THE INSIDER'S GUIDE TO

Selling Your Practice

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What's Inside/You'll Learn in This Guide

Introduction

Selling your dental practice is one of the most important financial and professional decisions you will make. For many dentists, it represents the culmination of decades of dedication — years spent building patient relationships, growing a team, and establishing a trusted presence in the community. Whether you are preparing for retirement or planning your next professional chapter, the transition of your practice is an opportunity to realize the value of everything you have built.

Yet despite the significance of this moment, many practice owners begin thinking about a sale only once they are ready to exit. In reality, the most successful transitions are the result of thoughtful preparation well in advance. The earlier you begin planning, the more opportunities you have to strengthen profitability, address potential risks, and position your practice as an attractive asset to prospective buyers.

Preparation often involves looking closely at the core drivers of practice value. Are your revenue and operational processes optimized? Is your patient base healthy, with consistent new patient growth? Have you evaluated opportunities to modernize equipment or adopt new technologies that enhance efficiency and patient experience? Your team, systems, and even your real estate arrangements can all play an important role in how buyers evaluate your practice.

> "Starting the planning process five or more years before a sale gives dentists the opportunity to improve profitability while making the practice more attractive and easier to transition."
>
> Dr. Bernie Dolansky
> Senior Transition Consultant
> Tier Three Brokerage

These considerations are not simply about preparing for a sale. In many cases, the same strategies that improve a practice's market value are the very ones that strengthen its long-term profitability and stability. In other words, preparing your practice for a future transition often means refining the business fundamentals that drive success every day.

Of course, not every seller begins planning that far in advance. Fortunately, meaningful improvements can still be made on shorter timelines with the right guidance and strategy. What matters most is ensuring that your practice's final sale price reflects the years of expertise, care, and effort you have invested in building it.

This guide will walk you through the key factors that influence a dental practice's value and outline practical strategies to help you optimize them. With the right preparation, you can approach your transition with confidence — knowing you have positioned your practice to achieve the best possible outcome.

Let's dive in and get started!

5+ YEARS OUT	3 YEARS OUT	1 YEAR OUT
Start assessing profitability and practice management. Optimize revenue processes. Consider equipment investments. Check your premises lease. Tax planning. Consider getting a valuation.	Maintain profitability and practice management enhancements. Further develop patient base. Keep facility aesthetically up-to-date. Verify tax strategies. Update valuation.	Monitor financials. Go forward with staffing. Prepare for transition.

CHAPTER 1

Preparing Your Practice for a Successful Sale

UNDERSTANDING EBITDA FOR DENTAL PRACTICES

When it comes to determining the value of your dental practice, one number carries the most weight: EBITDA — Earnings Before Interest, Taxes, Depreciation, and Amortization. Often referred to as simply as "earnings" or profit, this metric is widely used to evaluate a practice's net income and overall cash flow.

> Ultimately, the value of a practice is driven by its EBITDA.
>
> Dr. Bernie Dolansky
> Senior Transition Consultant
> Tier Three Brokerage

In most transactions — whether the buyer is another dentist planning to operate the practice or a Dental Service Organization (DSO) — EBITDA, or a variation of Seller's Discretionary Earnings (SDE), remains the primary benchmark used to assess value.

"Ultimately, the value of a practice is driven by its EBITDA," explains Dolansky. For example, a dental practice generating about $1 million in annual revenue may produce an EBITDA between $150,000 and $250,000. The eventual sale price is typically calculated as a multiple of that EBITDA.

The exact multiple can vary based on several factors, including the practice's risk profile and growth potential, its location, current market demand, and broader economic conditions such as interest rates.

MAXIMIZING DENTAL PRACTICE PRODUCTION

Enhancing your practice's value starts with one fundamental factor: production. At the core of sustainable production is the consistent and strategic growth of your active patient base — patients who return regularly for hygiene and ongoing treatment following their initial visit.

For most general practices, active patients are measured over 12- and 24-month periods, although this can vary based on the nature of the practice. As a benchmark, a full-time dental practice will typically maintain between 1,000 and 1,800 active patients, depending on its structure and service mix. That said, some highly efficient and productive practices can operate successfully with as few as 600 to 800 active patients.

Without a stable and engaged patient base, production becomes difficult to sustain. As Dr. Bernie Dolansky explains: "Without active patients, a practice is like trying to fill a bucket with a slow leak — no matter how much you add, it's hard to build momentum."

CHAPTER 1: CONTINUED

SYSTEMS THAT SUPPORT SCALABLE GROWTH

Strong production is not just about patient volume — it is driven by the systems behind the practice. Well-defined, repeatable processes make a practice easier to manage, more efficient to operate, and significantly more attractive to potential buyers.

Core administrative functions, such as payroll and supply ordering, should be structured and consistent. Beyond these basics, practices should have clear systems in place for:

- Patient scheduling and recall management
- Optimizing chair time and minimizing gaps
- Adjusting appointment lengths based on patient needs
- Tracking and reporting key performance metrics

Equally important are systems that support team stability and performance. In today's environment, staff recruitment and retention remain one of the most significant challenges facing Canadian dental practices. Practices that implement structured approaches to compensation, engagement, and performance management are better positioned to maintain productivity and long-term value.

TRACKING KEY METRICS THAT DRIVE VALUE

Understanding and actively monitoring key performance metrics allows practice owners to identify strengths, uncover inefficiencies, and make informed decisions that enhance value.

These metrics should reflect both production and expense management.

On the production side:

- In a general practice, is your hygiene revenue over 30% of total revenue?
- If it exceeds 45% of revenue, are your patients getting all the dental treatment that they need?

On the expense side:

- Are staff costs below 28% of revenue?
- Are occupancy costs below 6% of revenue?
- Is new patient flow sufficient to offset typical attrition (approximately 10% annually)?
- Are there procedures being referred out that a future owner could retain in-house?

These and several other benchmarks will certainly affect your practice value and any outliers may be red flags or signal risk to prospective buyers and their advisors.

TRACKING OTHER KEY METRICS

Beyond these, other important metrics to monitor include production per patient per year, which is the average annual revenue per patient which can be further broken down to production/patient /year for each of hygiene, dentistry and lab. These numbers not only help you assess whether you're meeting your revenue goals but also provide insight into areas where you have the option to improve or they can become areas that can provide upside value for a buyer.

CONSIDERATIONS FOR SPECIALTY DENTAL PRACTICES

Specialty practices, including pediatric, orthodontic, periodontal, or endodontic practices operate under a different model and have unique factors to consider when preparing for sale. In these cases, referrals from general practitioners are often the lifeblood of these businesses. In effect, the sale of most specialty practices requires the transfer of a referral base rather than a patient base. Taking this into consideration requires different transition strategies. When selling a specialty practice, it's essential to highlight these referral relationships as part of your practice's overall value. These relationships must be carefully managed and clearly demonstrated throughout the sale process. Practices that can effectively transition their referral base are typically more attractive to buyers and experience smoother, more successful transactions.

CHAPTER 2

Transitioning Your Dental Practice: Retaining and Optimizing Your Team

A strong, effective team is key to a well-run practice and makes a practice more attractive to buyers. In most cases, a new owner will want to retain all the employees because they are vital to patient retention and a smooth transition, says Dr. Patti-Anne Jones, Transition Sales Consultant with Tier Three Brokerage. Buyers don't typically have their own team lined up to staff the practice. Additionally, the existing team will bring with them patient relationships, experience, expertise and knowledge needed to keep the practice running well.

"The doctor has the technical skills to provide the care, but the team contributes greatly to the patients' overall experience", Dr. Jones says. "Patients look for a familiar face at the front desk, and in general practices, may spend more time with the hygienists than with the doctor. These emotional connections help encourage patients to stay once the practice is sold. Satisfied employees typically want to keep their jobs, provided their terms of employment don't change, and given the shortage of qualified staff, buyers welcome the opportunity to offer them ongoing employment."

This means that ensuring a smooth transfer of your practice's team members is vital to a sale.

THE ROLE OF STAFF CONTRACTS

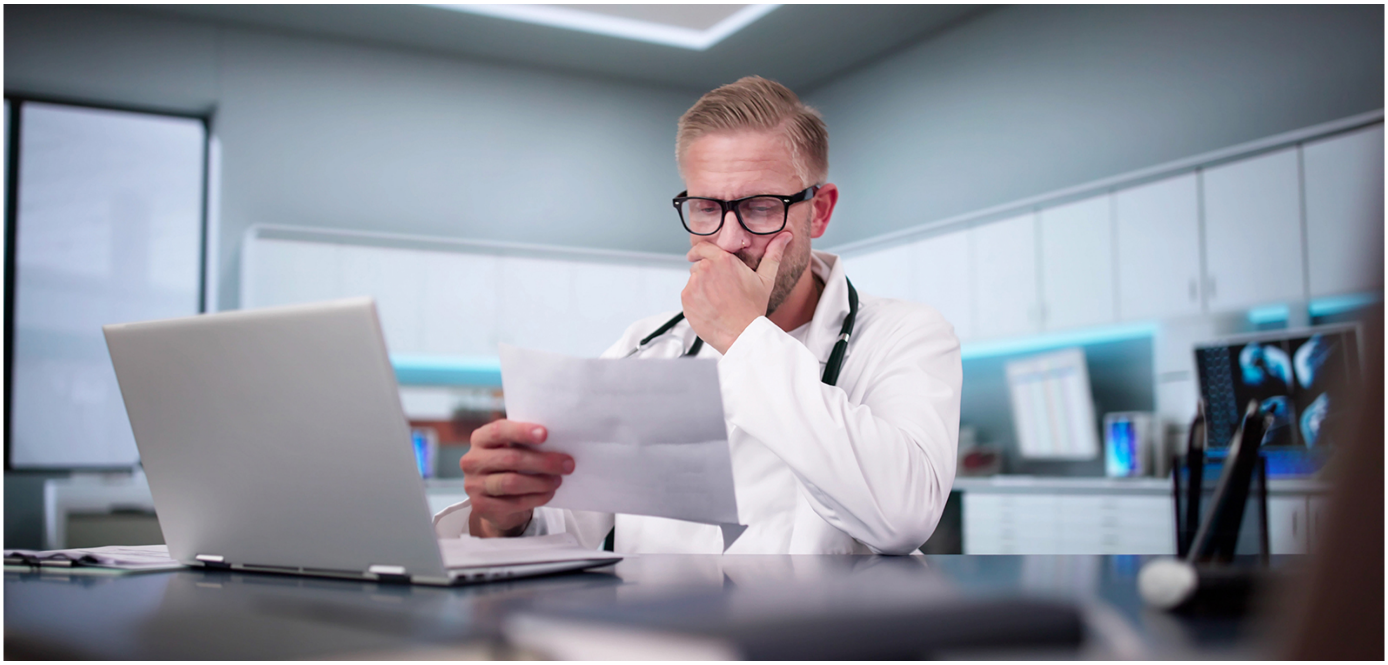
Solid, enforceable staff contracts establish clear terms of employment, set expectations and minimize termination liability which is important throughout practice ownership but also during a sale for both seller and buyer. "Employment law is constantly changing, so regular updates to staff contracts with the help of an employment lawyer is recommended to ensure the contracts remain enforceable", advises Dr. Jones.

MAKING THE MOST OF YOUR TEAM

Wages are the largest expense in a dental office and as a result, can significantly impact practice earnings and value. In general, higher wage costs, as a percentage of revenue, result in a lower practice value. "That doesn't mean paying staff poorly, because staff turnover is also costly and distributive and takes a toll on office morale. Instead it means building a capable, cohesive team; providing adequate training & support; and offering competitive compensation to motivate and empower employees to be efficient and perform to a high standard", notes Dr. Jones. Furthermore, minimizing down time, and operating with appropriate staffing levels, boosts productivity and ensures you aren't paying employees to stand around.

AVOID GIVING RAISES DURING A SALE

If possible, try to avoid giving employee raises mid-sale. The practice value, and the buyer's purchase price are predicated on the wage levels reflected in the practice appraisal. Plus the buyer is counting on a carefully prepared cashflow projection to support their loan repayment.
If wage costs go up significantly, the buyer's financing may be at risk, and they may insist on a price reduction. Plus buyers interpret raises at this stage as the vendor spending the buyer's money.



CHAPTER 3

Strategies for Boosting Practice Value

Planning is key to maximizing practice value, and ideally should start with a practice appraisal, 5 or more years before sale. An appraisal is not just a number, it's a comprehensive dive into all aspects of a practice, to identify strengths and opportunities to unlock additional value, as well as highlight issues that could potentially impede a sale. A 3-5 year timeline allows time for improvement, to realize incremental value, and address any potential concerns, to ultimately secure a higher purchase price with a greater choice of buyers.

In most cases, practice value is based on a multiple of adjusted earnings. Therefore, strategies to grow value, typically promote higher earnings through incremental revenue or improved profitability.

GROW THE PATIENT BASE

Expanding the patient base is one way to build value; after all, the goodwill is the most valuable asset in a dental practice and most important to buyers. "An upward trending patient count implies that new patient flow more than offsets attrition and delinquency; therefore focus should be on attracting new patients and making sure they stay", says Dr. Jones.

There are several ways you can ensure your patient base is on an upward trajectory. Providing quality dentistry and an exceptional patient experience are integral to patient retention and help cultivate a positive community profile. Additionally, promoting internal referrals and introducing effective marketing initiatives can aid in attracting new patients. Diligent recall tracking, ensures patients return for regular hygiene appointments and don't fall through the cracks. Also,if you aren't yet accepting the CDCP, it may be something to consider, as it has proven an excellent source of new patients for many practices.

> "An appraisal is not just a number."
>
> Dr. Patti-Anne Jones
> Transition Sales Consultant & Sales Representative
> Tier Three Brokerage

CHAPTER 3: CONTINUED

BOOST REVENUE & PRACTICE LEAN

Taking steps to grow revenue and operate more efficiently leads to higher earnings and ultimately, a boost in practice value that is magnified by the earnings multiple.

"Expanding in-house services is a great way to boost revenue. Learning new skills, and widening personal scope also keep dentistry interesting, and support ongoing career development. Alternatively, you can choose to bring specialists on site or hire an associate with a complementary skill set", Dr. Jones advises.

Effective cost management improves profitability and earnings. That entails such things as smart supply purchases; efficient utilization of office space; minimizing down time; and optimizing staffing levels.

Technology is rapidly advancing in dentistry, creating exciting new ways to streamline processes, boost productivity, keep lab work on-site, and further elevate patient care. Some examples include: in-house crown milling; 3D printers; and emerging AI tools for charting, scheduling, and assisting with diagnosis and patient education. However, before making investments in expensive technology, it's important to take into account your sale timeline and whether there is sufficient time to realize the benefits.

> **A robust hygiene program is a powerful driver of strong profitability and practice value.**
>
> Dr. Patti-Anne Jones
> Transition Sales Consultant &
> Sales Representative, Tier Three Brokerage

DEVELOP THE HYGIENE PROGRAM

A robust hygiene program is a powerful driver of strong profitability and practice value. It is also a key feature buyers look for, as it is a reliable, sustainable revenue stream they can count on going forward. Fortunately, there is often untapped hygiene potential within a practice's existing patient base that just needs to be unlocked.

There are several factors to consider when building a top tier hygiene program. According to Dr. Jones, "Effective recall tracking and patient education are essential to ensuring patients return regularly for and see the value in hygiene appointments. Scheduling adequate time for routine periodontal assessment, allows for proper diagnosis and treatment planning so appointment frequency and length can be tailored to each patient's individual needs."

A productive hygiene program means minimizing down time and making sure hygienists are billing for scaling and root planing as advised by the provincial dental associations, and not just for instrumentation time.

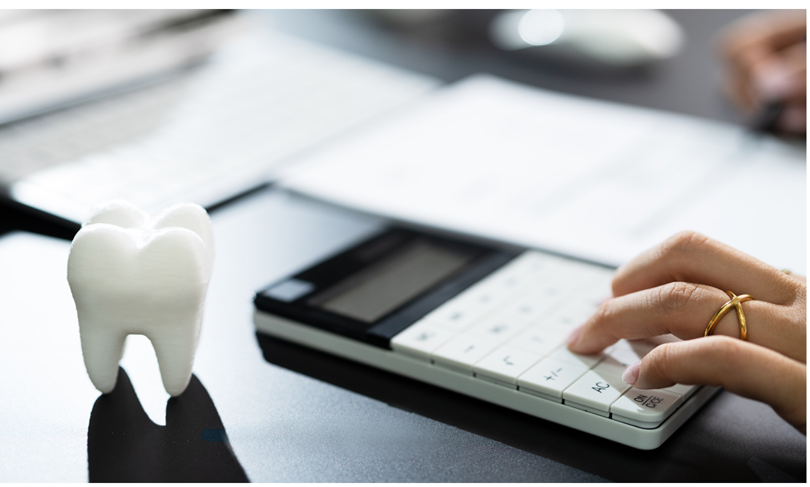
CHAPTER 4

Enhancing Your Practice Value Through Strategic Equipment and Technology Investments

Investing in your practice's physical environment — its décor, equipment, and technology — can play a meaningful role in enhancing value at the time of sale. A modern, well-maintained practice is not only more attractive to potential buyers, but these investments can also improve efficiency, strengthen your brand, and support stronger financial performance.

As Jim Blair, Transition Consultant with Tier Three Brokerage, advises, practice owners should take a proactive approach by regularly assessing the condition and relevance of their technology. This includes evaluating how equipment looks, how well it functions, and whether it aligns with current clinical standards. The same applies to the overall appearance of the office. Outdated design elements can negatively influence both patient perception and buyer interest, while thoughtful updates can reinvigorate the space, energize the team, and enhance the patient experience.

> A well-maintained, modern practice environment can significantly improve buyer interest and overall sale value.
>
> Jim Blair
> Transition Sales Consultant &
> Sales Representative, Tier Three Brokerage



WHEN TO UPGRADE — AND WHEN TO HOLD BACK

While investing in your practice can add value, timing is critical.

If you are five or more years away from a sale, upgrading equipment and technology is generally a sound investment — particularly when it improves clinical efficiency, patient care, and overall practice performance.

However, making significant technology purchases one to two years before a sale is often less effective. In these cases, there is limited time to realize a return on investment through increased production, and there may also be tax implications associated with short-term ownership.

For those approaching a near-term transition, a more strategic approach is recommended. Focus on cosmetic updates — such as paint, flooring, and general upkeep — that can quickly improve the look and feel of the practice without requiring significant capital investment.

That said, if key technology is outdated, upgrading to current standards before going to market is often essential. Buyers will account for the cost of replacing outdated systems in their purchase price — and in many cases, they will overestimate that cost. It is not uncommon for purchasers to discount the purchase price by two to three times the actual cost of required upgrades.

Addressing these updates in advance allows you to maintain greater control over both the investment and the value of your practice.

CHAPTER 5

Ensuring Your Practice's Value with Smart Real Estate Decisions

Real estate plays a critical role in the successful sale of a dental practice. For owners leasing their space, securing appropriate long term lease terms is essential to ensuring a smooth and successful transition.

In situations where a long-term lease cannot be secured, alternative strategies, such as structuring the sale as a patient-based transition or 'Patient Mover', may need to be considered.

Because most dental practices operate within leased premises, ensuring continuity of the space for a future owner is essential. Sellers should confirm early in the process that their landlord is willing to continue leasing to a dentist.

SECURING YOUR SPACE

While an assignable lease may appear to be the simplest solution, it is not always ideal. In many cases, these agreements require the seller to remain as a guarantor, an obligation most prefer to avoid. As a result, the availability and long-term security of the space is often more important than whether the lease itself can be assigned.

> Securing the location is critical — buyers and lenders need confidence that the practice can continue operating in the space long-term.
>
> Jim Blair
> Transition Sales Consultant &
> Sales Representative, Tier Three Brokerage

Availability ultimately depends on the landlord's long-term plans. Fortunately, dental practices are generally viewed as highly desirable tenants. Due to the specialized infrastructure required, such as plumbing, layout, and equipment, these spaces are not easily repurposed. This makes landlords more inclined to retain dental tenants, often at favourable rental rates.

From the buyer's perspective, this stability is essential. Most buyers — and their lenders — will require a lease term that aligns with financing, typically 10 to 12 years, including renewal options.

Blair also emphasizes the importance of a thorough lease review. Engaging a qualified legal professional can help identify key clauses, such as "due on sale" provisions, that may impact the structure or timing of the transaction.

WHEN YOU'RE THE LANDLORD

For dentists who own their office, the decision is simpler: Do you want to become a landlord? Are you prepared to manage the facility and host your tenant? The stress, even while on vacation, might outweigh the financial benefits. It boils down to a lifestyle question.

CHAPTER 6

Essential Financial and Legal Steps for Selling Your Dental Practice

Securing a lawyer and an accountant with dental-specific experience is one of the most important steps in selling your practice, says Dr. Bernie Dolansky, a senior transition consultant with Tier Three Brokerage.

Dental practice sales differ from other business sales in the areas of tax planning, the required legal agreements and financing, so a specialized lawyer and accountant can save significant time and money. "It can be much less costly and much more time-efficient to work with professionals that know and are experienced with these transactions", Dolansky explains.

Complications can arise with dental specific clauses such as restrictive covenants, non-compete clauses that prevent the seller from offering services in the same area for a time, and non-solicitation clauses that stop the seller from approaching the practice's staff or patients. These and other very dental-specific clauses require professionals that have previous experience with dental practice sales, so an experienced, knowledgeable lawyer is essential.

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> Dr. Bernie Dolansky
> Senior Transition Consultant
> Tier Three Brokerage

TAX CONSIDERATIONS

The following information is intended to be a general guide only, as tax planning is a very complicated process which is subject to complex rules and requirements that require the services of experienced, qualified professionals.

Effective tax planning can significantly maximize the portion of a sale that can be sheltered and minimize the tax that needs to be paid.

Generally, there is a requirement that the planning for optimizing your tax strategies needs to start a minimum of 24 months prior to a sale closing.

In Canada, owners of small business corporations, including Professional Dental Corporations can currently be eligible for a Lifetime Capital Gains Exemption of $1.25 Million. This CGE is available for each shareholder of a Professional Dental Corporation.

Utilizing the CGE and other tax efficient strategies along with engaging in the services of knowledgeable advisors at least two years or more prior to selling your practice can result in very significant savings.

CHAPTER 7

Due Diligence

Another stage in the sale of a dental practice is a process called Due Diligence. This part of the sale procedure usually occurs after a Letter Of Intent (offer) has been received from the buyer and accepted by the seller.

The period of time set aside for Due Diligence can vary from 14 days to several weeks. This is the time when the buyer and their professional advisors will ask the seller for documentation that supports the valuation of the practice. It may also include on-site visits and/or access to the dental management software and may be a time-consuming, sometimes laborious process for a seller who is acting alone.

A NOTE ABOUT PARTNERSHIPS

For dentists considering a transition, forming a partnership can be an effective strategy. Bringing in a partner can help share operational responsibilities while creating a pathway for a future ownership transition. However, while partnerships are relatively easy to establish, they can be more complex to unwind.

For this reason, it's important to plan for the eventual conclusion of the partnership from the outset. As Dr. Bernie Dolansky notes, partnerships naturally evolve over time whether due to retirement, relocation, or unforeseen circumstances. At some stage, a structured separation will be required.

Working with an experienced legal professional can help ensure the partnership is both well-managed throughout its lifecycle and properly structured for an orderly exit when the time comes.

Key elements to consider include:

- A clear operational agreement outlining decision-making responsibilities within the practice
- Defined dissolution terms that establish how the partnership will be concluded

Without clear legal documentation both parties are set up for potential disaster.

DOCUMENTATION NEEDED FOR A SALE PRIOR TO LISTING/ FOR EVALUATION:

- Financial statements (interim, trailing 12 and previous three to four years)
- Production reports
- Contracts with partners, associates, team members
- Staff charts
- Office space lease, or owned property appraisal
- Employee contracts
- Practice management detailed reporting:
  - Production by code
  - Production by provider
  - Accounts receivable
  - Equipment inventory

DUE DILIGENCE/DURING THE TRANSACTION:

- Listing Agreement
- Letter of Intent (initial Offer to Purchaser)
- Corporate minute book
- Corporate Tax Returns and Notices
- Bank and Credit card Statements
- T4's
- General Ledger
- X-ray equipment records
- Share or Asset Purchase Agreement
- Employment contracts
- Associate contracts
- Partnership agreements
- Post-sale associate agreement
- List of material contracts
- Updates to practice reports
- Updates to other financial documentation

Preparing To Sell Your Practice? Get A Professional Valuation

Demand for high-quality dental practices, particularly in urban markets, remains strong among both individual buyers and private purchasers. If you're planning to sell your practice, securing an up-to-date professional valuation is a critical first step.

A comprehensive valuation not only clarifies your practice's current market worth but also identifies areas where strategic improvements can increase your sale price. It ensures you're fully prepared for retirement, compliant with industry regulations, and maintaining strong relationships with lenders.

With Tier Three Brokerage, you gain a team of experts who deliver a thorough and accurate assessment, reflecting the true value of your practice and providing actionable insights to maximize your outcomes.

Take action today. Schedule your professional practice valuation with Tier Three Brokerage and gain the clarity, confidence, and strategy needed for a successful sale.

CLOSING THOUGHTS

Achieving the strongest possible sale price for your dental practice requires thoughtful planning and a focus on optimizing key areas of your business. The encouraging reality is that many of the factors that enhance value are the same ones that define a well-managed, high-performing practice. Engaging external expertise can be valuable in identifying opportunities for improvement, whether in human resources, real estate strategy, coding, or insurance processes. With the right guidance, you can refine operations in a way that strengthens current profitability while also increasing your practice's appeal to future buyers. Current market conditions also present a compelling opportunity for sellers. As Dr. Bernie Dolansky notes, Dental Service Organizations (DSOs) continue to actively pursue acquisitions, creating a competitive environment alongside private buyers. "When multiple buyers are competing for a practice, it can lead to very strong outcomes for the seller," he explains. Demand remains particularly strong for high-quality practices, especially in urban markets, where both corporate and individual buyers are actively seeking opportunities. "The market remains highly active," Dolansky adds, noting that buyers are often able to secure full financing at favourable rates, reflecting the historically low risk associated with dental practice investments.While market conditions will inevitably evolve, well-positioned practices entering the market today are in a strong position to achieve favourable results. By focusing on the strategies outlined in this guide, you can take meaningful steps toward maximizing the value of your practice.

CONTRIBUTING AUTHORS AND KEY OPINION LEADERS

Jim Blair
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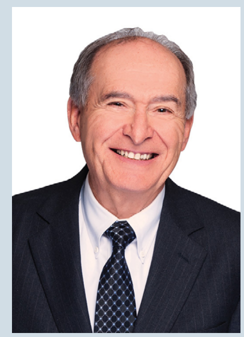
Jim Blair is a seasoned dental industry banker with over 15 years of experience in dental practice financing. He previously worked at Scotiabank, where he became one of the most recognized and trusted bankers in the dental sector. Jim has served on the board of the Dental Industry Association of Canada (DIAC) and on the Steering Committee for the University of Toronto Faculty of Dentistry Awards of Distinction. His expertise spans financing strategies, practice growth, and supporting dentists through complex business decisions.

Dr. Bernie Dolansky
Senior Transition Sales Consultant & Sales Representative

Dr. Bernie Dolansky is a renowned dental professional with a distinguished career in dentistry, including leadership roles as President of the Ottawa Dental Society, the Ontario Dental Association, and the Canadian Dental Association. He also served as a director of the Ash Temple companies and as a consultant to Henry Schein Canada. With 37 years practicing and teaching endodontics, Bernie has transitioned multiple partners and associates. Since 1999, he has assisted dentists with practice evaluations, sales and purchases, associateships, and partnerships, while lecturing and writing on dental practice transitions.



Dr. Patti-Anne Jones
Transition Sales Consultant & Sales Representative

Dr. Patti-Anne Jones has had an accomplished career in dentistry, earning her DDS from Western University and completing a residency at the Hamilton Civic Hospitals. She spent over 25 years in clinical practice as both an owner and associate in Ontario and British Columbia. Along the way, she pursued an MBA from the Richard Ivey School of Business, which expanded her expertise into marketing, communications, and business development. She also served seven years as Director of Member Services at the BC Dental Association, advising dentists on employment, regulatory, and operational matters, contributing to BCDA committees, teaching practice management, and authoring articles for The Bridge magazine. Since joining Tier Three Brokerage in 2020, Patti-Anne has focused on helping dentists realize untapped practice potential and transition on their own terms, presenting frequently at industry conferences and assisting with practice evaluations and sales.

FOR MORE INFORMATION ABOUT SELLING YOUR PRACTICE, CLICK HERE OR SCAN THE QR CODE

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