

— FOR SELLERS

Selling on Potential

Almost every seller can see what their practice could become. The hard truth is that buyers pay for performance, not promise — here is why, and what to do about it.

Bergquist Group Insights • **Valuation**

Almost every seller believes their practice is worth more than the numbers show — because they can see what it could become. The location could support another operator. The hygiene program could be expanded. A specialty could be added. That vision is real. The hard truth is that buyers rarely pay for it.

"Selling on potential" is one of the most common ways sellers leave money on the table — or fail to sell at all. Understanding why helps you decide what to do about it.

Why buyers discount potential

A buyer is purchasing a stream of future cash flow, and they price it on what the practice **actually produces today**, not what it might produce under different ownership. The unrealized upside you see requires capital, effort, and risk — and the buyer is the one who would have to supply all three. From their seat, paying you today for growth they have to create tomorrow makes no sense. So they discount it, heavily, or ignore it entirely.

THE CORE PRINCIPLE

You get paid for performance, not promise. The value a buyer assigns is anchored to demonstrated results — collections, active patients, recurring hygiene, defensible margins. Potential is the buyer's reward for their future work, which is exactly why they are reluctant to pay you for it now.

The better strategy: realize it first

If you genuinely believe there is upside in your practice, the most profitable move is usually to capture some of it yourself before you sell. Every dollar of additional, sustained production you can demonstrate is a dollar a buyer can underwrite — and it typically translates into a multiple of that dollar in sale price.

- ✓ **Add the associate or hygiene capacity** and let the production show up in the financials for a year or more.
- ✓ **Build the recurring revenue** that buyers value most, rather than describing it as a possibility.
- ✓ **Reduce owner dependence** so the demonstrated results clearly belong to the practice, not just to you.
- ✓ **Document everything** so the growth is verifiable in diligence, not just a story you tell.

When potential *can* help you

Potential is not worthless — it is simply a tie-breaker, not a price driver. A clear, credible growth story can help you attract more buyers and create competitive tension, which indirectly supports your price. It can also matter more in a partnership or equity-rollover structure, where the buyer and seller share in future upside together. But as the primary basis for your asking price, potential almost always disappoints.

The takeaway is simple. If the upside is real, the most reliable way to get paid for it is to realize enough of it that it stops being potential and becomes performance. Then sell.

This article is general educational information for dental practice owners and does not constitute legal, tax, or financial advice. Valuation outcomes depend on many factors; consult qualified advisors for guidance specific to your situation.

Wondering what your practice is really worth?

We'll show you what buyers will actually pay today — and what to do first if you want a higher number.

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