

What is your Practice worth?

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If you don't know the answer to this question, you're not alone. Most Dentists have no idea how much their Practice is worth. They have very little knowledge of what criteria will be important to the valuation of their practice and even less knowledge of how their Practice will measure up.

Below is a list of important criteria for a Dental Practice Valuation.

- Financial Statements (profit and loss) for a minimum of three years
- Adjusted net earnings, recast financials and true practice overhead
- Number of Active Patients
- Practice Production and Collection history for a minimum of three years
- Productivity by Procedure report for a minimum of three years
- Hygiene Department Productivity % (last two years)
- Recall System (% of patients seen on recall in the last year)
- Equipment Value: Is it still manufactured? Can parts be replaced?
- Supply Value (clinical and office supplies)
- Leasehold Improvements
- Number of days, and hours per day, patients were seen over the past 3 years.
- Year to Date, aged, Accounts Receivable Report
- Copy of Current lease or intent for lease options
- A Summary of the number of New Patients per Year for the past three years.
- A Current Fee Schedule: When was it last updated? How often is it updated?
- Copy of Practice Financial and Insurance Policies
- Census of all Employees (compensation, hours worked, positions, responsibilities, and number of years with the Practice).

Other factors that play a part in the valuation of your practice are: Practice Potential, Desirability of location, Reputation, Revenue Source (Fee for Service, Managed Care, Medicaid, Clinic etc...), Office Décor and Patient Demographics.

A Dental Practice Valuation will always be somewhat subjective. It's the experience in the world of Practice Management and Transition that makes a practice valuation authentic. If you are asked for your tax returns and profit and loss statements but not asked for practice numbers and history such as active patient numbers, production and collection history, aged A/R etc... (see above), you are not receiving a thorough valuation of your practice. It takes all of these things to get the true picture of what a dental practice is worth.