



# ADS Florida Insider

EXPERIENCE, INFORMATION AND CONSULTANTS YOU CAN TRUST

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ADS Florida  
*Congratulates*

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*Pompano Beach*

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George Yarko, DDS  
to Karim Morales, DMD  
*Orlando*

## Dial 1 For Representation

Hy Smith, MBA



Recently, I needed help with the cable signal to my house. In calling to get the problem fixed, I was passed through an automated system to attempt to solve my issue. This process only reminded me how frustrating it is when I try to get help with a product or service and am unable to speak with a qualified representative or professional. What should your expectation be when you engage a person or company to provide you with transition services?

### 1. Qualified Expertise

Your representative must have the education, experience and expertise to provide you with the service for which you engage them. Just because someone says they offer a service does not mean they are qualified to provide it. In fact, they may not actually be providing it. Ask whether the individual personally does the appraisal/financial analysis, draft documentation and representation, or are these services completed elsewhere? If the individual does not personally provide all of these services, their ability to understand and represent you is greatly diminished.

### 2. Clarity in Representation

When engaging someone to sell your practice, you should be sure the person you engage is representing YOUR interests, not dual party or transactional. Dual representation is not just unethical, but, in Florida, illegal. Transactional representation means there is no true responsibility to your interests, just those of the transaction. Your interests are not held as paramount, and discussions with you are not necessarily held in confidence. Ask for (demand?) personal fiduciary responsibility.

### 3. Face-to-Face Relationships

Shouldn't you know what your representative looks like? If your representative is not willing to meet with you personally, how can he/she represent your best interests? You should be able to meet and discuss your expectations and needs with your transition specialist to know that he/she is committed to you.

### 4. Personal Contact

If your transition specialist is sending potential buyers to your office and is not there to assist and answer questions, what are you paying them for? Potential purchasers need to understand what they are buying and why it is a good opportunity for them. Further, it is important for your representative to assess and evaluate each potential buyer, along with you, in order to insure a measure of confidence in compatibility with your practice philosophy, patients and staff. This cannot be achieved without the personal "hand-holding" that you should expect.

### 5. Supporting Networks

Does your transition specialist have a network of supporting specialists? Do they work with the major bankers, accountants and attorneys, or do they expect you to seek out and provide your own? A sure sign of a good transition specialist is that they work personally, one-on-one, with the leaders in the industry.

At ADS Florida we are committed to personal service and representation. We work with dental-specific accountants and CPAs as well as the finest attorneys specializing in dental practice transitions. We work with the major lending institutions on a personal level, providing your potential purchaser with the best possible opportunities for financing. Our firm has been in the business for over 35 years and has affiliated with industry's best—something no other company can boast.

We pledge our personal service and attention to your practice transition needs with exclusive representation. We will not compromise our business ethics with "loss leaders" and "blind mailings" that suggest a potential buyer for your practice when, in fact, it doesn't exist. We will meet with you face-to-face and personally address your issues and concerns and will never send a client to your practice without our presence. We will provide you with the service you expect! Find out more about our professionalism at [professionalism.ADSflorida.com](http://professionalism.ADSflorida.com). See how our extensive marketing stacks up at [marketing.ADSflorida.com](http://marketing.ADSflorida.com)

# Practice Values in Decline?

R E V I S I T E D



Our entire team at ADS Florida is fortunate to have the opportunity to put a considerable number of practices through our rigorous review process on a consistent basis. Whether for outright sale or appraisal, our team reviews financial data for a large number of practices in Florida and nationwide, providing us the unique ability to see local, regional and national trends. That, combined with our exclusive partnerships with the best of the industry nationwide, enables us to bring the highest level of expertise and experience to you, our local doctors.

Just a few weeks ago, members of our team were able to spend considerable time with these industry leaders. One topic of particular interest focused on how the transitions market has changed due to the recent economic difficulties. While the discussion from our original article is still valid (visit <http://articles.ADSflorida.com> to read "Practice Values in Decline?"), we felt it would be beneficial to provide a few specific updates:

## Declining Three-Year Revenues

It's the case all over. Practice collections have been declining for many reasons. To purchasers, this downward trend generally indicates that a practice is dying on the vine. Since they are looking to spend as little money to get as much practice as possible, and since they have heard many times over that "three years of declining revenues indicates a practice in decline," their immediate inclination is to significantly discount their offer—if not walk away all together. Beyond that, once a deal has been made, it has become increasingly difficult to convince credit analysts with lending institutions that a practice is truly viable going forward.

What does this mean for you? You have to be on top of your game with analytics, reports and practice management. If you're not tracking details of your practice with practice management software, reviewing reports and/or using an overlay product like Sikka Software to track your practice statistics, you need to do so. When it comes to your transition, it's that much more important to have an educated, experienced advisor. Even CPAs and attorneys (but particularly the local equipment rep) are not trained in this type of analysis. As transitions experts, it has become particularly vital to us to peel back the leaves and find out what is truly going on in the practice. In doing this, we can find the right answers to a host of questions, thereby ensuring the highest possible price and level of financing.

## Location, Location, Location

Unfortunately, this is one piece you really have little control over. When you started or acquired your practice, you acquired the location as well, whether it be the city or area, or specific building or rental space. This is affecting value. As mentioned earlier, practices in rural areas or in dilapidated or out-of-date

facilities are deemed less valuable in the current market. Purchasers are looking for opportunities to pay as little as possible, and this is a point you cannot patch over. What you can do is take advantage of the market yourself. Are you three to five years (or more) from a transition? Take a look at your facility and equipment, and consider an upgrade. Do you own your building? Fix it up to like-new standards, as much as possible. Are you leasing? Ensure your lease is assignable and the rate is well-negotiated. This will make things easier not only on your bottom line, but on a potential purchaser's, as well. If you're a few years out, and your equipment, furnishings or décor are out-of-date, consider a refresh or upgrade with new flooring or paint or even quality used equipment. Bring in a set of fresh eyes and ask them to look around and give some feedback. A little time and money goes a long way and can most certainly help.

## General Scarcity

With the shrinking of retirement funds over the last few years, the number of practitioners transitioning to retirement has declined. Realizing that there is not enough remaining in their investments to sustain a desirable lifestyle for 20-30 years of retirement, the phenomenon of "I'll just work one (or two or even five) more year(s)" has ruled the marketplace. As a result, there has been a persistent scarcity of strong practices on the market. While some brokers may 'list' a large number of practices that they insist are for sale, this simply is not the case. A good number of practices that have sold recently have been due to the seller's disability, death or relocation.

This current scarcity could be a boon to you if properly planned. If you are one of those who have looked and said you may extend your career, particularly another one or two years, it may be worthwhile to look closely at your retirement egg and see where a sale may put you. Your practice may sell for a 'premium' right now, if priced and represented properly. This could be an opportunity to seize, but it will take your team of advisors—CPA, financial manager and transition specialist—to cooperate in developing an overall strategy with you.

These are just a few of the many factors currently in the marketplace. Generally speaking, the market for practice sales is still strong, and financing is still readily available for purchasers with good credit history. Dental practices have been recession-proof over the long term as dentists provide services that cover not only cosmetic needs, but health care needs, as well. Owning a practice not only provides job security, but a business that has inherent control, lifestyle and economic benefits that do not come with working for someone else.

**Think you may be within a few years of a transition?** Now is the time to talk. Contact us at 800.262.4119, visit us at [ADSflorida.com](http://ADSflorida.com), or email us at [transition@ADSflorida.com](mailto:transition@ADSflorida.com).

# FNDC

Gaylord Palms – Orlando | June 9–11

See us in Orlando—for your present...and your future.

ADS Florida's Hy Smith will be presenting two valuable seminars for practicing dentists and those preparing for transition...

## In Flight: Managing for Maximum Value

June 10, 8:30 – 11:30 am

Learn important practice management skills to keep your practice flying high as well as what you can do to prepare for your transition, even if it is years down the road.

## Approach & Landing: Exit Strategy Planning

June 11, 8:30 – 11:30 am

Considering retirement or a transition out of practice within the next five, even ten years? This course will start to get you prepared, regardless of your timeline. We'll focus on preparation for exiting the dental profession, optimizing the value of your practice, practice valuation issues and post-practice options. Don't miss out on valuable information that could dramatically increase proceeds from a future sale.

For more information or to register, contact the Florida Dental Association at 800.877.9922, e-mail [fn dc@floridadental.org](mailto:fn dc@floridadental.org) or go to [www.fn dc.expoplanner.com](http://www.fn dc.expoplanner.com)

# Q&A

## Q: How can I make my practice more valuable?

A: There are lots of things that can be done to make a practice more valuable, some aesthetic, some procedural and some financial. If you're considering selling your practice in the very near term (within two to three years), be sure that your office is up-to-date with its internal furnishings. While you may not realize the return to make an investment in brand new dental equipment worthwhile, ensuring that flooring, wall paint and other accents are mostly current will go a long way in the sale of your practice.

Some procedural and nearly all financial modifications to increase value may necessitate longer range planning for the changes to provide a return (usually they need to be implemented three to five years out). That said, these changes can prove much more important in overall practice value and should not be overlooked. It's never too early to start thinking about increasing your practice's value.

For answers to more Frequently Asked Questions, go to [ADSflorida.com](http://ADSflorida.com)

## What Our Clients Say



**"Don't waste your time.  
Talk to ADS first."**

**Michael K. Willis, DMD**

**"What could have been a daunting task became a manageable experience due to Stuart's efforts. I would highly recommend anyone interested in selling their practice contact Stuart."**

**Gary M Stein, DDS**

## Meet the ADS Florida Team



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## Inside This Issue

- Don't Settle For Less: Checklist for your transition specialist.
- Declining Practice Revenues? It's still possible to transition.
- FAQ: What you can do now to enhance your practice's value.



# GET READY!



**In Flight: Managing for Maximum Value** | June 10, 8:30 - 11:30 am  
**Approach & Landing: Exit Strategy Planning** | June 11, 8:30 - 11:30 am

Join us in Orlando at FNDc for these two invaluable sessions on practice management skills and transition planning. For more information or to register, contact the Florida Dental Association at 800.877.9922 or [fndc@floridadental.org](mailto:fndc@floridadental.org).

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