



# Ask the Broker

## Hey Young Dentists, Get out of the City!!

In the 20 years that I have been involved in practice transitions, never has there been such a discrepancy in the interest of practices in the big cities as compared to the rural areas! Practices in small cities like Chico garner almost no attention, even after most of the town of Paradise had to move there after the fire!

In the early 1980's I remember hearing Jim Pride DDS, founder of Pride Institute, tell us young graduates to leave the city, make more money than our city counterparts and come into the city to take our counterparts out for dinner on the weekends while enjoying whatever entertainment the city provided! Even 35 years ago, many rural areas provided the opportunity to make more money doing the same amount of work. With the current rising prices of everything in the cities, that is even truer today, but the city trend is even stronger. Why is that?

I believe the reasons behind the increased trend are the millennial mindset and the staggering student loan debt crisis. I believe millennials are more inclined to stay in the cities and work as associates. Some of that reasoning may come from the fact that their student debt is so much higher than previous dental graduates. However, I do not think they realize that Jim Pride would be even more correct today than he was 35 years ago.

### Let's look at some of the reasons to consider a smaller city.

- Less competition is one of the most obvious reasons. Many of our "rural" practices have higher collections and higher fees than our city practices because they do not have the competition.
- Higher take home pay is often the case as rent and staffing is usually cheaper in the "rural" practices.
- Stronger and more loyal patients is often the case for "rural" practices, especially if you plug into some of the local community and school activities.
- Practice purchases cost less in the "rural" areas. If the normal metric for a practice sale is around 75% of collections in the city, the metric for the rural area might be closer to 55%. Also, the million dollar collections practice in the city probably nets around \$300K, whereas the rural practice probably nets around \$400K. Therefore you might be able to buy the same practice in a rural area for \$200K less, but also take home \$100K more per year. THIS DOES NOT EVEN TAKE INTO CONSIDERATION THAT THE COST OF LIVING IN A LARGE CITY CAN SOMETIMES BE A FACTOR OF DOUBLE THE COST OF LIVING IN A RURAL AREA! Utilities, groceries and transportation are generally higher in the city, but the biggest reason is obviously the cost of housing can be up to 4 times higher in the city!

WHILE THE RISING COST OF DENTAL SCHOOL IS FRIGHTENING, THE EXTRA COSTS TO LIVE AND WORK IN THE CITY COMPARED TO RURAL AREAS DWARFS THAT STAGGERING STUDENT LOAN AMOUNT!

**Please contact us to discuss some of our tremendous "rural" opportunities!**



Timothy G. Giroux, DDS is the Owner & Broker at Western Practice Sales and member of the nationally recognized dental organization, ADS Transitions. A graduate of Creighton University School of Dentistry (1983), he and his wife, Mona Chang, DDS (LLUSD 1984) were in private practice together for 15 years in Scottsdale, AZ, before establishing their home in Northern California.

**800.641.4179 | [westernpracticesales.com](http://westernpracticesales.com)**