



ADS Florida Insider

EXPERIENCE, INFORMATION AND CONSULTANTS YOU CAN TRUST

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JULY 2007

Practice Transitions Made Perfect™

ADSflorida.com



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By Hy Smith



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(Part 2)



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ADS Florida

Congratulates

Julio Sanchez, DDS &
Jessica Fernandez, DDS to
Hans Sperling, DMD
Hollywood

Holly Nadji, DMD to
Angel Lopez, DMD
Orlando

Tom Prade, DDS to
Brian Rask, DMD
Pompano Beach

Main Street Children's
Dentistry and Orthodontics
Wellington, PA
Wellington

Goodbye My Friend

It is with a very heavy heart that I write this. Today, I learned that one of my very favorite people was killed in an unfortunate, avoidable accident. Dr. Dennis Munholand of Port Charlotte, FL was killed in a one-car accident while returning home from his vacation home. His lovely wife Debbie fortunately survived the accident. He did not because he was not wearing his seat belt. This is not a criticism, but I know his wife Debbie and his best friend Dr. Gary DeWood would want you to know this as a preventive caution. Please wear your seat belt!

Dr. Munholand was truly an example of what dentistry should be. He was an Alumnus of the Pride Institute where he not only practiced the Pride management principals,

but taught and shared them with his colleagues. He was not only a Pankey dentist, but taught management concepts and philosophy for the Pankey Institute.

His ethics and integrity were unimpeachable. He always strove to provide the very best dentistry and to share his knowledge and expertise with his colleagues. He was compassionate, sometimes to a fault. And that smile – I never saw him without it. Dennis was my friend. Dennis was my perception of what a dentist should be. Dennis was an example to be emulated by his profession. We, and especially I, will miss him.

Hy Smith



What's In A Name?

An open letter to our dentist friends and colleagues:

It is with great pride that, as founder and president of Professional Transitions, Inc., I announce the change of our company name to ADS Florida, LLC. As original members of American Dental Sales, our affiliate organization, we have grown and evolved into the most trusted and respected dental brokerage/consulting company in Florida and the time has come to identify with our other affiliate members as a national organization. As such, we are able to combine our efforts to bring to our clients the best financing products through exclusive relationships with Bank of America, GE Healthcare, Maitco/Wells Fargo and Professional Practice Capital, the largest dental financial institutions in the country. We are able to market our clients' practices in *Dental Economics*, on our own web site ADSflorida.com and our national web site ADStransitions.com.

We have been affiliated with the Pride Institute for the past ten years and have provided Pride clients with our knowledge and expertise in appraising dental practices, assisting in complex associateship/partnership structuring and providing guidance in exit strategy decisions. I have also been privileged to teach transition strategies at Marquette, Indiana University and University of the Pacific dental schools as well as teach monthly seminars throughout the country to dentists seeking solutions to transition issues.

I have had the privilege of speaking to Pankey Institute dentists and to the American College of Prosthodontists and at the Greater New York Dental Society.

We are very proud that we have never had a transaction fail because of our analysis or transaction structure and because of our track record we are in a very exclusive group of consultants and brokers nationally that qualify for and carry Errors and Omissions insurance.

We have always "taken the high road" in our dealings and have rejected transactions that do not conform to our "WIN/WIN" philosophy.

We recognize the need and desire for confidentiality and will take every measure to protect your very valuable asset. I have personally relocated to Sarasota from Naples, but will maintain my ties with my friends and associates in the Naples/Ft. Myers area.

We hope you will accept and identify ADS Florida with the quality, integrity and trust that you have afforded Professional Transitions for the past twenty three years.

Very sincerely,

Hy Smith, MBA
President, ADS Florida



Mythology Of Transitions

Part Two



The same myths about buying and selling practices have been circulating for many years; even when proven wrong, they still linger. Both sellers and buyers have heard some of these myths and there are enough myths to go around – some for buyers and some for sellers. The good news is that when a transition is done right these concerns usually do not actually become reality.

6 Need To Renovate

While many practices need some updating, everything doesn't need to be done at once. As a matter of fact, from the patient's perspective, the less changed in the first twelve months the better. Some things that should be changed are things that make the office look old or dirty or things that are non-functioning. The easiest to accomplish to give a facelift is to repaint the office. Taking a slower approach allows the assessment of what really needs to change and how best to do it.

7 Equipment Replacement

Many buyers have been accustomed to using either newer or much older equipment. Both experiences will influence the desire in buyers to have/buy new equipment to work with in their new office. However, like renovations, "need versus want" rules should prevail for the first year. Additionally, the slower method allows your cash flow to catch up with your dreams. It goes without saying that non-functioning or unworkable equipment has to be replaced and, if the cash flow allows, rolling equipment expenses into your loan for the practice may be best. Do not let ego overcome common sense when spending money for equipment or renovations.

8 My Staff/Patients Won't Accept A Practitioner Gender Change

Sellers generally tend to try to choose buyers who most closely reflect themselves. As most of the selling dentists are men, that is what they seek as replacements. Some sellers have concerns that if a patient closely identifies with them that they need to find a buyer who is a mirror image. Actually the gender of the buyer is not as important as the way the buyer values staff, patients, quality dental care and the philosophy of the seller as well as the value of money in running the office and diagnosing treatment. Contrary to some of the literature, female successors generally do a great job of working in practices and being owners, so the real issue becomes the seller's concept of his/her successor.

9 Declining Practice

As a method to slow down, some doctors decide that cutting back the practice is a great idea. Actually the contrary may be true. When a practice begins to decline, it loses value. If the net income falls too low, the practice may not provide enough cash flow for a buyer and if it has been consistently falling, buyers will project a lower production level which means a lower value and a lower offer.

If the doctor does not need the revenue from a sale, then no harm is done by continuing to work in it. The alternative is that a sale will provide some additional retirement income. Many doctors let the practice decline because they cannot imagine being retired and not having an office to go to. To them, regardless of how small the practice shrinks, they still have some place to go and practice the profession they love. If the doctor is aware of the consequences of a declining practice they should enjoy it. No one should force or scare anyone into selling.

10 My Practice Will Provide My Retirement

The reality of economics over the past two decades shows that unless a practice is worth several million dollars it will not provide the bulk of most retirements. Some sellers in their 40s or 50s are now creating partnerships or adding associates to use the proceeds from the sale to fund a retirement plan that should yield a good return on their investment as they near retirement. The average doctor, however, cannot count on his/her practice to provide any significant portion of living expenses for the future. It is now generally suggested that the sale of a practice not be used in the calculation of retirement funds.

Let the realities - not the myths - drive the decision when buying or selling a practice. Make decisions from a base of knowledge and not fear or gossip. ADS Florida can answer any questions you may have regarding your practice transition.

Continued from last issue. View the entire list at ADSflorida.com/newsletter.htm

Adapted from an article by Randy Daigler, DBS Professional Practice Brokers, Inc. and reprinted with her permission.

Practice Transitions Made Perfect

General and Specialty Practice Purchase Opportunities

NORTH FLORIDA

Contact: Paul Rang, DMD, JD

		Gross	Buyer Net
Lake City	7 ops FFS Pano 2 days/week		PENDING
Live Oak	7 ops FFS Pano 2 days/week		PENDING

Specialty Practices

NE Florida	Pedo	\$1.2M	\$450K
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WEST FLORIDA

Contact: Greg Auerbach, MBA or Paul Rang, DMD, JD

		Gross	Buyer Net
Citrus County	5 ops FFS Pano	\$705K	\$213K
Crystal River	8 ops FFS Pano RE Available	\$1.1M	\$315K
Englewood	4 ops FFS/PPO RE Available	\$600K	\$190K
New Port Richey	5 ops FFS		PENDING
Port Charlotte	6 + 2 ops FFS RE Available	\$1.0M	\$249K
Tampa	2 + 2 ops Downtown Tampa		
Tampa	3 ops FFS/PPO RE Available	\$550K	\$150K
Venice	4 + 1 ops FFS/PPO RE Available	\$625K	\$125K
Venice	3 ops FFS/PPO	\$650K	\$152K

Specialty Practices

Tampa	Ortho – Associate/Buy-In		
Tampa Area	Oral Surgery – 5 ops RE Avail	\$2.7M	\$1.75M

CENTRAL FLORIDA

Contact: Paul Rang, DMD, JD

		Gross	Buyer Net
Citrus County	5 ops FFS Pano	\$705K	\$213K
Clermont	4 ops FFS/PPO Pano RE Available	\$675K	\$188K
Cocoa	6 ops FFS Pano RE Available	\$1.1M	\$378K
Crystal River	8 ops FFS Pano RE Available	\$1.1M	\$315K
Gainesville	4 ops FFS/PPO Pano	\$949M	\$333K
Levy County	7 ops 3 days/week	\$292K	\$58K
Ocala	5 ops FFS	\$1.3M	\$671K
Ocala	5 ops FFS		PENDING
Orlando	4 ops FFS/PPO Pano	\$798K	
Orlando	3 + 1 ops FFS/PPO		SOLD
Pasco Co. – NPR	5 ops FFS		PENDING
Titusville	5 ops FFS RE Available	\$700K	\$175K

Specialty Practices

Orlando	Orthodontics 2 days/week	\$350K	
Treasure Coast	Prosthodontics		PENDING

SOUTHEAST FLORIDA

Contact: Stuart M. Auerbach, DDS

		Gross	Buyer Net
Aventura	5 ops FFS C&B	\$962K	\$306K
Coral Springs	5 ops FFS/PPO 3 days/week		SOLD
Hialeah	4 ops FFS/PPO Computer & Pan		Ask \$225K
Hollywood	7 ops FFS/PPO Dentrux and new Pan		SOLD
Homestead	2 + 1 ops FFS	\$360K	\$112K
Lower Keys	5 ops. FFS C&B w/Real Estate	\$1M	\$200K
Miami	2 ops FFS/PPO	\$233K	\$135K
Miami	2 ops		Ask \$135K
N. Palm Beach	4 ops FFS/PPO Rest Cosmetic w/RE	\$1.5M	\$321K
Plantation	5 ops FFS Computers & Digital X-Ray	\$965K	\$315K
Pompano Beach	6 ops FFS		SOLD

Specialty Practices

Broward Cnty	PERIO 6 ops FFS w/RE		Ask \$400K
Miami Lakes	PEDO/ORTHO 6 ops FFS		Ask \$195K
Palm Beach Cnty	Oral Surgery 5 ops FFS	\$720K	

Practices Ready Facilities

Davie	4 ops w/Mogo Publix Ctr		Ask \$65K
Vero Beach	3 ops *CONDO* w/equipment		Ask \$460K
Wellington	4 + 1 ops Equipped *PEDO/ORTHO FACILITY*		SOLD

SOUTHWEST FLORIDA

Contact: Greg Auerbach, MBA or Hy Smith, MBA

		Gross	Buyer Net
Ft. Myers Area	5 ops FFS Pan, RE Available	\$650K	\$203K
Naples	5 ops FFS Pan	\$350K	

Associate Opportunities

General Associate Positions: Miramar, Stuart, Tamarac
Orthodontic Associate Positions: Tampa

**Buyer Projected Net Income
Assumes 100% Financing**

**For the most recently updated listings visit
ADSflorida.com**

We currently have buyers and associates looking for the following opportunities:

GENERAL DENTISTRY

Broward, Collier, Dade, Hillsborough, Manatee, Orange, Sarasota

PEDODONTIST

Broward, Dade, Palm Beach

ORTHODONTIST

Broward, Dade

PERIODONTIST

Broward, Palm Beach



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Speakers Available For Your Meetings

Learn the latest in transition and exit strategies.

Call ADS Florida 800.262.4119