

Are You Thinking of Selling Your Practice?

You have built a practice, loved the patients, but now decided to relocate, retire or sell a satellite office. You now must separate the emotional attachment you have with your practice and develop a rational, calculated plan. What is your plan? Do you know the process that will bring back the greatest return with the least amount of effort? The following nine steps will give you insight of the tasks ahead.

Plan a Strategy

The process begins with developing a plan. Settle the major professional and personal issues as a starting point. Establish a timetable to coordinate all of the upcoming tasks needed to advance toward your next professional endeavor. As you write down these issues, your new plan will start to become a reality.

Gather Information on Your Practice

To establish value in your practice it must be presented with statistical accuracy. Equally as important is the presentation of goodwill; goodwill may be the greater value of the two. Both numeric information and goodwill must be compiled properly to obtain the greatest return on sale.

Place a Dollar Value on Your Practice

Price your practice in accordance with a standard accounting equation. There are three approaches to determine a practice or business value, including: market approach, income approach or asset approach. Always support your asking price with facts. Opinion has little weight in negotiations.

Develop a Sales Package on Your Practice

Compile all facets of the practice in one book for the prospective buyer, who will value your practice in relationship to the quality of its presentation. Always have the prospective buyer sign a confidentiality statement for your protection.

Give the Office a Facelift

Give your office an inexpensive facelift. A clean and uncluttered office will increase the value of your practice. Review your travel cards, office notes, patient files and financial statistics.

Promoting the "For Sale" Practice

Getting the word out, and being secretive about this fact is the difficult job of the "for sale by owner" doctor. Anonymity is of high importance. Cash value will diminish if your staff and patient base know of your future plans.

Each practice has its own pallet of unique characteristics. There are many quality-marketing programs to fit each unique practice.

Negotiation

Negotiation with a prospective buyer should always be presented with an unemotional posture. Your emotional attachment to the physical structure, patients, and past good times have little value in the negotiation process.

Legal and Financial Consultation

Work closely with an attorney and an accountant when reviewing all contracts. The cost of good advice is an investment to avoid future expense.

Transition

Work out a sound transition period. During this time, the goodwill of the practice is transferred from the seller to the purchaser. This is where the purchaser receives the intangible value of the practice. By acknowledging this fact, the seller can justify a high value if the transition period is generous.

These nine steps to selling a practice are a basic outline to be followed. There are many nuances to each transaction and obstacles are to be expected, but always keep focused on "getting the deal done."

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Editor's Note: Dr. Foster has a B.S. degree in marketing/finance from Boston University and was a securities broker before becoming a chiropractor 14 years ago. His expertise lies in all aspects of buying and selling chiropractic practices. He holds a real-estate license in New Jersey. Inquiries can be made to 888-422-3774.

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