



Seller Transition Guide

Sell at the **RIGHT** time for **YOU**.

National Dental Placements (NDP), an affiliate of Cain Watters & Associates (CWA), was founded in 2005 with the mission of helping young dentists find established practices and assisting in their transition to ownership. While this is still an integral part of our mission, we have realized the importance of the dental transition to both the young and established dentist and have expanded the scope of our services to ensure our clients on both sides are prepared and confident that their transitions meet their personal and professional goals.

At NDP, we know how important it is to transition your practice, your life's work, and our goal is to facilitate the sale of your practice at the **right** time, to the **right** person. Whether you are looking to transition into retirement or onto the next opportunity, transitioning your practice is a major milestone. Just like you know the best treatment plan for achieving the perfect results, our experience in the business of dentistry will provide a smooth transition, no matter which path you choose!



Preparing for Transition:

Are you thinking about hiring an associate? Have you been thinking about retiring or moving on to your next opportunity?
NDP can help!

Do you need to find a buyer for your practice?

Yes, find me someone!

As part of **NDP's Listing Service**, we take on the responsibility of marketing your opportunity, screening and vetting candidates and facilitating all communications. Our listing service includes the negotiation of terms for the sale, the legal documents and facilitating the critical processes to get you to a successful close.

No, I have someone.

Through **NDP's Seller Consulting Service**, we work with you and your buyer to develop and implement a transition plan. This service includes everything from the practice analysis and/or valuation to understand the financials, negotiation of the transition terms, and the formal legal documents. Our goal is a fair and reasonable transition that meets your goals and gets you to closing. Our service is customized to meet your transition needs.

Setting the Market Price

Do you need a formal valuation or just a detailed financial analysis? A formal valuation is rarely required by a lender, however, some situations may call for one. Sometimes a detailed financial analysis is all you need. The ultimate goal is agreeing on a fair and reasonable price that meets the objectives of both parties.

Buyer due diligence will include:

During the due diligence process, the prospective candidate will have many requests, and it's important to be prepared.

Some requests may include reports and questions such as:

- Financials: tax returns, profit and loss statements, general ledgers, production reports
- Patient analysis report: active patient count, new patients per month
- Current fee schedule
- Staff information: tenure, role and compensation level
- Understand the insurance mix of the practice (i.e. FFS, PPO, HMO)
- How does your practice gain new patients?
- What does your referral network look like?
- What are your goals post close?

Let NDP facilitate critical communications for you!

Critical Milestones in the Transition Process:

Letter of Intent

This is a formal, non-binding offer from a prospective buyer to the seller that creates an agreement on the material terms and acts as a skeleton for the final, formal legal documents.

What can be included?

- Price
- Asset Allocation
- Building Lease/Purchase
- Covenant Not to Compete
- Retreatment Provision
- Accounts Receivable
- Seller Work Back
- Close Date
- Contingencies

Legal Documents

After the Letter of Intent, the next step towards closing is the formal legal documents. Some of the legal documents you may see in your transition are:

- 1. Asset Purchase Agreement or Purchase and Sale Agreement:** This is the formal and binding sale agreement of the practice assets. These documents will fully detail the items listed in the letter of intent, will include other negotiated language and will incorporate the legal terminology needed to protect both parties.
- 2. Bill of Sale:** This is a document conveying the transfer of ownership from one party to the other. This is the document that actually transfers the ownership of the assets.
- 3. Seller Associate Agreement:** In a scenario where you will be working back in the practice after the transition, this is the employment or independent contractor agreement detailing those terms. It may include a non-compete, compensation terms, schedule requests and other obligations.
- 4. Lease or Building Purchase Agreement:** This is the legal document that will transfer ownership or your lease obligation to the new buyer. While a separate transaction from the practice sale, it's a critical component for the buyer and the buyer's lender.



Lending – What You Need to Know...

Many sellers ask us, “*Can my buyer get lending for my practice?*” The answer is... It depends! In a transition, the bank's main concern is the practice profitability and the stability of the practice. They will need to review many of the same documents the buyer reviewed and will have questions that you and your transition team at NDP will need to facilitate.

Lending Types:

- Conventional Lending
- SBA Lending
- Seller Financing

Lending can be complicated. NDP works closely with lenders to ensure lending is achieved.



NDP Headquarters, Plano, Texas

There are many operational aspects to consider during the sale of your practice. Below is a list of items to consider as you plan your transition:

- Review practice contracts and services:
 - Transfer or cancel practice services (i.e. computer software, utilities, telephone, marketing, postage, waste management)
- Notify practice business and malpractice insurance of transition and cancel, if applicable
- Notify unemployment agency and other state payroll of change in ownership
- Transfer equipment leases, x-ray registrations, and nitrous registrations where applicable
- Payroll processing and merchant services:
 - Provide buyer with appropriate contact so they can set up new services
- Understand dental board notification requirements
- Clean up and understand patient balances:
 - Prepaid patient balance: work with buyer on plan for these patient's treatment post-transition
 - Accounts receivable and credits due: understand these balances and have an action plan for resolution and collection post-transition
- Staff announcements: consider a plan for staff communication with the buyer
 - Inform buyer of staff benefits offered and understand changes buyer intends to make (if any)
- Retirement and health insurance plan: transfer or terminate plans and provide buyer contact information if needed
- Ensure buyer has tax identification and NPI for post-close operations
- Educate buyer on city and local business license/permit requirements
- Patient and referral notification post close
 - Work with buyer to create patient and referral announcements
 - Set up open house or referral introductions

Transition your practice with NDP.

