



Ask the Broker

In a saturated market such as San Francisco, what are the key factors in making a successful office purchase?

This is actually a two-prong question. I will address the saturated market component first. In a competitive market, the easy answer is to make the highest offer! Seriously though, if a Seller has several buyers to choose from, it's just common sense that they will pick a buyer a) who is happy to pay the full price or more *and* b) who will consummate the transaction in the easiest path. If a buyer comes into a practice and points out all the perceived flaws of the practice, even rightfully so, the Seller will most likely go with a buyer who is not doing that.

In a saturated market, it is very important for buyers to do their homework in advance. They should have reviewed the practice information provided by the dental broker to gain a thorough understanding of how a practice is evaluated in their market. They should also have a general knowledge of which computer reports are important in evaluating the full spectrum of dentistry being performed in the practice.

In addition, the buyer should already have contacted several dental lenders to ensure that they are "pre-approved". This is technically a misnomer as "real" approval comes only after the Lender evaluates the cash-flow of the practice and the buyer's personal financial strength. Being "pre-approved" will definitely put you ahead of another buyer who is not.

The second prong of the question assumes that a "successful office purchase" means that the buyer succeeds after the sale. To cover all the issues would take up the entire space of this publication! However, I believe that the success of any buyer is probably 20% clinical skill and 80% personality/people management skill. The right fit in a practice purchase ultimately means that the Buyer comes close to duplicating or exceeding the collections in the practice they just purchased.

No two dentists are alike in their clinical or communication skills, but hopefully a buyer finds a way to get the return on their investment needed to meet his/her financial needs. While hiring the best dental CPA, dental attorney and the best dental accountant is helpful in the process, it does not guarantee success.

Only the dentist can really determine if he/she has the similar skill sets as the selling doctor to duplicate or improve the financial situation of the practice.

Questions? E-mail wps@succeed.net



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