



Ask the Broker

Sad to say Corporate Dentistry is here to stay! (Part 2)

Last month I gave three reasons why Corporate Dentistry is here to stay this time. While I do concur that Corporate Dentistry will continue to grow over the next several years, I believe that it will also reach a lower peak point than what most of the industry professionals think it will hit. Currently Corporate Dentistry comprises approximately 20% of the industry. It may grow another 10% to 15%, but I think that it will max out at that level. There are several reasons I believe this.

- 1.) While Corporate Dentistry has perfected the new forum of marketing through social media and the internet, I believe that patients will eventually sense that corporations are always out for the bottom line profit. Patients want to know that the doctor giving them an injection with a three inch needle actually cares for them more than their own wallet. Compared to medicine, dentistry is still fairly affordable and properly educated patients should be glad to pay a little extra for quality care with a practitioner they can trust. I think it is fairly safe to say that Corporate Dentistry trains their doctors to maximize their treatment plans. Of course there are private practitioners that are very adept at this also, but it is the rule for Corporate Dentistry.
- 2.) The full time hard working associates who start with Corporate Dentistry will hopefully come to understand that Corporate Dentistry exists because it takes approximately 40% of the profit out of the practice. Corporate Dentistry sells itself to the dentists by telling them that they take away most of the management head-aches which lets them simply practice dentistry. While some of that is true, it would be much cheaper for a high producing dentist to hire a full time Human Resource/Office Manager to take away those head-aches. For example: Your typical \$1 Million dollar practice should cash flow about \$375K. Normally \$700K of that practice is from dentist production and the rest is from hygiene. With bonuses, a doctor in Corporate would take home about 28% of his production of the \$700K, or about \$196K. They could have easily paid an office manager \$79K for the head-aches and kept an additional \$100K for themselves. (Or suck it up and keep the \$179K for themselves!!!)

Therefore, Corporate Dentistry should only be attractive for dentists who do not want to work full time. Overhead costs in dentistry are high and will probably continue to grow, but dentists who work full time in their own busy practices will always make more money on their own compared to Corporate.

Questions? E-mail wps@succeed.net



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