



WHAT'S GOOD FOR THE BUYER CAN BE GOOD FOR THE SELLER

As a profession, we are currently in a fortunate position. Our practices provide us the ability to live a comfortable life, maximize our value when it's time to sell, and leave a professional legacy in the communities in which we serve. Strong practice values continue to be supported, even in today's challenging climate with goodwill representing more than 80% of the value in many cases. On the other side of the coin, we as a profession remain just as fortunate that we are able to

purchase dental practices and establish immediacy in cash flow as health care professionals and business owners.

Historically, models of dental practice brokerage have been seller focussed. In the majority of cases, a dental practice brokerage is contracted by a vendor to appraise, list, and sell a dental practice. Buyer representation in today's marketplace is not common in a formal nature. Prospective purchasers are able to engage with their professional team (lawyer, accountant, financial advisor, lender) in the consideration of a purchase but typically negotiations take place directly between the vendor's broker and the buyer and not a buyer's representative agent.

Seller representation is, and should be, focussed on attaining the highest price paid for a vendor's practice, supporting the transition goals of the vendor, and finding the "ideal buyer". This is achieved by preparing accurate and comprehensive appraisals that support lender agreement, showcasing the growth opportunities that exist in the practice, and maximizing the buyer audience.

With dentistry proving it is both pandemic proof and essential, practices that focus on their operational health will continue to see practice values at their highest potential for the foreseeable future.

Buyer representation is expected in other brokerage related industries but not in the Canadian dental marketplace. We attribute this to the competitive market demand and the fast pace with which practices sell. Additionally, practice brokers refuse to collaborate with buyers' agents. Consequently, buyers have been forced to accept the seller's appraisal as the only truth. With more than 1300 dentists entering the dental marketplace annually, the dental market has become saturated in all urban areas. With dentistry proving it is both pandemic proof and essential, practices that focus on their operational health will continue to see practice values at their highest potential for the foreseeable future.

Today, where buyer representation doesn't exist, The Dental Broker Team and Transitions Group have partnered to assure all parties experience a fair and mutually beneficial transfer of ownership. Purchasers who are supported by transition experts representing due diligence on their behalf not only buy the right practice, but also have better outcomes with respect to leadership transfer, team engagement, patient satisfaction, and profit. Canadian lenders have stated a buyer with a strategic business

plan are considered lower risk, and benefit from higher approval rates and increased funding.

The seller-buyer collaboration model also provides significant benefits to a seller. This model ensures the seller's continuation of their legacy in the community, a seamless exit out of dentistry, ensures the best fit for the team and patients, and assures that the seller is financially rewarded for their life's work.

In summary, the traditional transactional one-sided brokerage model is not sustainable because the focus is on the seller only, there is increased trepidation from lenders, and increased sophistication and expectations of today's purchasers. ❖

Dental Broker Team and Transitions Group have a better way forward. If you are at the stage of your career where you are curious about your value today, are contemplating selling, have an associate/family member who wants to buy in, or if you are ready to buy a practice, contact us. info@dentalbrokerteam.com/ www.dentalbrokerteam.com Transitions Group: info@tgnadental.com, tgnapracicemanagement.com



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