

Silent partners cut your implant bill in half, or your competitors'

Chip Fichtner discusses how to build a strategy for growing your practice

Larger practices still have the opportunity to sell part of their practice at an unbelievable value to a silent partner — an Invisible Dental Support Organization (IDSO). Large Practice Sales (LPS) will complete over \$400 million of these transactions in 2020 for doctors of all specialties across the U.S. Values vary based upon numerous factors, but even during COVID-19, we have completed many transactions at well over 2X collections. IDSOs are still eager to become supporting, but silent, partners with growing practices.

In an IDSO transaction, doctors sell between 60% and 90% of their practice for cash now and retain ownership in either the practice or the parent. Doctors continue to lead the practice with their brand, team, and strategy for years or decades into the future. The practice benefits from the multiple resources of a larger partner. Doctors secure their financial future at today's lower tax rates and continue to have significant upside value potential from their retained ownership. As a bonus, doctors gain a known exit path when they are ready.

The resources of an IDSO differ from group to group, but they are all exceptionally adept at reducing the cost of implant systems. Typically, a larger IDSO is paying half or less for the same implants you are buying today. This resource alone can have a significant impact on the profitability of larger implant-focused practices. Other cost reductions are possible in supplies and team benefits. But the real growth potential may

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lie in synergies with other partner practices in the area, now or in the future, and professional marketing.

IDSOs prefer to buy multiple practices in an area and create synergies among the individually branded practices. As an example, we complete many transactions where IDSOs acquire a pediatric specialist, an orthodontist, and an oral and maxillofacial surgery (OMFS) practice in the same area. The natural referral pattern is for doctors to refer to other doctors within the group. The OMFS practices are usually the greatest beneficiaries of these transactions.

Implants have to some degree become a direct-to-consumer marketing challenge for many dentists. Groups like ClearChoice® Dental Implant Centers have spread the message of the life-changing benefits of implants and raised the consumer interest level benefiting all doctors. Smart doctors have focused their marketing to attract these patients. However, many doctors do not have the time, skills, or resources to manage sophisticated marketing campaigns. The IDSOs often have in-house marketing teams focused solely on improving the performance of their partner practices' new-patient generation approaches.

In many cases, the IDSOs' size also enables them to negotiate higher reimbursement rates from payors for their partner practices. As in implant purchasing, there is strength in volume and size. If you are on the receiving side of this resource, it is great for you. On the other hand, if you are competing with an IDSO in your area, you may have

a formidable competitor with lower costs, higher reimbursement rates, and better team recruiting and retention tools.

Doctors who are the first in their area to partner with an IDSO will typically achieve the highest value. You want to be the launch practice in your area for an IDSO. The next practices acquired will command lower values from the same IDSO.

Contrary to popular belief, IDSOs have no interest in operating your practice. They want to silently invest in great doctors and to support their growth and expansion. The changes you will experience will vary from partner to partner. It is critical that you are introduced to multiple prospective partners to understand which is the best fit for you both short- and long-term. This is a marriage, not a one-night stand. The real value in these transactions is long-term equity growth.

IDSOs want to build long-term relationships with doctors who want to grow, not slow down. In multi-doctor, group practices, consideration per doctor can differ based upon his/her age and time horizon. IDSO transactions are becoming more attractive to younger doctors who value the security of a partner who can facilitate growth. Our average doctor-client age this quarter is 47.

While an IDSO partnership is not for every doctor, it will pay to understand the potential value of your practice to enable you to make an educated decision. To discover the value of your practice, LPS provides a confidential, free, and no-obligation process, which typically takes about 2 weeks. **IP**



Chip Fichtner is the founder of Large Practice Sales, which specializes in the transactions of Invisible Dental Service Organizations (IDSOs) for all practices. The company has completed more than \$100 million of transactions in the past 6 months. After careers at Merrill Lynch and Bear Stearns, he began buying and selling businesses of all types for his own portfolio. Mr. Fichtner has been the Chairman and/or CEO of multiple publicly traded companies and has presented at conferences on investing and marketing from Hong Kong to Monaco. Learn more at www.findmyimplantidso.com