

Dental Practice Transition Checklist

Planning and Assessing Your Acquisition

This resource is intended to guide you through the due diligence process and prepare you for a successful transition.

Conduct a Chart Audit

Review approximately 10 percent (minimum of 50) of purported active patient charts at random. Consider the seller's and your definition of active.

Understand the Business

(Review policies and outgoing patient flow)

Treatment Plan

Compare yourself to the selling dentist:

- Philosophy in clinical diagnosis, including radiography review.
- Completed, recommended but not completed, undiagnosed.
- Case acceptance.
- Treatment planning and acceptance
- Procedural mix and clinical proficiency in non-referred treatment.
- Growth opportunities in referred treatment.
- Legibility and thoroughness of patient records.
- Conservative, moderate or aggressive treatment planning.

At Columbia Healthcare Banking, we understand your unique needs. Our bankers have many years of experience working with dentists and are able to help guide you through the entire process of acquiring a dental practice.

Quick Tip:

Active patients typically have been seen in hygiene or for treatment within the past 18 months.

Billing and Collection

- Consistent and current financial arrangements.
- Provide payment options (credit and debit cards, internal payment programs, outside financing solutions, checks, etc.).
- Fee schedule – most recent increase, state reimbursement rates, peer-competitor rates.
- Obtain accounts receivable aging (30, 60, 90 days, etc.) and historical monthly average aging.
- Review accepted insurances- PPO, I IMO, capitated programs and fee for service.
- Transferability of accepted insurance contracts or managed care plans.

Scheduling

- Are patients pre-scheduled three to six months ahead in hygiene recall?
- Is the doctor's schedule 70 to 80 percent booked two weeks out?
- Does the current schedule allow time for emergency treatment?
- Are there gaps in the current schedule (doctor or hygiene)?

New Patient Flow

- Average total per month – contrast the number of exams in the schedule to the number represented by the seller or broker.
- Source of referral – determine how and what forms of marketing are utilized:
 - Internal – staff or patient incentives, such as gifting, discounts or giveaways.
 - External – direct mail, print, radio, TV, webpage, social media, and affiliated groups, such as community, religious, social, etc.
- Attrition – create a plan to bolster new patient flow for loss recovery.

Quick Tip:

Bring an unbiased, experienced and reputable peer dentist, consultant or advisor with you to assist in analyzing the purchase decision.

Quick Tip:

Conduct a competitor analysis by reviewing website information, completing drive-bys and making inquiries regarding new patient acceptance, treatment offered, associated fees, operational hours, etc.

Examine the Facility and Equipment

Exterior

Walk the property to determine necessary improvements:

- Visibility and accessibility from street – vehicle, foot, public transportation
- Maintenance of grounds
- Signage visibility, location and lighting (and verify improvement possibilities with landlord and city)
- Sufficient parking
- Handicap accessible
- Waste removal

Interior

Start at the front door and work your way through the practice, including the reception and front office. Witness the practice through the eyes of the patient. Does the practice need cosmetic upgrades? Are private areas available for payment and treatment planning discussion?

- Organization and cleanliness
- Design and aesthetics
- Sufficient space and comfort
- Provided amenities
- Condition of office equipment and furniture
- Practice management software or paper charts

Operatory

Inspect the condition and layout to assess whether everything is in working order. If there are changes or additions that must be made for you to be clinically proficient, make a list of necessary upgrades and associated costs. Determine if the need is immediate or if it can be postponed as a future objective.

- Left- or right-handed
- Handicap accessible
- Open bay, quiet room, doctor vs. hygiene
- Patient chair, delivery system and light functionality
- Delivery system type – chair mount (traditional or continental), side delivery, rear delivery or cart

- Instrumentation:
 - Hand pieces (air driven or electric) and low-speed attachments
 - Fiber optics
 - High volume evacuation
 - Saliva ejector
 - Ultrasonic instruments
 - Curing lights
- Technology:
 - Intra-oral camera
 - Audio/visual
 - Digital radiography
 - Panoramic X-ray
 - CadCam Restoration Technology-CEREC, E4D, Lava, iTero, etc.
 - Soft-tissue laser
- Mechanical room – ask for service records from the most recent vendor inspection.
 - Compressor
 - Vacuum
 - Nitrous
 - Amalgam separator
- Lab and sterilization – check for asepsis, infection control standards and OSHA compliance.
 - Autoclave sterilizer
 - Ultrasonic cleaner
 - Tubs, trays, cassettes
 - Model trimmer
 - Supplies and inventory

Review the Lease

Review the type of lease offered and the associated covered costs:

- Ask if a tenant improvement allowance is offered when signing the new lease.
- Remaining term – your lender will want to see elective renewal options in place that are equal to the term of the loan (typically 10 years).
- Is the present lease transferable?
- Contrast current area lease rates to the practice lease rate.
- Check with city planning regarding pending area improvement plans, projects, etc., that may interfere with access to the business.



Staff Considerations

Is staff aware of the transition? If not, ask when they will be informed and what your role will be. Evaluate the following:

- Employee manual – ensure roles and responsibilities are outlined and that personnel policies are in writing.
- Compensation rates – compare to area averages via dental-specific CPA or practice consultant.
- Benefits offered – medical, retirement, bonus incentives, vacation, sick leave, etc.
- Evaluate whether the selling dentist and staff have a good rapport and working relationship. Determine if they are a good match for you.
- Retention – determine if all staff will remain or if new staff is needed.
- Consider if there is any staff that will not make the transfer with new ownership.

Quick Tip:

Consider lease terms and associated costs, including employing a leasing agent and attorney.



Questions for the Seller

Review these critical questions below before finalizing a transaction:

- Will a warranty be provided by the seller for treatment completed prior to the transition?
- Are there any groups or organizations that the current owner has historically seen new patients come from (community, social, etc.)?
- What are the seller's plans after the purchase is complete?
- What non-compete or non-solicitation provisions will be made in the purchase and sale agreement (time window and radius)? Check enforceability with your attorney as laws are different state to state.
- Are there embezzlement safeguards in place? If so, learn them. If not, employ them.
- Can an observation day(s) be scheduled to witness staff and patient interaction?
- How will the seller introduce the buyer to referral sources and patients (in person, open house, in the office, email, letter, etc.)?
- Will the seller mentor the buyer after the sale (if needed) to learn specific procedures, management, review scheduled treatment and patient charts, education of how to use dental equipment or other business related questions?
- Will the seller provide validation of and stand behind the buyer's treatment planning and quality of work with patients, referral sources and staff?
- Will the seller conduct a staff continuity meeting with the buyer?

For more information about dental practice transitions, or for other resources specifically for dentists, please visit [columbiahealthcarebanking.com](https://www.columbiahealthcarebanking.com).

Quick Tip:

Establish a communications plan with the selling dentist for during and after the transaction process.

