



**Timothy
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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.

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Ask the Broker

Q Why do some practices sell better than others in this market?

Dr James L.

Location, location, location is obviously the main issue. Picking the right broker is important also, especially in this market. Dental practice sales have slowed nationwide over the past 11 months since the banking crisis hit. The larger firms usually weather the storm a little easier and do not have to cut their marketing campaigns. **Exposure, exposure, exposure** is obviously the main issue. Practices in large metropolitan areas still receive adequate responses in the market, but outlying area practices have always taken longer to sell and the reduction in current activity for those practices can be frustrating.

Patience is a virtue at the present time. Practice price *multiples* have not really come down nationally, except for distressed situations. Practice prices and /or financing have been affected by declining revenue trends, and therefore the price for a practice will be lower for a practice in decline as the lower revenue will eventually lower the price. If the phone is not ringing for a particular practice, a slight practice price reduction will have no effect. Only a price reduction that signals an absolute fire sale *may* bring bargain hunters into an area that is normally considered an outlying area market. Work with your local broker and listen to him. The national average practice price is around 65% of the gross receipts. Less than 50% is considered a fire sale.

Again, have patience. The economy is starting to turn around and buyers are entering the market again. Interest rates will remain low until the inevitable inflation monster kicks in. I foresee an active market again in the near future. Fortunately dentistry has never had the same problems as medicine. It could be worse!!!