



Ask the Broker

“The Only Thing We Have to Fear is.....”

Franklin D Roosevelt finished this phrase in 1932 with “Fear Itself”. As a dentist looking at the current trends in dentistry I might finish this off with three things: 1) Corporate Dentistry 2) Massive Debt for Young Dentists and 3) Delta Dental. While I don’t have time to elaborate on all three issues in this short column, I have written extensively on each of these subjects. These articles can be found on my website (www.westernpracticesales.com). I do believe that these three issues have affected dentistry and the normal transitional process of buying a practice and selling a practice when retirement arrives.

My company is normally involved in about 80 to 100 dental transitions each year. While 2016 was a very good year for us, we are definitely seeing a change in the marketplace for dentists that are buying and dentists that are selling practices. Practices are still changing hands, but the amount of interested buyers seems to be lagging behind. Our practices in the metropolitan areas will almost always sell at expected valuations, but our practices outside of the large cities will take much longer than normal. Even the practices in the city that do sell are garnering fewer buyers than in the past, and many times the buyers in the city already own multiple practices. In the past, most of our practice transitions were simple solo practitioners selling to another would-be solo practitioner. What is the reason for this new trend?

“FEAR ITSELF” is my explanation for this recent phenomenon. Young buyers are fearful of the current economics of dentistry. They have massive debt from dental school, sometimes approaching \$350K. They are concerned about buying a practice and having Delta cut their fee schedule if they are considering a traditional practice model. They look at Corporate Dentistry as a safer play.

The truth is that the best way to pay off your debt is to own your own successful practice! The multiple practice owners know this. Owners are supposed to make a profit from owning a business. Of course, it has to be a well-run business with a decent practice base. The large debt of school loans and the cost of building a scratch start practice make buying an existing practice from a retiring dentist with a good patient base the best way to fight that fear!

Questions? E-mail wps@succeed.net



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