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The Complete Roadmap to Practice Acquisition

Once you decide you'd like to buy a practice:

1. **Professional Team.** Find your professional advisors that specialize in Practice acquisitions (*Attorney, Accountant, Lender, Practice Consultant, Equipment Supplier, Software Supplier, and Insurance Agent*).
2. **Business Entity.** Choose Business Entity (*Attorney*) with tax advice (*Attorney, Accountant*). Formation is later.
3. **Loan Prequalification.** Apply for and obtain Loan Prequalification (*Lender*).
4. **Practice Criteria.** Identify important Practice criteria, such as community type (urban, suburban, rural), property type (medical building, strip mall, shopping center, free-standing), demographics, square footage, number of operatories, gross income, specialty, upgrade required vs. turnkey, partnership vs. immediate purchase (*Practice Consultant*).
5. **Current Employment.** Plan exit from your current work situation (*Attorney*).
6. **Licensing.** Complete and confirm all licensing transfer protocol (*Dental School, Dental Board*).
7. **Target Practices Matching Criteria.** Identify potential practices for acquisition matching your criteria (*Practice Brokers, colleagues, dental society, internet*).

Once you have identified a particular practice of interest ...

8. **Gather General Practice Information.** Obtain general information on Practice, such as financials, demographics, patient base, and Seller's transition *plans* (*Practice Broker, Consultant*).
9. **Tour Neighborhood and Building.** Tour the Practice building and neighborhood to confirm it matches your criteria for location, amenities, ambiance, visibility, traffic, etc.
10. **Tour Premises.** Tour the Practice premises to confirm it matches your criteria for nearby businesses, ambiance, existing buildout and layout, fixtures, utilities, etc. (*Equipment/ Software Supplier, Practice Consultant*).
11. **Letter of Intent.** Review, negotiate and sign a Letter of Intent to purchase (*Attorney*).

If the Letter of Intent is accepted ... (next page)

If the Letter of Intent is accepted ...

12. **Insurance Applications.** Apply for insurance: life, disability, general liability, business interruption, construction bond, malpractice, workers compensation, auto, employment practices, umbrella, etc., all as required by Lender and Landlord or as otherwise desired (*Lender, Insurance Agent*).
13. **Due Diligence.** Complete due diligence (*Practice Broker, Practice Consultant, Accountant, Equipment/ Software Supplier, Property Inspector*). Due diligence includes among other matters ...
 - A. **Premises Review.** Inspect the Premises and common areas. Confirm ADA compliance, and that all Premises systems and fixtures (electrical, plumbing, natural and dental gas, drains, cable, alarm, sprinklers) are registered (if required) and in working order (*Property Inspector*). Inspect and confirm all dental and office equipment is in working order, up to date and HIPAA compliant (*Equipment/ Software Supplier, Practice Consultant, Computer Consultant*).
 - B. **Assets & Software Review.** Inspect and confirm that all equipment, including imaging and practice management software and licensing, is in working order, up to date, and HIPAA and OSHA compliant (*Equipment/ Software Supplier, Practice Consultant, Computer Consultant*). Confirm that fictitious business names are registered as required (*Attorney*).
 - C. **Chart Review.** Only the dentist can perform this function (*with advice from Practice Consultant*). Type of dentistry completed, quality of work, in-house vs. referral patterns for specialty dentistry, treatment opportunities (under-treatment or over-referral), possible insurance fraud (chart notes don't match billing records), treatment opportunities (under-treatment or over-referral), Practice saturation (over-treatment and under-referral), and prior staff members now departed.
 - D. **Financial Review.** Tax returns, bank statements, cash flow, profit and loss, ratio of expense categories to typical amounts, identification of add-backs, discrepancies with general Practice information received, etc. (*Accountant, Practice Consultant*).
 - E. **Billing Review.** The dentist must participate in this function. Billing and account receivable records: insurance panels joined by Practice, indications of insurance fraud (non-existent chart notes for billing records, up-coding of procedures, habitual waiver/ refund of patient copays or deductibles, etc.), ratio of hygiene to general dentistry to specialty dentistry treatment, ratio of HMO to PPO to FFS patients and billings, new patients per month, etc. (*Practice Consultant*)
 - F. **Insurance Panel Review.** Investigate and prepare applications (for post-closing submission) for new and transferring insurance panels (*Practice Consultant*).
 - G. **Website Review.** Investigate existing and potential domains, website hosting, and online advertising (*Computer Consultant*).
 - H. **Vendor Review.** Investigate existing credit card processing, postage meter and copier and other small office equipment purchases and leases, signage, advertising, and office and dental supply purchases and accounts (*Equipment/ Software Supplier, Practice Consultant*).

14. **Loan Commitment.** Provide required documentation to Lender, much of which was obtained through due diligence (*Practice Broker*). Finalize formal loan commitment (*Lender*).

If due diligence is successfully completed ...

15. **Business Entity.** Form Business Entity (*Attorney*).
16. **Bank Accounts.** Set up entity bank accounts (*Lender*).
17. **Loan Documents.** Review and sign loan documents (*Attorney, Lender*).
18. **Lease Application.** Obtain Landlord contact information. Request, complete and return tenant application (*Practice Broker*). Obtain current lease, as signed and with all exhibits and amendments and extensions (*Practice Broker*). Obtain proposed lease documents from Landlord (*Practice Broker, Attorney*).
19. **Finalize Contract & Lease.** Review, negotiate and sign your purchase contract and lease (*Attorney*).
20. **Business Planning.** Investigate and prepare applications and orders (but not yet submit) for existing equipment and software lease and license transfers (*Practice Broker, Practice Consultant, Equipment/ Software Supplier*). Investigate additional equipment and software purchases and repairs (*Equipment/ Software Supplier*). Investigate domain, website hosting, and online advertising transfers, and investigate website modifications (*Web Designer*). Investigate employee benefit packages (*Insurance Agent*). Investigate and prepare applications and orders (but not yet submit) for credit card processing, postage meter and copier and other small office equipment purchases and leases, signage, advertising, and office and dental supply purchases and accounts.

If the Contract and Lease are signed ...

21. **Lender Check-in.** Deliver signed documents to Lender. Confirm all required paperwork has been submitted, and the deadline date for funding with the same loan terms.
22. **Escrow.** Deliver signed documents to Escrow. Review, revise and sign escrow instructions and proposed settlement statements (*Attorney*).
23. **Insurance Policies.** Purchase insurance: life, disability, general liability, business interruption, malpractice, workers compensation, auto, employment practices, umbrella, etc., all as required by Lender and Landlord or as otherwise desired (*Lender, Insurance Agent*).
24. **Current Employment.** Give termination notice with your current work situation.
25. **Business Planning.** Complete website modifications (*Web Designer*). Submit applications for alarm, utility, equipment and software lease and license transfers. Submit applications for credit card processing, postage meter and copier and other small office equipment leases, and office and dental supply accounts. Finalize transition letter with Seller.

26. **Pre-Closing Inspections.** Inspect equipment and supplies immediately before Closing, to confirm that those items remain present and in amounts as required under the contracts.

When the Practice Sale Closes ...

27. **Insurance Panels.** Submit applications for insurance panels (*Practice Consultant*).
28. **Equipment, Software & Website Purchases.** Purchase and repair equipment/ software (*Equipment Supplier, Software Supplier*). Apply for existing equipment/ software lease transfer (*Equipment/ Software Supplier*). Transfer domain, website hosting and online advertising, and upload modified website (*Web Designer*).
29. **Vendor Purchase.** Submit orders for utilities, credit card processing, postage meter and copier, and other small office equipment purchases, signage, advertising, and office and dental supply purchases.
30. **Office Setup.** Obtain and reset all keys and entry/ alarm/ software codes, passwords and security questions from Seller. Confirm all supply levels. Install new signage. Install new equipment and computers with appropriate software (*Equipment/ Software Supplier*).
31. **Employees.** Set up benefit packages (*Benefits Coordinator*). Prepare and obtain signatures on Non-Disclosure Agreement for all staff members, and written agreements with professional contractors (*Attorney*).
32. **Website.** Take modified website live with applicable online advertising. Calendar date for removal of Seller's information from website. (*Web Designer and IT Director*)
33. **Notifications.** Submit notifications to governmental agencies as required (*Attorney*). Send out transition letter to patients and referral sources.

Numerous Articles, Legal Guides, and other information are available at trans.dental/insights/.