



Ask the Broker

How important is the active patient count?

Recently this number has become a totally over-blown issue. It is simply one of many metrics that a dentist can use to determine if the treatment philosophies are similar. The due diligence process should be used to answer the most important question a buyer can ask: ***What can I expect to produce/collect on this particular patient base?*** Looking at the types of procedures, the number of prophys, the type of recall system AND a patient count should help answer that question.

As dentists, we do not even have a definition for an “active patient”. Generally, most of us in the transition business have accepted the definition to mean any patient that has been in the office for at least one visit in the past two years. Arguably that might not include the terrific patients that definitely get their major treatment performed but may only show up every three years, or when something breaks. It also counts the patients that are one-timers only who may not come back. ***I have never seen a situation where the Seller truly believed he had less patients than what the Buyer counted!***

Every buyer is strongly encouraged to do their own chart count to make sure they can duplicate the production on that particular patient base. Essentially their perceived number of patients is irrelevant to market price and is really only relevant as it relates to them duplicating the production. This conclusion may sound strange, but it is the reality of practice sales. Only the buyer can determine if a particular practice is a good fit.

In my seminars, we could present a patient case and ask for 10 dentists to give a treatment plan. We would probably have 10 different treatment plans, with some possibly advising eventual full mouth reconstruction and others advising few restorative needs, while watching the remaining teeth. I can also tell you that every dentist believes that they are “just right” when it comes to their own treatment plans. Therefore, I could place those 10 dentists in a practice purchase and I might get two failures, two wildly successful outcomes and six dentists that finish within 15% of the original practice collections. ALL WITH THE SAME PATIENT BASE! The Practice Price is NOT based on the number of patients. It is based on the collections and profitability!

Every patient base is unique based on their needs and their ability to pay. The number of patients may not be as important as the type of patients.

Questions? E-mail wps@succeed.net



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