



# Do You Really Need a Broker?

As a professional, you have learned to listen to your patients' questions and provide careful answers designed to educate them about the benefits of preventive oral health care. As a broker, I have similar experiences and a similar set of answers about our services.

## Why do I need my practice appraised?

Much like the patient who doesn't seem to understand the obvious benefits of regular preventive care, some dentists may be oblivious to the benefits of a practice appraisal. An appraisal serves as a tool that addresses many career and business needs: retirement and estate planning; property and personal insurance reviews; refinancing; practice sales; incorporating and 'freezing' capital gains and uncovering inefficiencies.

I work closely with seven dentists in my company and each of them shares my frustration. They can't understand why their colleagues won't invest in a practice appraisal when it often initiates a process that may lead to numerous, beneficial results.


## Why should I employ a broker to sell my practice?

Much like the trend towards do-it-yourself or DIY home renovations, many dentists take on the task of selling their own dental practices. While DIY is often promoted as a cost-efficient measure, common sense also states that we get what we pay for. Ask yourself these questions: Would you sell your own car? Would you sell your own home? Would you sell your own practice? For the majority, the answer may be, "I would like to DIY (and save the fees) but what are the results?" The market has proven that those who sell their own practices rarely achieve the same results as a third-party professional who specializes in the art of selling the asset. The National Association of Realtors (a US-based group) has studied the For Sale By Owner (FSBO) results versus those of Realtors® and found that in a large majority of sales, a Realtor not only achieved a higher sale price (before commissions) but he or she usually negotiated more favourable terms for the seller such as preferred closing dates and fewer 'inclusions' (i.e. appliances).

When I listen to stories of those who elected to sell their dental practices without a broker (and there are more of these stories than I wish to admit) the results are not what you may expect. While most dentists say the deal "more or less went as I thought it would" they also

admit they made some miscalculations that resulted in a failure to achieve what they had first anticipated. One of the key errors of the DIY dentist is failing to properly identify what he or she owns, and its appropriate market value. Even with the aid of a professional appraisal, many admit they 'gave away' some assets during the negotiations in order to induce a buyer into the final deal. Brokers, on the other hand, are not in the business of giving anything away. Other DIY dentists tell me they did not understand some of the intricate strategies for reducing taxes, and the techniques for limiting the costs of selling. Some areas to also consider are the benefit of adjusted closing dates, notification obligations for staff terminations, pay-outs of equipment leases, and landlord fees to assign a premise lease, to mention a few.

In short, a broker will almost always yield a higher total sale price — simply because it's in his or her best interest to do so. A broker should also be familiar with the most current tax structure or cost-reduction strategies for a selling dentist. It's always best to consult with a professional to be advised of recent changes. I often speak with accountants who are so busy with the bigger picture of taxation rules, that they sometimes do not know the finer points of a dental practice sale or the allocations of sale price that may be favourable to their clients.

In the end, I suggest that the DIY dentist will net the same proceeds from a practice sale when using a broker as when selling on his or her own. I also submit that you can choose to pay a commission to the broker, and let him or her manage the deal, or you can pay the commission, in effect, to the buyer as he or she negotiates a better price or terms. Many buyers admit that they see a DIY dentist as being somewhat unsophisticated and the immediate belief is that "I'm going to get a good deal from this dentist." While this may not be true, the perception is that the DIY dentist is a rookie and the buyer will gain an advantage by means of a lower sale price. Is that how you wish to be seen? 

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