



ADS Florida Insider

EXPERIENCE, INFORMATION AND CONSULTANTS YOU CAN TRUST

IN THIS ISSUE

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Practice Transitions Made Perfect™

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Transitions in Transition – A Seller’s Market

For the past months, we have seen the economy falter worse than any time in my past memory. At ADS Florida, because we have been in business for over 35 years (previously Professional Transitions, Inc.), we have been through these downturns before and have survived. Because we have been there before, we can react to these times in an appropriate manner and we know how they affect the transitions market place.

Second, even though lenders have tightened their lending policies, interest rates are often very low for those qualified buyers. Lenders are also affected by the reduced loan activity and are looking for good opportunities to lend money. The acquisition financing industry is still strong, though perhaps more selective in its approvals.

Dentistry does survive recessions! It is still the most lucrative profession in the healthcare field. There are opportunities for both sellers and buyers alike. But beware of opportunities that are “too good to be true!” We see claims of unrealistic promises made by those that are in a panic to survive. This is the time to be cautious and conservative. Rely on reputation, not urgency or fast talk. Let us help you through this period and see you out the other side stronger than when this all began.

Very respectfully,

Hy Smith, MBA | President, ADS Florida

First, we recognize that often sellers extend their retirement plans, which reduces the number of practices that are available for sale. Interestingly, however, the same number of dentists are graduating and looking for opportunities. In addition, some practices with associates slowdown and associates that have been employed begin to look for other opportunities. This creates a “seller’s market,” driving prices for the practices higher – even in a down economy.

This seller’s market provides an opportunity for sellers that are ready to retire to get the optimum value for their practice.

It’s Not Only the Economy, Doctor



The economy is a mess. That’s what we hear every day, right? Unemployment is anywhere from 6% to 9% and that’s become everyone’s focus.

and money? Will that investment in yourself to enhance your ability to provide more services and put you in a position to better serve your patients be worth it? Probably, but only if you are willing to change with the times and try something outside of your comfort zone.

What about the 90 plus percent of the population that still is employed? Have we all forgotten about them? Advertising for new patients has become the focus for many practices. Some practices, though are surviving quite nicely despite the current recession. No advertising, no giveaways, no promotions. How do they survive?

Change has the added benefit of keeping you and your staff focused on the practice and things that you can actually control. If you spend time on your practice, your practice will grow, it will become more efficient, and your team will develop the kind of closeness that comes only from facing difficulty and over coming it.

Most of these practices have one characteristic in common; they concentrate a lot of their efforts to communicate with their existing patients of record. You know, those charts in the file cabinets located somewhere in the office!

Be flexible, realize that your patients watch the same newscast you do and even though 90 plus percent of them are still employed, their daily lives are bombarded with negativity. They feel about expensive dental procedures like some dentists feel about continuing education expenses. Instead of limiting your job to the mere presentation of options for fixing a few teeth, help them catch the vision of what comprehensive dentistry can mean to the quality of their life. Granted, we must make dentistry affordable, timely and quality-oriented, but we must also help patients avoid having their dental health be defined by their perceived ability to afford a needed procedure. How we communicate with patients is critical to our success.

In a recent article in *Aesthetic Dentistry*¹, the author proclaimed that “I remind myself that I have no control over the factors that govern the prosperity of the nation. I do, however, have control over what I choose to do to improve my ability to prosper.”

If you find that you have fewer patients, now may be the time to take some continuing education courses to redefine the kind of dentistry you are able to offer your patients.

Will the expense of continuing education and time away from your practice be worth the investment of time

¹ Aesthetic Dentistry Winter 2009 - Jon Julian, DDS



Transitions in Transition



It’s Not Only the Economy, Doctor



Measuring the Meaning of New Patients

ADS Florida
Congratulates

James Pantel, DDS
to
Hillary Krawatsky, DDS
Boynton Beach

Heartland Dental Care, Inc
to
Craig J. Baker, DMD
Clearwater

Estate of Lillie Quinn, DDS
to
Herb Bennett, DMD
Sanford



Measuring the Meaning of New Patients

One of the first things many prospective dental practice buyers want to know is the number of new patients who enroll in the practice each month. Some purchasers are obsessed with this figure, but how relevant is this statistic?

Many buyers have preconceived ideas as to how many new patients constitute a healthy practice. Whether their information is derived from a practice management seminar or from conversations with their professional advisors or other colleagues, they are often under the mistaken impression that unless a practice has large numbers of new patients, then it is a questionable or bad investment.

One of the major factors in deciding to purchase an existing practice is the value of the revenue stream generated from the existing patient base. The current patients represent the range of dental treatment being provided and the efficacy of the hygiene re-care program. The decision to purchase an existing practice or to construct a new one is complicated. Most advisors recognize that a practice purchase should generate an immediate cash flow sufficient to cover the overhead and to pay down debt.

If purchasing an existing practice is attractive, then the patients who currently attend the practice are the most valuable statistic upon which to focus. Selling dentists typically do very little in the way of advertising or marketing their practices. These dentists established practices at a time when the demand for dental services was very high and a dentist didn't have to advertise to attract new patients. This generation of dentists is uncomfortable with anything more pro-active than listing the practice in the Yellow Pages. They are now in their mid- to late-careers and generally satisfied with a steady income. They want to practice fewer hours and provide treatment for patients who are receptive to their treatment plans. Their patients are generally well-educated, don't miss regular re-care appointments, are familiar with the office policies, like the staff, pay their bills on time and have absolute trust in their dentist. Moreover, these practitioners are not motivated to expand the practice in terms of services or numbers of patients. They want to treat patients who have become friends over the years.

This is completely opposite to the rationale for starting a brand new practice. A young dentist will correctly look at location and the area demographics before building a new practice. We all agree that competition for dental

services in the urban areas is high and dentist/population ratios have increased. Practice visibility and new patient numbers are critical if the practice is to get off the ground.

Many dentists may forget that it is not the volume of new patients who walk in the door that is as important, but rather the number of these patients who actually accept treatment and return to the practice over time. A high return rate is not an easy goal to achieve and practice management consultants may command hefty fees to assist practices in developing effective patient management programs. Can you imagine how much easier it is to promote regular re-care visits in an established practice with a committed patient base? Established dentists do not have to resort to promotional gimmicks such as free tooth whitening, free electric toothbrushes, coupons, sports tickets or discount services as a marketing tool.

Purchasing an existing practice is quite different, with an entirely different set of factors to consider. If the practice to be purchased has a healthy cash flow, then the main consideration should be to devote time and attention to the needs of the existing patient base. In the first couple of years, all of a new dentist's focus and energy should be on developing relationships with these loyal patients. As brokers we know that patients will continue to return to a practice, even after the death of the dentist! A sensitive purchaser will spend his or her efforts developing trust with the existing patient base. If the patients are not urged to adapt to huge changes in philosophy, procedures or décor they will be immensely receptive to the new dentist's treatment. Why does this occur? Because, these patients have placed so much trust in their previous dentist and are eager to give his or her successor the opportunity to continue to provide their dental care in a familiar setting. It is not the responsibility of the buyer to do anything but continue to deserve the trust of the returning patients.

There is little reason to focus so much attention on the number of new patients. The educated purchaser knows that new patients are generated by referral.

Ann Wright, RDH, MBA
Ann Wright is Senior Associate for ROI Corporation,
Eastern Ontario and Ottawa region.

Practice Transitions Made Perfect

General and Specialty Practice Purchase Opportunities

NORTH FLORIDA

Contact: Paul Rang, DMD, JD

		Gross	Buyer Net
Fort Walton Beach	4 ops FFS pano 3 days/week RE Available	Ask \$100K	
Lake City Area	5 ops FFS pano 3 days/week RE Available	\$340K	\$107K
Pensacola	6 ops FFS 3 days/wk Real Estate Available	\$361K	\$104K

Specialty Practices

North Gulf Coast	Oral Surgery 6 ops Real Estate available	\$1.2M	\$541K
NE Florida	Pedo 6 ops Real Estate Available	UNDER CONTRACT	

SOUTHWEST FLORIDA

Contact: Greg Auerbach, MBA or Hy Smith, MBA

		Gross	Buyer Net
Fort Myers	5 ops FFS - 2500 Pano Paperless	\$950K	\$243K
Punta Gorda	4 ops FFS - 1400 SF Long Established	\$630K	\$175K

SOUTHEAST FLORIDA

Contact: Stuart M. Auerbach, DDS

		Gross	Buyer Net
Boynton Beach	3 ops FFS Publix Shopping Center	SOLD	
Deerfield Beach	5+1 ops FFS/PPO with RE	UNDER CONTRACT	
Hialeah	4 ops FFS/PPO computer and pan	Ask \$200K	
Lauderhill	4+1 ops FFS/PPO	\$450K	\$109K
Miami	5+1 ops FFS/PPO Shopping Center	\$1M	\$244K
Miami	7 ops PPO/FFS/HMO	\$502K	\$140K
N. Miami	5+1 ops FFS/PPO	Ask \$ 97K	
N. Palm Beach	5+1 ops FFS/PPO digital x-ray	UNDER CONTRACT	

Specialty Practices

Indian River County	Perio 5 ops new equipment w/Condo	\$770K	\$160K
Palm Beach County	Oral Surgery 5 ops FFS/PPO		

Practice Ready Facilities

Lake Worth	3400 sf building with 4+1 ops dental office	Ask \$750K	
Vero Beach	3 ops Condo w/equipment	Ask \$375K	

Associate Positions

General	Miramar, Tamarac
Pedodontic	Hialeah

CENTRAL FLORIDA

Contact: Paul Rang, DMD, JD

		Gross	Buyer Net
Clermont	5 ops FFS/PPO Pano 3 days/wk	UNDER CONTRACT	
Gainesville	4 ops FFS/PPO Pano	\$1.1M	\$333K
Levy County	7 ops 3 days/wk	\$362K	\$145K
Mt. Dora	8+1 ops FFS/PPO/HMO Pano	UNDER CONTRACT	
Ocala	4+2 ops FFS Pano	UNDER CONTRACT	
Orlando	5 ops FFS/PPO/HMO pano dig. x-ray RE	\$914K	\$266K
Orlando	4 ops FFS/PPO digital x-ray Pano Cerec	\$803K	\$217K
The Villages	7 ops FFS/PPO digital x-ray, Pano, Cerec	\$1.4M	\$387K
Vero Beach	3 ops Equipped Condo	Ask \$460K	

Specialty Practices

Central FL	Perio - 2 locations FFS	\$1.1M	\$508K
Orlando	Orthodontics 1 day/wk RE available	\$300K	\$77K
Orlando	Prosthodontics 2 ops FFS Pano	\$595K	\$314K

Associate Positions

General	Dunnellon
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WEST FLORIDA

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

		Gross	Buyer Net
Clearwater	3+2 ops PPO Digital Pan	SOLD	
Sarasota	2+1 ops PPO/FFS Merger/Satellite	\$320K	\$75K
Venice	3 ops FFS/PPO	\$632K	\$154K

Specialty Practices

Pediatric	Greater Tampa: Two Associates Looking for Purchase Opportunity
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Practice Ready Facilities

Sarasota	4+1 ops - 1300 SF Upgraded Interior	Ask \$85K
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For the most recently updated listings visit ADSflorida.com

We currently have buyers looking for the following opportunities:

GENERAL DENTISTRY

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

PEDODONTIST

Broward, Dade, Palm Beach

ORTHODONTIST

Broward, Dade

PERIODONTIST

Broward, Palm Beach



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