

# Know Your Options: Building the Right Exit Plan For You

If you own a practice, you'll eventually need an exit strategy. Walking away from the practice you spent decades building can be daunting — but with a bit of planning, you can retire confidently knowing that your patients will be cared for long after you move on.

Ideally, you'll start thinking about your exit long before your intended retirement. After all, sometimes life happens and forces you to act sooner than expected.

**Before you make any decisions, think through:**

- All your possible options (not just the obvious ones)
- What's right for your family
- What's best for your patients and staff

**Unsure how to start?** Begin by thinking about your practice from another doctor's point of view. Think about the financials, the location, the stability of your staff, and the physical space of the practice.

Be objective and ask yourself, *"Is this a practice that dentists will want, both from a financial standpoint and the physical location?"*

**Honest answers will drive many of your next decisions.**



## Ask yourself:

### How are my financials? Can I afford to retire?

Talk to a financial professional to assess your true situation. You'll want to discuss things like health insurance and the projected proceeds from your practice sale. Be sure to talk with your spouse about what a "comfortable" retirement lifestyle entails. Will you want or need to supplement your income after the sale?

### Am I truly *done* with dentistry?

Many dentists realize that while they may be "done" with running a business, they still love practicing dentistry itself. Sound familiar? You may want to explore other options, including:

- Selling 100% and continuing to work as an associate
- Working in a Federally Qualified Health Center (FQHC), dental school, or other setting
- Mentoring, whether the new owner of your practice or through a local dental school or study club

### How do I want to spend my time?

Imagine your ideal day, week, and month.

- Do you want to travel, spend time with family, volunteer or mentor?
- What are your favorite hobbies or activities?
- Will you stay in your current home, downsize, or move somewhere else entirely?

Thinking about your future gives you something to look forward to — and will help you enjoy your retirement.

## What does my family want?

Discuss your preferences with your spouse to make sure you're on the same page about how (and where) you'll spend your time in retirement. If they are still working, what is their timeline?

## How is my (and my family's) health?

Are there nagging aches and pains that may push you to retire sooner rather than later? Similarly, if a loved one is facing health issues, you may want to consider accelerating your timeline. Make sure you account for health insurance costs in your retirement plan.

## How is the practice?

How busy are you? Is there more demand than you can handle, or have you slowed down recently? How do the financials look? What's the local competitive landscape: are there lots of other dentists nearby, or is there a shortage? These factors will affect how attractive your practice looks to potential buyers.

## Do I have the space for an associate?

If you're considering bringing in an associate, make sure the practice can support their full-time work with enough space AND patients. After all, they need to make a living too. A potential associate might accept a part-time position in an area with lots of demand, but they generally prefer to establish themselves in one practice.

## Is my practice ready to show?

You don't need to do a major renovation, but some decluttering and minor cosmetic improvements can make your practice more attractive. And make sure to get your finances and processes in order to demonstrate to potential buyers (and their lenders) that the practice is well run. You may also want to get a practice valuation.

## Am I comfortable letting someone else treat "my" patients?

If you plan on remaining in "your" practice after a sale, are you comfortable having someone else treat "your" patients and make all the decisions? While letting go of the decisions can be very freeing, it can also be very difficult. Be honest with yourself: **will this bother you?**

## Finally, ask:

### What's my timeline?

Weigh all the questions above to determine your ideal timeline. Remember: sometimes your hand may be forced. The perfect buyer might come knocking, your lease may not be renewed, or a health issue may arise. While you are thinking through your best-case scenario, also take steps to prepare your practice — and yourself — for whatever comes next.



## ➔ Quiz: What's the right path for me?

Answer these questions honestly to explore your options.

### What is your timeline?

- a. 5 to 10 years
- b. No rush, but soon
- c. ASAP, I need to get out

### Which best matches your local area?

- a. Urban or suburban
- b. Small city or town
- c. Very rural

### Are there a lot of dentists in your area?

- a. No, just me
- b. Some, but we are all really busy
- c. Yes, on every corner

### What is your current wait for treatment?

- a. More than 5 weeks
- b. 2-5 weeks
- c. Less than 2 weeks

### How would someone describe your office space?

- a. Fully updated with the latest and greatest
- b. Some updates, mostly digital
- c. Not updated, but perfect for me

### How many operatories are in your space?

- a. 6+
- b. 3-5
- c. 1-2

### Roughly, what does your practice collect annually?

- a. \$900k+
- b. \$400k - \$900k
- c. Less than \$400k

### Give yourself:

- ➔ 5 points for every A
- ➔ 3 points for every B
- ➔ 1 point for every C

## 20-35 points: Sell on your terms

You have a strong practice that should be very attractive to buyers! And since you likely have enough demand and/or space to support multiple doctors, you can sell and retire on your terms. Start by getting a practice valuation, then define your goals, and get ready to hire an associate and/or sell. Consider the **Associate-to-Owner**, **Part-time Practitioner**, **Full Sale**, or **Sell to a DSO** path, depending on your preferred timeline and goals. Then you'll have plenty of time to pursue the **Giving Back** path, if you so desire.

## 13-19 points: Prepare your practice

Your practice has a lot going for it, but it may take a bit longer to find the perfect solution. Take a good look at your practice financials, location, and space as you explore the right option for you. Meanwhile, start preparing your practice by making it more attractive to other doctors: make any necessary updates, document your processes and finances, and start looking for a dentist for an **Associate-to-Owner** path. If you lack the space or demand for a full-time associate, a **Full Sale** path might be a better fit. Once you sell, consider the **Fresh Start** path.

## 7-12 points: Potentially tricky to sell

Your practice may be tricky to sell, particularly if it's outdated, in a very rural location or you've been working part time for a while. Remember, a buyer wants assurance that the practice's collections will service the debt and support the operations. If the practice is in decline and there are other dentists to serve the community, you might consider the **Closing or Merging** option, possibly followed by a **Fresh Start** or **Giving Back** if you still want to practice dentistry without the burdens of ownership. If the issue is strictly location, begin looking for a buyer sooner rather than later and allow ADA Practice Transitions to help you showcase all the great things about the practice and community.

*Note that these ranges reflect general trends — but every practice is unique! It takes just one buyer to make a sale. Sometimes that buyer appears at the perfect moment; other times, it may take a while to find the right person. Either way, ADA Practice Transitions can help you determine the best path for your goals, then identify potential buyers and associates who share your timeline and preferences.*

## Explore Your Options

Thinking about your exit plan? Consider these options:

### Full Sale

Sell to a dentist who can confidently lead the practice on their own. The buyer should have the necessary skills and business acumen to maintain the practice's current production level with minimal advice or ongoing support from you. With this option, you can walk away immediately after the sale or a short transition period. Make sure your buyer shares a similar philosophy of care — a jarring change can alienate patients or staff.

### Associate-to-Owner

Bring in an associate who agrees to eventually buy out the practice. The agreement can span as many years as you like — but put it in writing. This path can allow you to maintain production (and practice value) while slowing down. It also improves patient and staff retention. If you have a few years until retirement, you can bring in a less experienced dentist and mold them to your methods and standards. You can also provide valuable mentorship to your successor — both about dentistry and running a business.

### Sell to a DSO

There are as many different structures to DSO buyouts as there are DSOs. Many will offer a percentage of the sale price upfront and expect you to continue to work in the practice for 3-5 years as they pay you the remainder over time. Some will offer an upfront amount and ask you to retire immediately — it all depends on their structure. If you want to continue to practice in your own facility but want someone else to handle the HR, payroll, and other ownership details, selling to a DSO may be right for you. Be sure to read and understand all the details of the sale before you sign on the dotted line!

### The Part-time Practitioner

If you're done with ownership but not with dentistry, you may want to become a part-time associate in "your" practice following a sale. The buyer purchases 100% of the practice while getting hands-on mentorship from you as you work select treatments or hours. This arrangement typically lasts one to three years as you ease into retirement. But note that there must be enough work, space, and staff to support both dentists, which may mean extending hours. This model addresses continuity of care, patient retention, and staff satisfaction.

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## Put it in Writing

No matter which path you choose, make sure you discuss all the details upfront with your buyer.

Then put your decisions in writing, particularly around timelines and any expected mentorship. If you are not selling the building as part of the practice sale, you may want to include a right-of-first-refusal in your practice sale contract.



### The Fresh Start

Sell the practice to a qualified buyer — but then do dentistry elsewhere. This can be a great option if you still need an income but don't want the hassles of ownership. Consider Federally Qualified Health Centers (FQHCs), which love hiring experienced dentists and will pay you a straight salary and benefits while you “do dentistry” without the administrative burdens. You can also ask around your dental network for someone who needs another set of hands a few days per week or month, perhaps covering a leave. Or check with your local dental school to see if they need adjunct faculty or help overseeing clinical rotations.

### Giving Back

Programs like [Dental Lifeline Network](#), [Give Kids A Smile®](#), and others can help improve access to care, whether right in your community or in another country. Look for local free dental clinics, including dental [Mission of Mercy clinics](#), or consider [Doctors Without Borders](#) or other groups. Apply your skills in new ways through a peer review committee or other groups, such as the [ADA Clinical Evaluators \(ACE\) Panel](#), which evaluates new dental products and techniques. You might also explore leadership roles in your local or state component — or with civic committees, councils, churches, charitable organizations, etc.

### Close or Merge the Practice

Sometimes it's best to close or merge your practice, particularly if the area is saturated with dentists and/or your production has dwindled. Remember, the practice must produce enough dentistry to support a buyer's loan and the practice's operations. If you haven't invested a lot in updates and your retirement does not hinge on the practice sale, reach out to nearby colleagues and your state/local components to see if anyone might be interested in acquiring a satellite practice or your charts. If you have time, you can take steps to try to improve your saleability by making strategic updates that increase production.

## More Advice

[5 Years Out: How to Sell Now and Retire Later](#)

[Planning for Life After Retirement](#)

[How to Prep Your Practice For an Eventual Sale](#)

[What Went Wrong: My Path to Retirement Got Way Too Bumpy](#)

[5 Easy Ways to Boost Your Practice's Curb Appeal](#)

[10 Must-Dos to Prepare Your Practice for a Sale](#)

[Why And When Should I Get a Practice Valuation](#)



## About ADA Practice Transitions

ADA Practice Transitions (ADAPT) can help you with your practice transition, no matter which path you choose. As a service of the ADA, we are helping thousands of dentists find associates and buyers for their practices, nationwide. When you join ADAPT, your ADA Advisor will help you think through your goals and timeline, then begin suggesting dentists who share your preferences. And it costs nothing until you complete a transition.

Learn more and create your free profile at [ADAPracticeTransitions.com](https://ADAPracticeTransitions.com).  
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