of patients on a consistent basis is very appealing and can help the new buyer in the early days of owning the practice.
- Good sales processes. This has a dual purpose: firstly, it is a better way to make sure all your patients are getting the advice that they need using the appropriate communication language; and secondly, you have the opportunity to do internal marketing.

These things can help increase your turnover significantly and offer improved buyer appeal.

### TIME TO MATURE

Selling a practice requires much thought and consideration. An exit strategy helps to increase your returns on sale significantly. This is because you have planned and actioned how your practice will develop to create buyer appeal. However, your strategy will need time to mature and evolve for you to reap the ultimate benefits.

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