

Three ways to monetize all or part of your practice value today



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Eventually, every dentist will want a path to harvest the financial value they've cultivated in their practice. Some dentists will want to sell 100% of their practice and retire, but others may want to sell part of their practice and retain partial ownership.

Fortunately, a growing practice can be very valuable in any of the three main monetization strategies today: sell to an associate/another dentist, sell to a traditional DSO, or—for dentists with three or more years of chairside horizon—sell to an IDSO partnership.

So which option is best? Each strategy achieves different values but has certain caveats and commitments.

Partnering with an IDSO

Practices with at least \$500,000 in EBITDA may qualify for the highest value monetization option, an IDSO partnership. Some LPS advised practices achieved over 11x EBITDA and 375% of collections in 2024.

There are over 1,000 IDSOs in the US today, some with 500+ partner practices. However, many should not be considered qualified bidders for a variety of reasons.

An IDSO partnership involves a dentist selling 51% to 80% of their practice for cash up front to an IDSO, which becomes their silent partner. Dentists continue to lead their practices as owners with their brands, teams, and full autonomy for years or decades. An IDSO partnership is not a short-term transition or exit strategy; many dentists under 40 have chosen IDSOs to access the resources

and potential equity value growth of a larger partner for future decades.

Selling to a DSO

DSOs will often acquire 100% of a practice, with the dentist departing quickly in some cases. Smaller practices that don't qualify for an IDSO partnership can often sell 100% to a DSO because the value in a DSO sale is far lower than in an IDSO partnership and closer to a dentist-to-dentist transition value.

A DSO typically prefers a quality, growing practice, but many will consider buying struggling or shrinking practices in the right areas.

Selling to an associate or another dentist

Most practice sales or transitions are accomplished in this structure. The largest transition firm, Henry Schein Dental Practice Transitions completed over 500 dentist-to-dentist transactions in the last two years. As of Q1 2025, they have over 34,000 registered buyers, primarily interested in single dentist with single office practices.

Values are typically in the range of 60% to 100% of annual collections. In some cases, dentists sell all or part of their practice to an existing associate, but in others, dentists buy 100% of a practice. In either case, the selling dentist has options as to how long they would like to continue practicing.

Creating higher values

The highest values in any of the three different monetization structures are realized for growing, profitable

practices. The higher the EBITDA of the practice, the higher its value. A \$2.5 million in collections practice with an EBITDA of 10%, or only \$250,000, would not qualify for a high value IDSO partnership today. It would be valued at approximately 70% of collections, or about \$1.75 million.

With a sharp focus on costs, most \$2.5 million in collections practices can achieve an EBITDA of 20% of collections, or \$500,000. With an EBITDA of \$500,000 it would qualify for an IDSO partnership valued at 7x EBITDA or \$3.5 million or more.

A careful focus on practice profitability may more than double the practice value in a short period of time. Practice consultants specializing in helping practices increase EBITDA and profitability are now contacting dentists to monetize them at the highest values. Whether a dentist is considering their options now or planning for the future, it never hurts to understand every choice available today. Contact LPS to have a confidential, no obligation conversation. **DE**

Chip Fichtner, cofounder and principal of Large Practice Sales, has completed more than \$1.0 billion in IDSO partnerships in the last 24 months with dozens of IDSOs nationally. He has built, bought, and sold companies in a variety of industries and has been featured in numerous media outlets.



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Monetizing Larger Dental Practices

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